When you need **to be sure**

Soil Collection and Analysis, Portugal

2024
Integrated
Report

SGS

Excellent 2024 results

We have delivered on our promises and swiftly executed our Strategy 27: Accelerating growth, building trust. We have sharply accelerated our organic sales growth, relaunched our M&A activity, and enhanced profitability, setting a new upward trajectory for our margins. Additionally, we have achieved an outstanding cash conversion, strengthening our financial profile.

2024 Financial KPIs[1]

Sales

CHF 6 794M

+7.5% organic growth

Adjusted operating income margin on sales

15.3%

+60 basis points vs. 2023

Earnings per share

CHF 3.10

+3.3% vs. 2023

Free cash flow

CHF 748M

+23.8% vs. 2023

2024 Non-financial KPIs[2]

Responsible business

91%

customer satisfaction score, on track towards our 2027 target of 93%

Education

7.4M hours

delivered to employees, customers and communities, +3% vs. 2023

Diversity, equity and inclusion

32%

of women in leadership positions, on track towards our 2027 target of 33.3%

Environmental leadership

-2.2%

scope 3 emission reduction vs. 2023

1. Refer to alternative performance measures of this report.
2. See Glossary on page 188.

Who we are

SGS brings together global teams of highly qualified experts specialized in testing, inspection and certification solutions across nearly every industry.

Our societal impact

Our activities build trust and make a positive contribution to the communities in which we operate. We support you, our stakeholders, when you need to be sure.

What we do

We operate in the Testing, Inspection and Certification (TIC) industry and provide quality and safety control services:

Testing products ensures they meet health, safety and regulatory standards.

Inspection controls quantity and quality to help our customers meet regulatory requirements.

Certification provides assurance that products, processes, systems or services meet standards and regulations.

p8 How we create value

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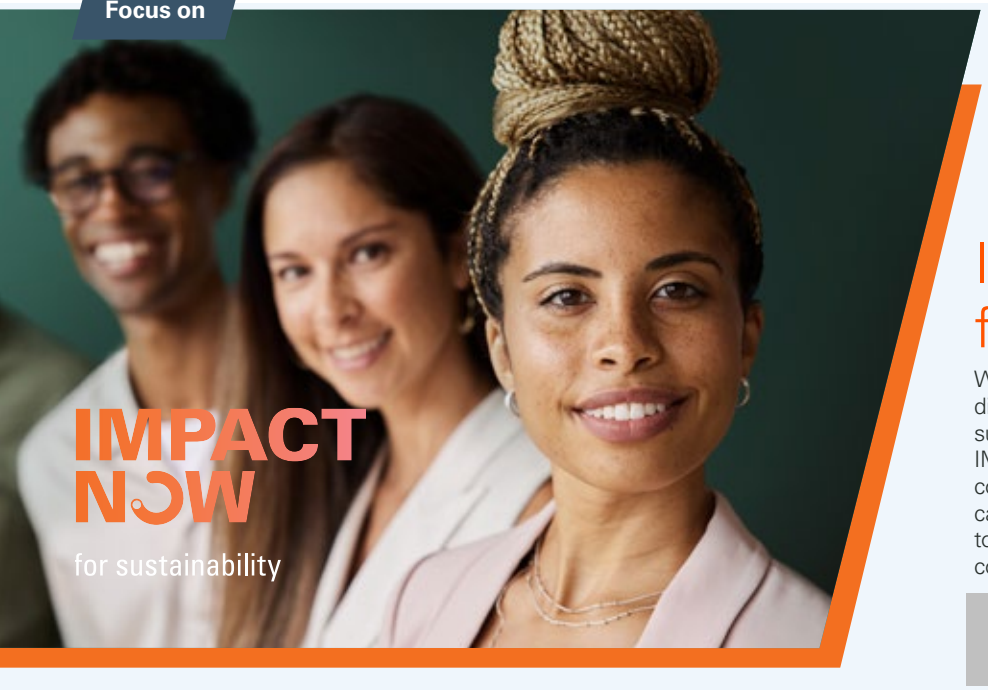
p18 Strategy 27: Accelerating growth, building trust

Watch our videos and learn more about our 2024 results at
https://www.sgs.com/en/integrated-report

Top image: Contaminants Detection in Soil Samples, USA
Bottom image: Solar Panel Inspection, Turkey

Focus on



IMPACT NOW for sustainability

With new regulations mandating ESG disclosures and a growing emphasis on sustainable processes and products, IMPACT NOW for sustainability provides a comprehensive platform where businesses can find the tailored solutions they need to enhance sustainability and meet compliance requirements.

Climate

Clarify and accomplish your climate goals with SGS support.

Circularity

Embrace a circular economy to eliminate waste and protect the planet with SGS expertise.

Nature

Protect and encourage the lands and seas to flourish with SGS solutions.

ESG Assurance

Achieve your environmental, social and governance goals with SGS ESG expertise.

Calvin Grieder
Chair of the Board of Directors

Letter to stakeholders

Building a stronger future

Through resilience and growth, SGS continues to be the point of reference when you need to be sure.

This year has been marked by both challenges and opportunities, yet SGS has consistently demonstrated resilience, adaptability and integrity. Our ability to pivot in response to evolving market conditions and regulatory landscapes ensures that we remain at the forefront of the testing, inspection and certification (TIC) industry. By aligning Strategy 27 with key megatrends such as sustainability, digital transformation and supply chain evolution, we are uniquely positioned to support our clients and communities.

Harnessing megatrends to drive progress

The world is undergoing rapid changes, and SGS is embracing these transitions with confidence. To ensure that we remain a reference point as the world evolves, we are advancing the sustainability agenda through innovative services that help our clients navigate complex regulations, such as the EU Corporate Sustainability Reporting Directive (CSRD) and the management of persistent chemicals. In digital transformation, our pioneering industry firsts include AI-driven cybersecurity evaluations and the implementation of drone delivery services, exemplifying our commitment to innovation and efficiency. Furthermore, our robust global network and focus on nearshoring allows us to swiftly adapt to supply chain shifts, providing our clients with the agility they need.

Embracing innovation and operational excellence

The present business environment is ripe with opportunities, particularly in harnessing technological advancements. Our lab services lie at the heart of SGS, and we continue to invest in robotization and AI to boost productivity, efficiency and agility. These innovations not only enhance our operational capabilities but also empower us to meet the evolving needs of our clients quickly and effectively.

Commitment to ESG leadership

As a cornerstone of our strategy, we are committed to a strong focus on corporate sustainability.

This year, SGS was ranked as the sixth most sustainable company by TIME, included in the Dow Jones Sustainability Index World and Europe and ranked first in the TIC industry in the S&P Corporate Sustainability Assessment. We also released our Net-Zero Transition Plan, reinforcing our pledge to achieve net-zero emissions by 2050. These milestones reflect our dedication to leading by example and delivering value, both to our shareholders and society.

Shaping the future

The Board of Directors has been instrumental in driving our progress and ensuring alignment with Strategy 27. Key management changes have been implemented under the leadership of our new CEO Géraldine Picaud to spur further growth, contributing to an increase in the value of the company. Succession planning remains a priority, ensuring that we have the right leadership in place for future success. Additionally, our Audit and Sustainability Committees have been actively overseeing initiatives to reinforce our commitment to transparency, accountability and responsibility.

Recognizing our people

Our employees are the bedrock of SGS. Their dedication and expertise drive our success and enable us to deliver high-quality services. Amid ongoing changes, I want to acknowledge their hard work and resilience. As we stabilize and move forward, we remain committed to fostering a supportive and innovative work environment that empowers our teams to thrive.

Looking ahead

While there is still work to be done, we are on a solid path to growth. Our margins are improving, cash flow is strengthening, and we are well positioned to deliver a favorable dividend. I am confident that our continued focus on resilience, innovation and ESG leadership will ensure sustained success.

Finally, I would like to express my sincere gratitude to our employees, the Board of Directors, shareholders and all stakeholders for their unwavering support. Together, guided by our promise, 'when you need to be sure,' we will continue to accelerate growth and build trust.

Letter from CEO, Géraldine Picaud

Delivering Strategy 27 at full speed

Géraldine Picaud
Chief Executive Officer

Building on our strong legacy and trusted brand, SGS is bringing Strategy 27 to life, unlocking a prosperous and sustainable future.

Looking back on my first year as CEO, I am proud of the remarkable strengths that SGS brings to the table. As a global leader with a 145-year legacy, SGS remains resilient, leveraging our extensive network, scientific expertise and proven adaptability. Our operations span 2,500 laboratories and operating facilities across 115 countries, making us a truly global partner.

Our broad reach, combined with our scientific knowledge, enables us to operate effectively even in uncertain economic climates. The testing, inspection, and certification (TIC) industry, characterized by its stability and scope, affords SGS a level of resilience that is invaluable. As a result, we are more than prepared to navigate complex economic conditions – we are strategically positioned to thrive within them.

Strategy 27: Accelerating growth, building trust

In 2024, we launched our ambitious Strategy 27 to accelerate growth, enhance our performance and agility, and strengthen our financial profile. These drivers enable SGS to harness key industry megatrends, including digital transformation, the sustainability transition, supply chain migration and the evolving regulatory landscape, positioning us at the forefront of the TIC industry.

Our strategy includes reinforcing our role in high-growth regions such as North America, where we aim to double sales by 2027, and expanding further across Europe and Asia Pacific. These efforts, coupled with strong pricing power and the industry's largest portfolio of accreditations, make us well equipped to meet our clients' evolving needs and support them through nearshoring, supply chain adaptations and sustainability imperatives.

Execution mode: on track to deliver Strategy 27

We are fully engaged in executing Strategy 27. With our energized teams operating in full alignment, we are on track to deliver the strategy's objectives and maximize the value we offer to all stakeholders.

Our achievements already mark an outstanding start:

1. Growth

Growth is our priority. To achieve our targets, we have been actively expanding our portfolio and geographic reach, integrating innovation into our services and relaunching our M&A activities with a disciplined approach. This year alone, we have completed 11 acquisitions across high-potential segments, adding a total annual contribution of over CHF 71 million to our revenue base. By focusing on bolt-on acquisitions with clear strategic fit, we enhance our capabilities while maintaining the agility that SGS is known for.

Our growth efforts are driven by critical areas such as sustainability and digital trust. SGS is at the forefront of sustainability services, with new offerings under our IMPACT NOW for Sustainability, which provides tailored solutions for climate, nature, circularity and ESG assurance. The demand for our sustainability services is growing rapidly, and we anticipate generating CHF 600 million in incremental sales by 2027 from sustainability services.

Digital trust represents another vital growth area, with SGS emerging as a global leader in high-assurance cybersecurity and AI certification. Our team of over 500 experts operates from 10 accredited cyberlabs worldwide, supporting our clients in safeguarding critical infrastructure and advancing in AI and post-quantum cryptography standards. We expect digital trust services to contribute CHF 200 million in additional revenue by 2027.

2. People, performance and agility

Our people are the foundation of our success and we are dedicated to fostering a performance-driven and accountable culture. Our new organization has introduced a more agile management structure, enhancing both efficiency and local decision-making capabilities. This year, we launched a new incentive program aligned with our group-wide financial targets and reinforced our commitment to talent development and empowerment.

To enhance our agility and responsiveness, we have implemented a CHF 150 million cost-saving program focused on streamlining operations, optimizing procurement and reducing overlaps. As of 2024, we have already achieved CHF 50 million in cost savings and expect to reach the new run rate by the end of 2025. This initiative improves our operational efficiency, while reinforcing our capacity to deliver sustained value to our clients and shareholders.

3. Strong financial and ESG profile

Our financial strength underpins our ability to pursue Strategy 27 confidently. With projected organic growth of 5-7% annually and an additional 1-2% annual growth from bolt-on acquisitions, we are on a path to deliver sustainable, mid- to high- single digit growth. In line with our capital allocation principles, we are committed to disciplined capex spending, bolt-on acquisitions and robust free cash flow generation. By 2027, we aim to exceed 50% cash conversion and to achieve an improvement in adjusted operating income margin of at least 150 basis points.

Equally important is our long-term commitment to ESG. Our corporate sustainability targets by 2027 include material progress towards a 28% reduction in Scope 3 emissions. Furthermore, we are advancing diversity, equity and inclusion by ensuring that women hold at least one-third of leadership positions by 2027. We are honored to be recognized for our efforts, and were ranked the 6th Most Sustainable Company in the World by TIME.

Moving forward

Looking ahead, we are committed to reaching our Strategy 27 ambitions and fulfilling our purpose as a trusted partner for clients worldwide. We will continue to pursue growth, strengthen our position in high-potential markets, and maintain a focus on sustainability and digital transformation.

The strength of the SGS brand remains one of our greatest assets. With our trusted brand promise, "When you need to be sure," we continue to build on our reputation for quality, reliability and innovation. As the world faces increasing challenges in areas such as environmental sustainability, digital security and food safety, SGS stands ready to provide the solutions that make a difference.

A heartfelt thank you

None of this would be possible without the dedication, hard work and commitment of our 99,500 employees worldwide. Your collective efforts are driving our success, and I am deeply grateful for your unwavering commitment. As part of the SGS family, we are all united by a shared purpose to bring quality, safety, security, progress and trust for the good of people and the planet.

As we look to the future, I am confident that SGS is well-positioned to capture new opportunities and deliver on our ambitious goals. With the passion, expertise and resilience of our people, I have no doubt that we will achieve our vision.

Thank you for your continued trust and support.

Clinical and Biomedical Testing, Belgium

Meet the leadership team

SGS Environmental Testing Laboratory, Dayton, USA

1 **Malcolm Reid**
Head of Europe

2 **Rafael Navazo**
Head of Latin America

3 **Teymur Abasov**
Head of Eastern Europe, Middle East & Africa

4 **David Plaza**
Chief Information Officer

5 **Steven Du**
Head of Asia Pacific

6 **Charles Ly Wa Hoi**
Head of Connectivity & Products and Health & Nutrition

7 **Géraldine Picaud**
Chief Executive Officer

8 **Martin Oesch**
Group General Counsel

9 **Jeffrey McDonald**
Head of Business Assurance

10 **James Roberts**
Chief People Officer

11 **Marta Vlatchkova**
Chief Financial Officer

12 **Egidijus Jokubauskas**
Head of Industries & Environment and Natural Resources

13 **Derick Govender**
Head of North America

Local expertise delivered via a global network

We offer the industry's most extensive service portfolio and a truly global network, combining local expertise with global reach to deliver unparalleled support to our clients – wherever and whenever they need us.

North America

12% of total sales

181 laboratories and business facilities

5 814 employees

Europe

33% of total sales

934 laboratories and business facilities

21 708 employees

Asia Pacific

34% of total sales

550 laboratories and business facilities

38 554 employees

Latin America

9% of total sales

261 laboratories and business facilities

15 441 employees

Eastern Europe, Middle East & Africa

12% of total sales

578 laboratories and business facilities

17 966 employees

How we create value
Megatrends

Four megatrends are driving regulation and outsourcing in the testing, inspection and certification industry, providing opportunities for growth, innovation and value creation.

The four megatrends of the TIC industry

Powerful sustainability transition

Higher demand from environment, social and governance regulations and societal expectations.

Innovation in digital capabilities & new technologies

Strong growth driven by digital trust needs and technological changes.

Nearshoring of supply chains

New opportunities from growing domestic demand and supply chain proximity.

Increasing regulation & public awareness

Structural expansion from tighter legislation and expectations for safety, health and well-being.

The testing, inspection and certification industry

Industry characteristics

- Scale matters and TIC companies need a broad geographical footprint to match those of their customers
- Scale creates a virtuous circle and supports margins, especially for lab-based testing where high utilization and volumes drive the ability to invest in specialization, automation and technology to improve turnaround times. This in turn helps improve customer retention and acquisition
- Companies with scale and a global footprint can leverage their capabilities and expertise to bid for large multi-year contracts. As the network expands, the customer offer also increases, creating a virtuous circle

Industry drivers

- The increasing complexity of the regulatory landscape is driving companies to search for specialized services delivered by the TIC industry
- Companies need reliable indicators provided by the TIC industry in the field of sustainability to avoid charges of 'greenwashing'
- Spending on testing is expected to increase due to country-specific regulations and requirements
- Geopolitical events and logistical challenges are forcing companies to assess their supply chains. Anything that brings about change, such as a new supply arrangement or change of supplier, will drive further testing and supply chain verification

Societal benefits

- Consumers know the products and services they use are safer, consistently reliable and true to their advertised claims. This makes it easier for them to compare products and services
- Businesses benefit from enhanced demand from the trust and confidence that the use of TIC services generate in the marketplace. This enables market entry and market access with the assurance of higher levels of regulatory compliance
- Governments and policy makers benefit from increases in the volume of trade and an industry that can ensure compliance with regulatory requirements at a lower cost to the taxpayer

How we create value
Innovation

SGS carefully tracks global trends to analyze and proactively identify emerging customer needs. Through innovation, SGS is enhancing the customer experience and driving service delivery to new levels.

Creating value through innovation

Digital trust

In digital trust, we are at the forefront of new solutions:

- We continued to deliver ISO/IEC 42001 Artificial Intelligence Management System certifications globally, with notable firsts in Europe and Asia.
- Our cybersecurity brand Brightsight delivered the world's first Common Criteria security evaluation for Post-Quantum Cryptography in collaboration with Samsung.
- During a ceremony at the World Economic Forum 2025 in Davos, SGS formally received the Digital Trust Label from the Swiss Digital Initiative Foundation. Under SGS's stewardship, the label will expand its global reach, serving as a recognized auditable standard for digital trust.

AI-driven tools

We continue to develop cutting-edge AI-driven tools to improve service levels:

- We have implemented computer vision recognition solutions to cut turnaround times in our testing laboratories. This technology can perform analyses up to 20 times faster than traditional methods.
- We developed a unique AI-driven digital microscope designed to comply with the latest revision of ISO 12156-1, the standard for lubricity tests. This solution is more accurate and less expensive than other tools available on the market and has been successfully deployed in several laboratories in Europe and Africa.

Technological advances

We have made significant technological advances in non-destructive sample analysis:

- In Australia, we automated portable X-ray fluorescence technology used to analyze the elemental composition of samples. This has increased the number of soil sample we can analyze to 50 000 a month.
- We have adopted PhotonAssay technology across our network ensuring faster, eco-friendly testing, underscoring the Group's commitment to sustainability.

International firsts

We launched a highly innovative drone transport service for dangerous goods samples, called Samplify. The project, backed by the European Space Agency, provides a swift, safe and low-carbon alternative to carry samples by drones from client sites to SGS laboratories. This fully digitalized drone significantly improves turnaround times and reduces CO_2 emissions by up to 80%.

SGS developed the first fluorescent-activated cell sorting service for the biopharmaceutical industry in Germany. This groundbreaking solution supports the development of advanced therapeutic medicinal products and drives innovation in cell and gene therapy.

Sample Transport Drone, Belgium

How we create value
Business model

Megatrends

Powerful sustainability transition

Innovation in digital capabilities & new technologies

Resources and relationships

People

99 483

dedicated team members

Network of experts

>75%

of workforce with high professional expertise

Laboratories and business facilities

2 504

laboratories and business facilities

Capex

CHF 251M

driving operational efficiencies and sustainable growth across network

Energy consumption

97%

renewable electricity

Number of suppliers

45 470

trusted business partners around the world

When you need **to be sure**

Testing
Lab-based

- Customer need – testing of compliance, quality and safety
- Process – sampling and analysis
- Outcome – test report, post-analysis review
- Value – reduced risk, shorter time to market

Inspection
Lab-based and people-based

- Customer need – inspection of quantity, quality and compliance
- Process – physical or remote site inspection
- Outcome – inspection report, post-analysis review
- Value – meet regulatory requirements across different regions and markets

Certification
People-based

- Customer need – certification to standard
- Process – audit and technical review
- Outcome – issuance of certification documents, ongoing surveillance
- Value – ensures services, systems, process or products meet national or international standards

Our business principles

Integrity | Health & Safety | Respect

Stakeholders

Investors | Suppliers | Employees | Subcontractors

Nearshoring of supply chains

Increasing regulation & public awareness

SGS is the point of reference

- Gold standard solutions provider
- 145 years of history
- Largest number of accreditations
- Largest network for restricted substance testing
- Unique global network to capture supply chain migration
- Leading provider of digital trust services

Quality & Professionalism

Sustainability

Leadership

Value created in 2024

Sales growth

7.5%

organic growth

Sales from sustainability and digital trust services

CHF 680M

sales

Customer satisfaction

91%

ensuring an excellent quality of service

Number of training hours

7.4M

training delivered to employees, clients and communities

Spend on goods and services

CHF 2.2BN

driving laboratory and operating facility enhancements

Reduction in Scope 3 emissions

-2.2%

vs. 2023

Customers | Consumers | Communities | Society

How we create value
Business portfolio
continued

Our business portfolio is strategically crafted to harness the powerful momentum of today's defining megatrends, driving growth and resilience in a rapidly evolving world.

Testing and inspection

UN Sustainable Development Goals impact[1]

Industries & Environment

We empower organizations to enhance safety, sustainability and operational efficiency by ensuring the integrity and reliability of equipment and processes. As industries transition toward greener practices, our solutions help organizations create a more sustainable future.

Natural Resources

Our global network of trusted, independent experts provides essential services to the agricultural, mining, oil, gas and chemical sectors, enabling organizations to reduce risks, make informed decisions and advance sustainability goals across their supply chains.

Connectivity & Products

We are the experts who support brands, manufacturers, retailers and governments across the supply chain with the performance, safety, security and quality of their products and services. We help make products better and safer for an increasingly connected world.

Health & Nutrition

We assure quality, safety and sustainability in the health, wellness and nutrition industries, helping our customers to meet stringent standards throughout their supply chains and, ultimately, improving the quality of life in society.

Certification

Business Assurance

We have the global expertise and knowledge, and the people, processes and tools to help organizations improve their results, manage risk, comply with regulatory changes, adopt best practice and meet increasingly stringent sustainability requirements.

1. Refer to www.undp.org/sustainable-development-goals.

Read more
www.sgs.com/en/integrated-report/business-performance

How we create value
Business portfolio
continued

Industries & Environment / Testing and Inspection

Facilitating the sustainable energy transition through expert testing, inspection, certification and advisory services.

Our Industries & Environment division drives the sustainable energy transition by offering comprehensive testing, inspection, certification and advisory services, including industrial assurance solutions. Supporting Strategy 27, we are driving sustainability, helping clients adapt to supply chain developments, meet environmental, social and governance (ESG) requirements and comply with evolving regulations. Our innovative services enable our clients to enhance worker and environmental safety, manage operational risks, improve efficiency and strengthen their reputations through decarbonization efforts.

Case study

Leading the way in PFAS testing

Long valued for their unique properties, per- and polyfluoroalkyl substances (PFAS) are a diverse group of chemicals, that are now recognized as persistent, toxic and harmful to human health.

We continue to expand our PFAS testing, delivering solutions that help businesses meet regulatory requirements while protecting public health.

Protecting consumers
We supported a pivotal study in New Jersey measuring PFAS in water, soil and fish that contributed towards fish consumption advisories that protect at-risk consumers.

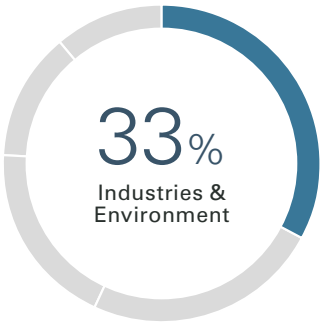
Ensuring air quality
We validated LC-MS/MS methods to analyze PFAS in waste incineration emissions in Germany by the European Chemicals Agency (ECHA).

Industry Leader
in PFAS testing

Strongest growing regions

- North America
- Middle East
- Latin America

Contribution to overall revenue (%)



PFAS Analysis, USA

How we create value
Business portfolio
continued

Natural Resources / Testing and Inspection

Enhancing resource sustainability, safety and productivity through innovative inspection, testing and consultancy services.

Our Natural Resources division provides comprehensive testing, inspection and consulting services across minerals, energy, chemicals and agriculture sectors. In line with Strategy 27, we are focused on enhancing supply chain resilience, supporting informed trade decisions and compliance with sustainability goals. Leveraging advanced technologies like AI, blockchain and robotization, we support clients through laboratory outsourcing, commodities logistics, geochemistry, metallurgy, consulting and market intelligence. Our services help our clients reduce risk, enhance productivity, promote sustainable sourcing practices, and meet quality, safety and environmental standards.

Strongest growing regions

- North America
- Latin America
- Middle East

Contribution to overall revenue (%)

Case study

Driving innovation through automation in laboratory operations

Across our laboratory network, efficiency and innovation go hand in hand. In Australia, automating the portable X-ray fluorescence (pXRF) process has transformed soil sample analysis, boosting monthly throughput while reducing manual tasks. Meanwhile, in Canada, our automated crushing system and robotic sample delivery have streamlined operations, freeing up valuable resources.

Our adoption of PhotonAssay technology across geographies ensures faster, eco-friendly testing, underscoring our commitment to sustainability. These advancements enable our experts to focus on high-value services, strengthening our dedication to cutting-edge solutions. With every step in our digital transformation, we continue to set new benchmarks in productivity and sustainability.

50 000

samples analyzed monthly with automated pXRF technology

Analyzing Geochemical Data, Australia

How we create value
Business portfolio
continued

Connectivity & Products / Testing and Inspection

Driving innovation, safety, performance and secure connectivity through comprehensive testing and certification services.

Our Connectivity & Products division ensures safety, performance and regulatory compliance across automotive, electronics, cybersecurity, hard goods and softlines sectors in an increasingly digital, interconnected world. Aligned with Strategy 27, we aim to lead in cybersecurity and sustainable product development, leveraging 5G, IoT and AI technologies to drive innovation while maintaining consumer trust. Our end-to-end testing and certification solutions simplify regulatory challenges, minimize risks, and accelerate market entry for high-quality products that are safe, secure, sustainable and built to support a world where connectivity is ubiquitous.

Strongest growing regions

- Asia Pacific
- North America
- Eastern Europe, Middle East and Africa

Contribution to overall revenue (%)

Case study

Certifying trust and product excellence for Samsung OLED displays

In the competitive B2B display module market, demonstrating product excellence without objective evaluation can risk greenwashing and lead to consumer confusion. To address this, we tested and awarded Samsung's OLED laptop display panels with Hazardous Substances Assessed (HSA) certification under the SGS Environmental Claim Certification Scheme (commonly known as SGS green marks). We evaluated over 300 substances, including heavy metals, persistent organic pollutants and volatile organic compounds (VOCs), ensuring transparency and accountability.

Our comprehensive evaluation alongside rigorous testing, conducted according to the Environmental Claim Certification Scheme (ECCS) requirements, enabled Samsung to highlight its commitment to environmental responsibility. By reducing greenwashing risks, SGS green marks empower consumers to make informed, sustainable choices, fostering trust and benefiting society.

+300

hazardous substances assessed under the SGS green mark

Analytical Testing for Contaminants and Additives, Turkey

How we create value
Business portfolio
continued

Health & Nutrition / Testing and Inspection

Supporting the global demand for safe and high-quality food, healthcare and wellness products through comprehensive testing and research services.

Our Health & Nutrition division offers advanced analytical testing and clinical research services to ensure the safety, quality and sustainability of consumables, healthcare and wellness products.

Focused on Strategy 27, we aim to lead in food, cosmetics and health sciences by expanding our portfolio of innovative testing, microbiological analysis, and sustainability services. Our innovative solutions help clients to navigate complex regulations, accelerate product development, and strengthen consumer trust, ensuring their products meet stringent global standards for safety, authenticity and efficacy.

Case study

Enhancing food safety through advanced contaminant analysis

We are at the forefront of addressing food contamination challenges, particularly mineral oil hydrocarbons (MOSH/MOAH), which are under scrutiny due to potential health risks. With harmonized limits of quantification and new regulations expected in 2025, reliable testing methods are essential.

To meet this demand, we utilize advanced two-dimensional chromatography (LC-GCxGC-TOF-MS-FID), providing precise quantification and confirmation of contaminants to ensure compliance with evolving standards.

Every month, we ensure the safety of 1,500 food samples through rigorous testing. Our innovative methods not only protect consumers but also advance toxicological research and monitoring projects, fostering trust in global food supply chains.

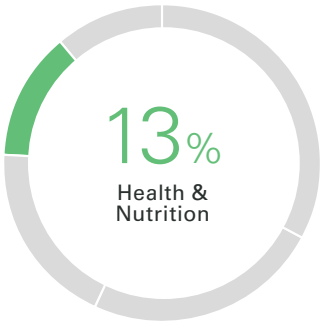
1 500

food samples analyzed monthly with the official LC-GC-FID method

Strongest growing regions

- Asia
- Europe

Contribution to overall revenue (%)



Mineral Oil Saturated Hydrocarbon Analysis, Germany

How we create value
Business portfolio
continued

Business Assurance / Certification

Helping organizations thrive by minimizing risk and embedding sustainability into daily operations.

Our Business Assurance division provides comprehensive certification and business enhancement solutions that help organizations comply with global standards, minimize risk and achieve sustainability targets. To reach our Strategy 27 goals, we are expanding our service portfolio – from digital trust (cybersecurity, privacy and AI) to end-to-end sustainability services, including carbon emissions measurement and ESG disclosures. Our world-leading solutions help clients to achieve, certify and confidently communicate their advancements in quality and sustainability, ensuring secure, resilient and responsible operations across industries – from food and manufacturing to cosmetics and electronics.

Case study

Driving workplace equity with EDGE Certification

Organizations face challenges in achieving workplace diversity, equity and inclusion (DE&I). As an approved EDGE certification body, we offer globally recognized audits and certifications to help companies foster equitable workplace practices. By evaluating representation, pay equity, career flows and inclusiveness, we empower organizations to address biases and build inclusive cultures.

At SGS, we pride ourselves on being a trusted partner along the DE&I journey. We provide clear, transparent guidance, making audit requirements easy to understand and implement. With a flexible, supportive approach, we work closely with you to achieve positive audit outcomes, helping to create more inclusive and equitable workplaces.

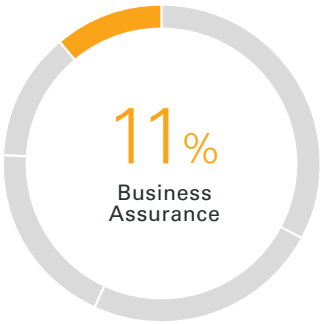
40

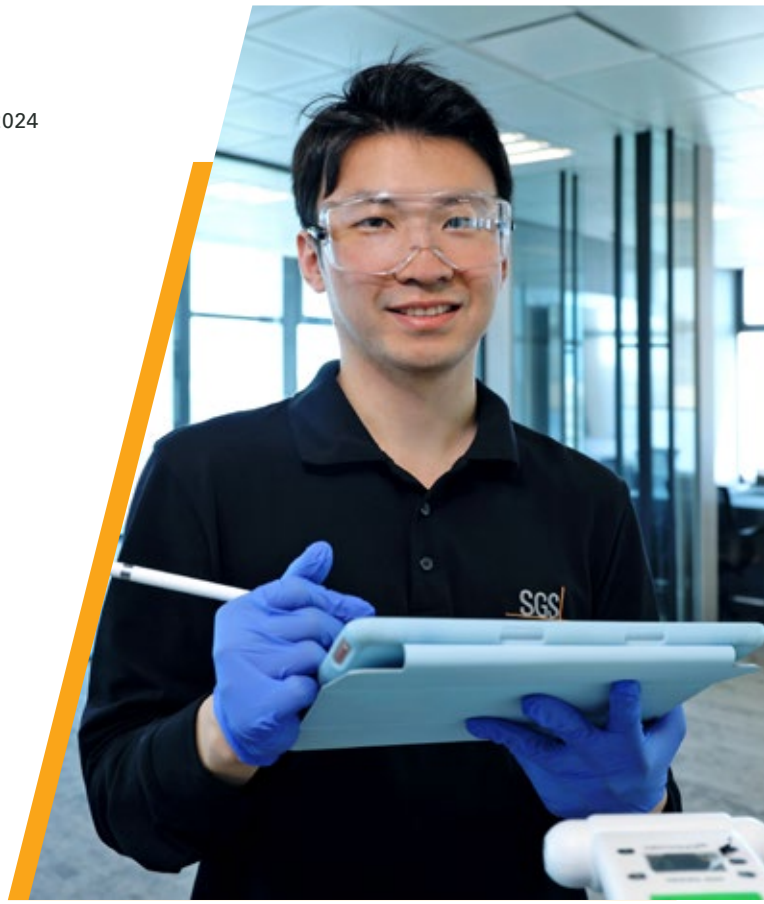
EDGE certificates issued by SGS in 2024

Strongest growing regions

- Asia Pacific
- North America
- Europe

Contribution to overall revenue (%)





Indoor Air Quality Inspection, China

Strategy 27

Accelerating growth, building trust

Our year in review 2024

January

Strategy 27

Targeting growth, people, performance and agility, and strong financial and ESG profile.

Executing Strategy 27 at full speed

2024

January

Introduction of new incentive scheme

Driving our outstanding business performance.

March

Géraldine Picaud appointed CEO

Géraldine is appointed to the helm of SGS to carry out Strategy 27.

April

Senior Leadership Meeting

Ensuring strategic alignment, fostering collaboration, and driving the company's vision and direction.

November

Capital Markets Event

Providing key stakeholders with an in-depth understanding of Strategy 27 and our operational framework.

December

M&A relaunched

Announcing 11 bolt-on acquisitions made during 2024.

July

6th most sustainable company in the world

TIME recognizes SGS for its corporate sustainability performance.

November

IMPACT NOW for sustainability launched

Supporting our customers to achieve their sustainability ambitions.

Strategy 27

Accelerating growth, building trust

As a global market leader with a solid presence across all regions, we are well positioned to capitalize on significant opportunities. Strategy 27 will further accelerate our growth and strengthen our competitive edge worldwide.

Our key levers

Growth	People, performance and agility	Strong financial and ESG profile
Sustainability transition	Accountability, performance and cash flow culture	Financial targets
Digital acceleration	New organization	Capital allocation
Portfolio focus	Corporate simplification	Corporate sustainability targets

Accelerating growth

We capture growth across the four market megatrends of sustainability transition, digital acceleration, supply chain migration, all on the back of a heavily regulated environment.

Building trust

We have a unique network of highly qualified professionals. It is key that the Group put its people in the best mindset and in the right organization to allow them to succeed. We promote performance and accountability across the group.

Strengthening our financial profile

We have established value creating drivers focused on delivering attractive shareholder returns.

Growth | People, performance and agility | Strong financial and ESG profile

Sustainability transition

Delivering a broad range of services associated with sustainability, organized around four major pillars to address client demand.

115 countries
in SGS network, with on-site expertise and extensive knowledge of clients' global value chains

Global leader
in key segments including GHG emissions, forestry certification and more

SIX Swiss Exchange
SGS approved as official expert reviewer for its '1.5°C Climate Equity' flag

Scientific expertise
embedded in SGS culture, setting standards and recognized by clients

Early mover
and proven track record in many segments including per- and polyfluoroalkyl substances (PFAS) since 1998, social audits since 1990 and sustainability assurance since 2003

Broadest portfolio
and most comprehensive capabilities to tackle sustainability challenges

At least

CHF 600 million
in incremental sales by 2027 vs. 2023 baseline.

Focus on

IMPACT NOW framework

We have set up a framework to provide more value to customers through a portfolio of sustainability services across four key topics:

Climate – greenhouse gas (GHG) emission reductions and the energy transition towards net-zero.

Nature – environmental risk management, including contamination (PFAS, microplastics, etc.), to curb biodiversity loss and ecosystem damage.

Circularity – reducing plastic pollution and enabling circularity through sustainable design, material optimization, recyclability and effective waste management.

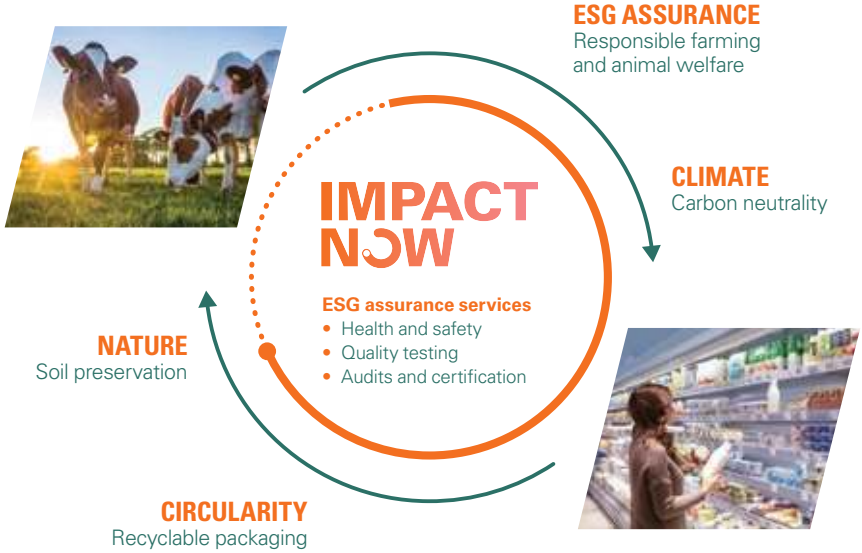
ESG assurance – aligning skills and strategy with regulatory and corporate objectives requirements to ensure accountability, accuracy and consistency in ESG disclosures.

Case study

IMPACT NOW in action

IMPACT NOW supports customers in every aspect of their sustainability journey, from responsible farming to consumer protection.

Focus on dairy industry



Strategy 27

Accelerating growth, building trust

Growth | People, performance and agility | Strong financial and ESG profile

Digital acceleration

With rapid digital growth and widespread adoption of new technologies across all industries, our focus is on building trust in these technologies through rigorous digital and data integrity services.

Largest network
500+ digital trust experts and 10 accredited cyberlabs

#1
in high-assurance cybersecurity evaluations with 20% market share

First
to deliver management system certification and Common Criteria evaluation of AI

40+ years
of experience in high-security assurance testing

First
to deliver Common Criteria evaluation of Post-Quantum Cryptography

60+
standards and certification schemes covered

At least

CHF 200 million
in incremental sales by 2027 vs. 2023

Case study

Our digital trust footprint

We are strengthening our leadership in cybersecurity and AI trust. Following the 2021 acquisition of brightsight®, the leader in secure connected products and systems, we expanded further this year. Gossamer enhances our global offering on cybersecurity expertise, while CertX bolsters our capabilities in cybersecurity, AI and functional safety.

These bolt-on acquisitions enable us to serve North America and Europe more effectively, providing a comprehensive, one-stop solution. Positioned to address rising digital trust needs, we are ready to lead in the fast-growing cybersecurity market.

"Protecting consumers' most valuable assets – safety in autonomous cars, online privacy and financial security in electronic payments – is paramount. At brightsight®, we build trust for a hyperconnected world."

Xavier Vilarrubla
CEO, brightsight®

brightsight

- Gossamer
- brightsight®
- CERTX

Growth | People, performance and agility | Strong financial and ESG profile

Portfolio focus

We are focused on rebalancing our footprint to capture growth opportunities, leveraging our global reach and local expertise.
By expanding in key markets and bolstering our presence in North America and Europe, we are committed to delivering sustainable growth and value to our clients, stakeholders and communities.

Largest global TIC network

Our experts are accessible where and when you need them

Widest end-market coverage

providing versatility to adapt to customer needs in almost all industries

Superior technical expertise

when you need to be sure

Tailored growth strategy at country level

agility and flexibility to address the key growth areas locally

Focus on

Doubling sales in North America

We are committed to doubling sales in North America by 2027, focusing on high-growth segments such as environmental testing, industrials and pharmaceuticals. By leveraging acquisitions like ArcLight Wireless and Beta Analytic, and our leadership in PFAS testing, we are expanding capabilities and entering fast-growing environmental testing, industrial and pharma markets to meet customer needs effectively.

Our strategy prioritizes market-leading innovations, like the broadest PFAS testing scope, alongside acquisitions. With a robust growth approach, we aim to solidify our position as a leading provider in North America.

145 labs

and growing in North America

Doubling sales in North America by 2027 to at least

USD 1.4 billion

Biopharmaceutical Stability Analysis, USA

Strategy 27

Accelerating growth, building trust

Growth | People, performance and agility | Strong financial and ESG profile

Objectives

We are fundamentally a people business. We work through a unique network of highly qualified professionals, so it is key that the Group puts its people in the best mindset and in the right organization to allow them to succeed. We will promote performance and accountability across the Group.

Accountability, performance and cash flow culture

- New incentive scheme fully aligned with Group targets
- Accountability, performance and cash flow culture to fully leverage SGS's recognized scientific excellence
- Local management empowerment
- Talent development and retention
- Successful Senior Leadership Meeting in April 2024

New organization

- Testing and inspection managed regionally and supported by lean central resources for global contracts and technical expertise
- Certification (Business Assurance) managed as a global business unit while keeping strong synergies with the network
- Focused Executive Committee of 13 members

Corporate simplification

- Elimination of duplicate responsibilities between regions and business lines
- Continuous internal process optimization
- Implement CHF 150 million cost reduction with run-rate reached by end 2025 (vs. 2023 baseline)

CHF 150 million

CHF 100 million from a lean operating model and CHF 50 million in procurement savings by 2025 (vs. 2023 baseline)

Growth | People, performance and agility | Strong financial and ESG profile

Objectives

We have defined a strong financial and ESG profile with clear targets and disciplined cash allocation to foster greater trust among investors and other stakeholders.

Financial targets

- High growth profile of 5-7% organic growth, plus 1-2% coming from bolt-on acquisitions leading to 6-9% growth at constant currency annually
- Sustainability and Digital Trust at more than 15% of sales by 2027
- Boost in margin of at least 150 basis points by 2027
- Cash conversion of above 50% leading to around CHF 800 million of free cash flow by 2027

Capital allocation

- Free cash flow greater than or equal to cash outflow on bolt-on acquisitions and dividend
- Strong credit rating maintained
- Attractive shareholder remuneration

Corporate Sustainability targets

- Material progress towards our 2030 target to reduce 28% of our Scope 3 emissions
- At least one-third of leadership positions held by women
- 7 million hours of training per year to employees, clients and communities
- 93% customer satisfaction score

6-9%
annual growth at constant currency

Corporate Sustainability

Being a leader in corporate sustainability gives us the credibility to better assist our clients and support them on their sustainability journey. Ranked sixth most sustainable company globally by TIME, we exceed expectations as a fundamentally non-polluting, ever-progressing business.

Corporate Sustainability culture

We are constantly looking for ways to promote our sustainability culture throughout the network. In 2024, we have worked on several initiatives:

- Aligned with market best practices, we launched our Net-Zero Transition Plan. The Plan outlines a roadmap to reduce our emissions through various decarbonization levers and initiatives that cover our entire value chain. It goes beyond meeting our near-term 2030 science-based targets, also charting a course to secure the necessary effort, investment and collaboration to achieve at least a 90% reduction across our entire value chain by 2050, a commitment validated by the Science Based Targets initiative (SBTi)
- We also set an industry benchmark by being the first TIC company to publish a double materiality assessment, enhancing transparency and accountability (see page 158)
- We launched a Sustainability Training framework: as part of our goal to deliver high-quality training to our employees, we have begun developing a comprehensive sustainability training framework. This framework includes a basic course for all employees, an intermediate course for those seeking specialization, a course for Top Management, and continued Human Rights training, which was already part of our curriculum
- To foster resource use efficiency, we continued to deploy the Spot the Orange Dot campaign. 26 of our affiliates covering 851 locations took part in the challenge of launching the second wave of the campaign to focus on reducing waste and water consumption
- We organized the SGS Sustainability Challenge, an awareness campaign with more than 50 countries participating in activities to reduce our carbon footprint, improve workplace practices and engage with our local communities. This year's theme was 'green commuting' and included a 'Green way to work contest' and a drawing contest for children of SGS employees
- We maintained our commitments with the United Nations Global Compact and the Women Empowerment Principles, standing united with thousands of forward-thinking companies around the world committed to taking responsible business action to create a better world for present and future generations

Strong sustainability governance

From the Board of Directors to our affiliates, a strong governance structure ensures that sustainability considerations are embedded in all of our activities. Our senior management is actively involved in overseeing the delivery which is developed by the Corporate Sustainability team. The Sustainability Committee of the Board assists the Board in evaluating and supervising the Group policies and strategies regarding the impact of the Group's activities on society and the planet. The Executive Committee is then mandated to take the overall strategy forward, approving and implementing more detailed programs, policies and targets for operations across the group. Our regions and affiliates are responsible for implementing various initiatives that support the group sustainability targets. A network of regional sustainability ambassadors translate them into regional or local initiatives, cascading our corporate programs and guidelines down to every single SGS site.

SGS Green Way to Work Contest

With 99,483 employees, operations around the world, an extensive global supply chain and services provided in all sectors, we are determined to make a positive, long-lasting impact. Ambitious medium-term targets have been set, aligned with and embedded in our Strategy 27.

Our key objectives for 2027 are:

- Have at least one-third of leadership positions held by women
- Deliver 7 million hours of training per year to employees, clients and communities
- Achieve a customer satisfaction score of 93%
- Material progress towards our 2030 target to reduce 28% of our Scope 3 emissions

In addition, significant progress has been made across the three key areas of our sustainability ambitions: environment, social and governance.

Environment

Achievements

- Net-Zero Transition Plan published
- 2.2% reduction in indirect CO_2 emissions (Scope 3)
- First lab receiving platinum certification under the My Green Lab verification program

Social

Achievements

- 7.4 million training hours delivered to employees, clients and communities
- 32% women in leadership positions
- 7.3/10 engagement index

Governance

Achievements

- 91% customer satisfaction score
- New Code of Integrity
- 99.5% employees trained to the Code of Integrity

Our corporate sustainability awards

Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA	Member of the DJSI World and Europe for the 11th year in a row. #1 in the Professional Services Industry category in S&P Corporate Sustainability Assessment (CSA)
World's Most Sustainable Companies	Ranked sixth on TIME's list of the World's Most Sustainable Companies
ecovadis	Gold medal, awarded to the top 5% of evaluated companies
MSCI ESG RATINGS AAA	AAA rating, the highest ESG rating awarded by MSCI, for the fifth consecutive year
SUSTAINALYTICS	Low risk rating driven by our strong management of material ESG issues
	Leadership position in CDP's highly technical climate change management assessment
FTSE4Good	Inclusion in the FTSE4Good index for the seventh consecutive year, for our strong commitment to sustainable practices
Corporate ESG Performance Prime ISS ESG	Prime distinction, awarded to companies with an ESG performance above the sector-specific Prime threshold
FTSE RUSSELL TOP 100 COMPANY 2024 FTSE Diversity & Inclusion Index	Included in the top 100 most diverse and inclusive companies in the prestigious FTSE Diversity & Inclusion Index

Strategy 27
Accelerating growth, building trust

Financial and non-financial outlook

2025 marks the first anniversary of our Strategy 27. As we enter the second year, we are executing our strategy at full speed, ensuring we stay on track to achieve our targets and reinforce our leadership in the industry.

Learn more about Strategy 27 in the SGS Full year 2024 results earnings release and presentation.

Read more
www.sgs.com/en/integrated-report

Discover our Strategy 27
www.sgs.com/en/our-company/about-sgs/strategy-27

Strategy 27 financial targets

Sales

+5-7%
organic growth annually

Adjusted operating income

Margin on sales[1]

>150 basis points
significant improvement of at least 150 basis points by 2027 vs. 2023 baseline

Free cash flow

After leases and interests

>50%
cash conversion[1,2] by 2027

Global Biosciences Laboratory Lisbon, Portugal

1. Refer to alternative performance measures of this report.
2. Free cash flow/(EBITDA – leases). Refer to alternative performance measures of this report.

Strategy 27 non-financial targets

Environment

Environmental leadership

28%

Material progress towards our 2030 target to reduce 28% of our Scope 3 emissions

Social

Diversity, equity and inclusion

at least 1/3

of leadership positions held by women by 2027

Education

7 million hours

of training per year to employees, clients and communities by 2027

Governance

Responsible business

93%

customer satisfaction score by 2027

Water Sampling, Portugal

Corporate governance

This Corporate Governance report informs shareholders, prospective investors and other stakeholders on SGS's policies in matters of corporate governance, such as the structure of the Group, shareholders' rights, the composition, roles and duties of the Board of Directors and its committees and the management, and internal controls and audits.

This report has been prepared in compliance with the Swiss Exchange (SIX) Directive on Information Relating to Corporate Governance of 29 June 2022 (in force since 1 January 2023) and the Swiss Code of Best Practice for Corporate Governance.

The SGS Corporate Governance framework aims to achieve an efficient allocation of resources and clear mechanisms for setting strategies and targets, in order to maximize and protect shareholder value. SGS strives to attain this goal by defining clear and efficient decision-making processes, fostering a climate of performance and accountability among managers and employees alike and aligning employees' remuneration with the long-term interests of shareholders.

Mineral Sample Handling for Analytical Testing, Peru

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1. Group structure and shareholders

1.1. Group structure

1.1.1. Operational group structure

SGS SA, registered in Geneva (CH), also referred to as the 'Company,' controls directly or indirectly all entities worldwide belonging to the SGS Group, which provides independent testing, inspection and certification services.

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

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

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

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

- Business lines
  - Industries & Environment and Natural Resources
  - Connectivity & Products and Health & Nutrition
- Functions
  - Finance
  - Legal & Compliance
  - Information Technology
  - Human Resources

1.1.2. Listed companies in the Group

None of the companies under the direct or indirect control of SGS SA have listed shares on any stock exchange.

1.1.3. Non-listed companies in the Group

The material legal entities consolidated within the Group are listed on pages 144 to 145 of the annual report, with details of the share capital, the percentage of shares controlled directly or indirectly by SGS SA and the registered office or principal place of business. The disclosure of significant subsidiaries is limited to entities whose contribution to the Group consolidated financial statements in 2024 represent at least 0.5% of consolidated sales or 1% of consolidated assets as well as the material direct subsidiaries of SGS SA.

This definition of materiality excludes dormant companies, pure sub-holding companies or entities used solely for the detention of assets.

Details of acquisitions and disposals made by the SGS Group during 2024 are provided in note 10 of the consolidated financial statements included on page 102 of this annual report.

1.2. Significant shareholders

To the knowledge of the Company, the shareholders owning more than 3% of its share capital as at 31 December 2024, or at the date of their last notification as per Article 120, al. 1 of the Financial Market Infrastructure Act (FinMIA), were Groupe Bruxelles Lambert (acting directly and through Serena SARL, URDAC and FINPAR X), with 19.13% (December 2023: 19.31%) of the share capital and voting rights of the Company, UBS Fund Management (Switzerland), with 6.32% (December 2023: 3.03%) and BlackRock Inc., with 5.21% (December 2023: 5.18%). As at 31 December 2024, the SGS Group held 0.32% of the share capital of the Company (December 2023: 1.64%).

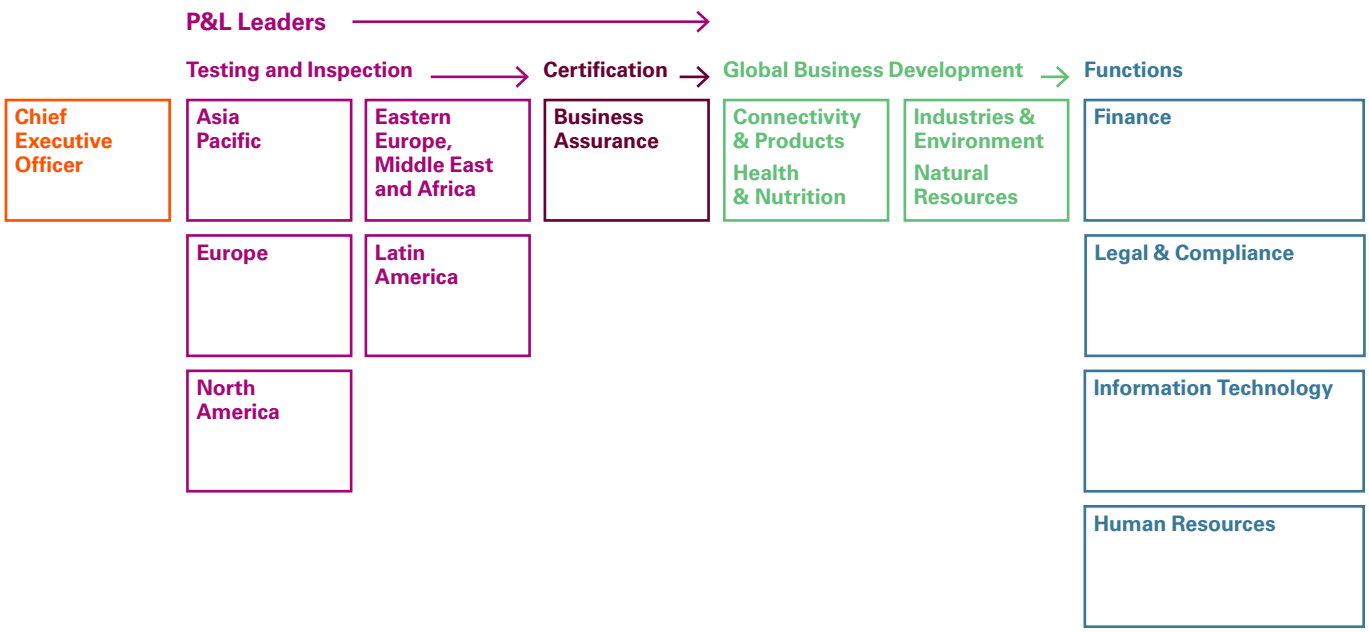
During 2024, the Company has published regularly on the electronic platform of the Disclosure Office of the SIX Swiss Exchange Ltd all disclosure notifications received from shareholders of transactions subject to the disclosure obligations of Article 120, al. 1 of FinMIA.

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

1.3. Cross-shareholdings

Neither SGS SA nor its direct and indirect subsidiaries have any cross-shareholding in any other entity, whether publicly traded or privately held.

A group structure to serve clients locally and globally



2. Capital structure

2.1. Issued share capital

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

2.2. Conditional share capital

SGS SA has conditionally increased its share capital by a nominal amount of CHF 1 100 000 divided into 27 500 000 registered shares with a par value of CHF 0.04 each. This conditional share capital increase is intended to obtain the shares necessary to meet the Company's obligations with respect to employee equity-based remuneration plans and option or conversion rights of convertible bonds or similar equity-linked instruments that the Board is authorized to issue. If increased by the maximum amount of the conditional share capital, the existing share capital of 189 503 259 shares would increase by approximately 14.5% to 217 003 259 shares. The conditional capital is not limited in time.

The right to subscribe to such conditional capital is reserved to beneficiaries of employee share option plans and holders of convertible bonds or similar debt instruments and therefore excludes shareholders' preferential rights of subscription. The Board is authorized to determine the timing and conditions of such issues, provided that they reflect prevailing market conditions.

The term of exercise of the options or conversion rights may not exceed 10 years from the date of issuance of the equity-linked instruments.

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

2.3. Changes in capital

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

The share capital of the Company was reduced in August 2024 to cancel shares purchased by application of share buyback programs initiated by the Company. In 2024, the shareholders approved a reduction of the share capital by cancellation of 2 837 475 shares (corresponding to 1.5% of the share capital). In 2023, the nominal value of the registered shares of the Company was divided by a factor of 25; consequently, the number of shares in issue was multiplied by 25, while the share capital remained unchanged. No other changes in the share capital of the Company have been made in the course of the last three years.

2.4. Shares and participation certificates

All shares, other than treasury shares held by SGS SA, have equal rights to the dividends declared by the Company and have equal voting rights. Treasury shares owned directly or indirectly by the Company do not earn dividends. The Company has not issued any participation certificates (bons de participation/Partizipationsscheine).

2.5. Dividend-right certificates

The Company has not issued any dividend-right certificates.

2.6. Limitations on transferability and admissibility of nominee registrations

SGS SA does not limit the transferability of its shares. The registration of shares held by nominees is not permitted by the Company's articles of association, except by special resolution of the Board of Directors. By decision of the Board, the Company's shares can be registered in the name of a nominee acting in a fiduciary capacity for an undisclosed principal, provided, however, that shares registered in the names of nominees or fiduciaries may not exceed voting rights above a limit of 5% of the aggregate share capital of the Company. The Company has a single class of shares and no preferential rights have been granted to any shareholder.

2.7. Convertible bonds and warrants/options

No convertible bonds have been issued by the Company or by any entity under its direct or indirect control. In 2024, no options or similar instruments have been issued by the Company or by any of the Group's subsidiaries.

3. Board of Directors

3.1. Members of the Board of Directors

This section presents the members of the Board of Directors of the Company with their functions in the Group, their professional backgrounds and all their material positions held outside the Group in governing and supervisory boards, management and consultancy functions, official tenures and political commitments, both in Switzerland and abroad.

The Board of Directors is the highest governing body within the Group. It is the ultimate decision-making authority except for those decisions reserved by law for the Annual General Meeting.

The Board of Directors has set out criteria for the selection of new Directors and has conducted a search which results in periodic changes to the composition of the Board of Directors. The aim of this exercise is to ensure that the Board is continuously in a position to provide leadership, strategic oversight and guidance, and contribute to setting ambitious targets for the Group and meeting long-term value creation objectives.

The competencies sought by the Group for its Board of Directors include experience of senior executive leadership in international businesses, strategic planning, finance, technology and innovation.

When selecting candidates for the Board of Directors, the Company has due regards to the experience, professional qualifications, areas of expertise, age, gender and national background as well as leadership style, so that at all times, the Board and its committees have the required skills.

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

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

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

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

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

Calvin Grieder

Nationality: Swiss
Year of birth: 1955
Appointment: March 2019

Function in SGS

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

Key experience

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

Professional history

2001-2016: Bühler (CH); CEO

1999-2000: Swisscom (CH & DE)

1994-1998: SIG (CH)

1991-1994: Mikron (CH)

1984-1990: Bürkert (DE & USA)

1980-1983: Georg Fischer (CH & USA)

Education

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

Other activities and functions

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

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

Carivel7 AG, Zurich (CH), Owner

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

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

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

Sami Atiya

Nationality: German
Year of birth: 1964
Appointment: March 2020

Function in SGS

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

Key experience

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

Professional history

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

1997-2014: Siemens Group

1995-1997: Harald Balzer & Partner

1994-1995: Robert Bosch – Blaupunkt

1988-1993: Fraunhofer Institute Karlsruhe Institute of Technology

Education

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

Phyllis Ka Yan Cheung

Nationality: Chinese
Year of birth: 1970
Appointment: March 2022

Function in SGS

- Board of Directors
- Sustainability Committee

Key experience

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

Professional history

2015-present: McDonald's China; CEO

2012-2014: McDonald's Singapore and Malaysia

2000-2011: McDonald's China

1998-2000: Leo Burnett, Hong Kong

1997-1998: Momentum Strategy Consultant, India

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

Education

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

Other activities and functions

Fellow, Aspen China Fellowship (CN)

Member, Aspen Global Leadership Network (CN)

* Listed company.

Ian Gallienne

Nationality: French, Belgian
Year of birth: 1971
Appointment: March 2013

Function in SGS

- Board of Directors
- Remuneration Committee
- Nomination Committee

Key experience

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

Professional history

2012-present: Group Bruxelles Lambert; CEO

2005-2012: Ergon Capital Partners

1998-2005: Rhône Capital LLC

Education

- MBA from INSEAD, France

Other activities and functions

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

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

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

Carpar SA (BE), Member of the Board

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

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

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

Tobias Hartmann

Nationality: German, American
Year of birth: 1972
Appointment: March 2020

Function in SGS

- Board of Directors
- Audit Committee

Key experience

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

Professional history

2018-Feb 2025: Scout24 SE; CEO

2017-2018: HelloFresh SE

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

Education

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

Jens Riedl

Nationality: German
Year of birth: 1973
Appointment: March 2023

Function in SGS

- Board of Directors

Key experience

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

Professional history

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

2019-2021: Permira

1999-2018: Boston Consulting Group

Education

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

Other activities and functions

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

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

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

emarketing Munich (DE), Member of the Supervisory Board

* Listed company.

Kory Sorenson

Nationality: British
Year of birth: 1968
Appointment: March 2019

Function in SGS

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

Key experience

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

Professional history

2005-2010: Barclays Capital; Managing Director

2001-2005: Credit Suisse

1998-2001: Lehman Brothers

1997-1998: Morgan Stanley

1995-1997: Commerz Financial Products

1992-1995: Total SA

Education

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

Other activities and functions

Pernod Ricard SA*, Paris (FR), Member of the Board and Chair of the Remuneration Committee, Member of the Audit Committee

Bank Gutmann, Vienna (AU), privately owned, Member of the Supervisory Board

Comgest, Paris (FR), Chair of the Board of Partners

AA Limited, Jersey (UK), Member of the Board and Chair of Audit and Risk Committee

Premium Credit Limited (UK), Member of the Board and Chair of Audit and Risk Committee

Janet S. Vergis

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

Function in SGS

- Board of Directors
- Audit Committee
- Nomination Committee

Key experience

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

Professional history

2013-2019: various private equity firms

2010-2012: OraPharma, Inc.; CEO

1988-2009: Johnson & Johnson

Education

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

Other activities and functions

Teva Pharmaceutical Industries* (USA), Member of the Board, Chair of Compliance Committee Member of the Human Resources/ Compensation Committee, Member of the Nominating and Governance Committee

Dentsply Sirona* (USA), Member of the Board, Chair of the Science & Technology Committee, Member of the Compensation Committee

Church and Dwight Company* (USA), Member of the Board, Chair of the Nomination and Governance Committee, Member of the Compensation and Human Capital Committee, Member of the Executive Committee

* Listed company.

The Board of Directors considers the following criteria to assess the independence of its members:

1. The Director must not have been employed by the Company in an executive capacity within the last five years
2. No family member of the Director is employed or was employed during the past three years by the Group in any management capacity
3. Neither the Director nor a family member has received any payments from the Group other than board remuneration approved by the Annual General Meeting
4. The Director is not acting (and must not be affiliated with a company that is acting in material manner) as an advisor or consultant to the Company or a member of the Company's Executive Committee
5. The Director must not be affiliated with a significant customer or supplier of the Company
6. The Director must have no personal services contract(s) with the Company or a member of the Company's Executive Committee
7. The Director must not be affiliated with a not-for-profit entity that receives significant contributions from the Company
8. The Director must not have been a partner or employee of the Company's external auditor during the past three years
9. The Director must not have any other conflict of interest that the Board determines to mean they cannot be considered independent
10. Any Director who has served for more than 12 consecutive terms is no longer considered as independent

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

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

The remuneration of the members of the Board of Directors is detailed in the Remuneration Report. The Chair of the Board, jointly with members of the Board of Directors, assesses periodically the performance of the Board as a whole, of its committees and of each of its individual members.

On the basis of this periodic assessment, changes to the composition of the board membership are regularly proposed to the Company's Annual General Meeting.

This periodic performance evaluation is designed to ensure that the Board is always in a position to provide an effective oversight and leadership role to the Group.

3.2. Other activities and vested interests

Other activities and vested interests of the members of the Board of Directors are indicated in Section 3.1.

3.3. Limits on external mandates

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

These rules limit the number of mandates that members of the Board can accept to no more than 10 mandates as members of the top governing or administrative body in entities outside the Group, of which a maximum of five as member of the top governing or administrative body of listed companies. Mandates assumed at the request of a controlling entity do not count towards the maxima defined in the articles of association.

In addition, the articles of association limit to 10, the permissible participations in boards of association, foundations and other non-profit organizations.

All board members have confirmed that they comply with these rules.

3.4. Elections and terms of office

The articles of association of SGS SA provide that each member of the Board of Directors, and among them the Chair of the Board of Directors and the members of the Remuneration Committee, is elected annually by the shareholders for a period ending at the next Annual General Meeting. Each member of the Board of Directors is individually elected. There is no limit to the number of terms a Director may serve. The initial date of appointment of each member of the Board is indicated in Section 3.1.

3.5. Internal organizational structure

The duties of the Board of Directors and its committees are defined in the Company's articles of association and in its internal regulations, which are reviewed periodically. They set out all matters for which a decision by the Board of Directors is required.

In addition to the decisions required by Swiss company law, the Board of Directors approves the Group's strategies and key business policies, investments, acquisitions, disposals and commitments in excess of delegated limits.

3.5.1. Allocation of tasks within the Board of Directors

The Chair of the Board of Directors is elected by the Annual General Meeting. He or she plans and chairs the board meetings, defines the agenda of the meetings and conducts the deliberations of the Board of Directors. All members of the Board of Directors participate in deliberations of the Board and participate equally in its decisions.

Within the limits permitted by law or by the articles of association, the Board of Directors can decide to delegate certain of its tasks to standing or ad-hoc committees. With the exception of the members of the Remuneration Committee, who are elected by the shareholders, the members of the committees are appointed by the Board of Directors.

3.5.2. Committee composition

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

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

Chair Member

The Chair of the Board of Directors attends the meetings of the Remuneration and Audit Committee with a consultative vote. He chairs the Nomination Committee and is a member of the Sustainability Committee. Each committee acts within terms of reference established by the Board of Directors and set out in the internal regulations of the Company. The minutes of the committee meetings are available to all Directors.

Remuneration Committee

Members of the Remuneration Committee are elected individually by the Annual General Meeting, with the Chair of the Committee designated among them by the Board of Directors. The Remuneration Committee is focused on matters of executive remuneration. The Remuneration Committee acts in part in an advisory capacity to the Board of Directors, and in part as a decision-making body on matters that the Board of Directors has delegated to the Committee. The Committee advises the Board of Directors on matters regarding the remuneration of the members of the Board of Directors and the Executive Committee, and on general policies relating to remuneration applicable to the Group. The Committee defines the conditions of share-based remuneration plans and other variable compensation plans, issued from time to time by the Company. The Committee reviews and approves the contractual terms of the employment of the Chief Executive Officer and the other members of the Executive Committee. The Committee reviews regularly, at least once a year, the compensation of each member of the Executive Committee. The Committee drafts the SGS Remuneration report.

Audit Committee

The Audit Committee supports the Board of Directors in discharging its duties in relation to financial reporting, reporting on non-financial matters and internal controls. Such duties include consideration of the appropriateness of accounting policies, the adequacy of internal controls, risk management and legal and regulatory compliance. It exercises oversight over the major risks identified by the Board of Directors. This includes specifically the risks of cybersecurity. It receives regular reports on cybersecurity incidents and measures taken by management to address this risk. The Audit Committee is also responsible for the supervision of the internal and external auditors of the Group, each of which provides regular reports to the Committee on findings arising from their work. The Committee reports regularly to the Board of Directors on its findings.

Sustainability Committee

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

The Committee plays an important role in supporting the Company to develop its sustainability plans and act accordingly and it assists the Board of Directors in fulfilling its responsibilities with respect to the impact of the Group activities on the environment and the communities in which it operates. The Committee also provides support and advice in the development of new sustainability services directed to customers

The Committee oversees sustainability-related issues that may affect the Group and its customers, including reputational and non-financial risks.

Nomination Committee

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

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

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

Attendance at board and committee meetings

The Board of Directors expects its members to attend and participate actively in its meetings and the meetings of its committees and has set a minimum target of attendance at 75% of meetings. The chart below summarizes the attendance by each board member in 2024 at the meetings of the Board and the respective standing committees.

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

1. Did not stand for re-election in 2024.
2. Elected to the Nomination Committee in March 2024.

3.5.3. Working methods of the Board and its committees

The Board of Directors and each committee convene regularly scheduled meetings with additional meetings held as and when required, in person or by video conference. The Board of Directors and the committees may pass resolutions by written consent. Each board member has the right to request that a meeting be held or that an item for discussion and decision be included in the agenda of a meeting.

Board and committee members receive supporting documentation in advance of the meetings and are entitled to request further information from management in order to assist them to prepare for the meetings. The Board of Directors and each of the committees can request the attendance of members of the management of the Group. The Board of Directors and each of the committees are authorized to hire external professional advisors to assist them in matters within their sphere of responsibility.

To be adopted, resolutions need a majority vote of the members of the Board of Directors or committee, with the Chair having a casting vote.

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

3.6. Definition of areas of responsibility

The Board of Directors is responsible for the ultimate direction of the Group. The Board discharges all duties and responsibilities that are attributed to it by law. In particular, the Board:

- Leads and oversees the conduct, management and supervision of the Group
- Determines the organization of the Group
- Assesses risks facing the business and reviews risk management and mitigation policies
- Appoints and removes the Group's Chief Executive Officer and other members of the Executive Committee
- Defines the Group's accounting and control principles
- Decides on major acquisitions, investments and disposals
- Discusses and approves the Group's strategy, financial statements and annual budgets
- Prepares the General Meetings of Shareholders and implements shareholders' resolutions
- Notifies the judicial authorities in the event of insolvency of the Company, as required by Swiss law

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

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

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

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

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

3.7.1. Responsibility of the Board

The Board of Directors has ultimate responsibility for the system of internal controls established and maintained by the Group and for periodically reviewing its effectiveness. Internal controls are intended to provide reasonable assurance against financial misstatement and/or loss, and include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information and compliance with relevant legislation, regulation and industry practice.

3.7.2. Governance framework

The Group has an established governance framework, which is designed to oversee its operations and assist the Company in achieving its objectives. The main principles of this framework include the definition of the role of the Board and its committees, an organizational structure with documented Group delegated authorities from the Board to management, and procedures for the approval of major investments, acquisitions and other capital allocations.

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

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

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

3.7.3. Information to the Board

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

During each Board meeting, the Chief Executive Officer and the Chief Financial Officer present a report to the Board of Directors on the operations and financial results, with an analysis of deviations from prior year and from current financial targets.

During Board meetings, the Board is updated on important issues facing the Group.

During Board meetings or committee meetings, board members can request any information concerning the Group. The Board reviews and monitors regularly and formally previous acquisitions and large investments as well as the implementation of related group strategies.

The Group has a dedicated Internal Audit function reporting to the Chair of the Audit Committee, which assesses the effectiveness and appropriateness of the Group's internal controls and risk management. The Audit Committee approves the annual audit plan of the Internal Audit, receives its reports and deliberates on audit findings and is updated on implementation of corrective actions identified by Internal Audit.

3.7.4. General Counsel and Chief Compliance Officer

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

The compliance function oversees the implementation of a compliance program based on the SGS Code of Integrity, available in 30 languages. The goal of the program is to ensure that the highest standards of integrity are applied to all of the Group's activities worldwide in accordance with international best practices.

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

3.7.5. Risk assessment

The Board conducts on a yearly basis an assessment of the risks facing the Group. This process is conducted with the active participation and input of management and the Group Risk Committee. Once identified, risks are assessed according to their likelihood, potential impact and mitigation.

The Board deliberates on the adequacy of measures in place to mitigate and manage risks and assigns responsibility to designated managers for implementation of such measures. As part of this process, the ownership of and accountability for identified risks are approved by the Board.

The risks identified and monitored by the Board fall broadly into three categories: first, environment risk, which includes circumstances outside the Group's direct sphere of influence, such as competition and economic or political landscape; second, process risks that include risks linked to the operations of the business, the management of the Group and the integrity of its reputation in the marketplace; and third, risks associated with information and decision making.

For each of the risk categories and within these categories, for each significant risk identified, the Board deliberates on proposed mitigation, risk avoidance or risk transfer measures and approves action plans designed to control such risks.

4. Executive Committee

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

The Executive Committee is composed of 13 members:

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

Géraldine Picaud

Chief Executive Officer

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

Education

MBA from the Superior School of Commerce of Reims, France

Previous responsibilities

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

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

Other activities and vested interests

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

Steven Du

Head of Asia Pacific

Nationality: Chinese
Year of birth: 1972 Joined SGS: 1999

Education

MSc Logistics & Supply Chain Management

Previous responsibilities

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

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

Malcolm Reid

Head of Europe

Nationality: British
Year of birth: 1963 Joined SGS: 1987

Education

BSc Chemistry

Previous responsibilities

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

2012-2015: SGS, EVP of Consumer Testing Services

Teymur Abasov

Head of Eastern Europe, Middle East and Africa

Nationality: Azerbaijani
Year of birth: 1972 Joined SGS: 1994

Education

Master's Degree in electrical engineering

Previous responsibilities

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

2006-2007: Managing Director

Rafael Navazo

Head of Latin America

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

Education

MSc in Management from HEC Paris

Mining Engineer degree from Universidad Politécnica of Madrid

Previous responsibilities

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

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

Derick Govender

Head of North America

Nationality: South African
Year of birth: 1970 Joined SGS: 2002

Education

Analytical Chemistry and Management Degrees

Previous responsibilities

2020-2024: SGS, EVP of Natural Resources

2015-2020: SGS, EVP of Minerals Services

Jeffrey McDonald

Head of Business Assurance

Nationality: Australian/American
Year of birth: 1964 Joined SGS: 1995

Education

Postgraduate Diploma in education

Previous responsibilities

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

2007-2015: SGS, COO of North America

David Plaza

Chief Information Officer

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

Education

IT Engineer – graduated in Sport Science

Previous responsibilities

2020-2024: SGS, Chief Information Officer

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

James Roberts

Chief People Officer

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

Education

MSc in Organisation Development

BA Business studies

Previous responsibilities

2017-2024: Holcim UK, HR Director

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

Charles Ly Wa Hoi

Head of Connectivity & Products and Health & Nutrition

Nationality: French
Year of birth: 1966 Joined SGS: 1992
Rejoined: 2008

Education

Degree in electronics engineering from ENSEIRB-MATMECA

Previous responsibilities

2021-2024: SGS, EVP of Connectivity & Products

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

Marta Vlatchkova

Chief Financial Officer

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

Education

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

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

Previous responsibilities

2023-2024: Sandoz, Chief Accounting Officer

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

Martin Oesch

Group General Counsel & Chief Compliance Officer

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

Education

Master's degree in law from the University of Berne

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

Previous responsibilities

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

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

Other activities and vested interests

Member of the Board of Directors of Cocoa Horizons Foundation

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

4.1. Limits on external mandates

The articles of association of the Company limit the number of mandates permissible to members of the Executive Committee, to no more than four mandates as members of the top governing or administrative body of legal entities outside the Group, of which a maximum of one as members of the top governing or administrative body of listed legal entities. Mandates assumed at the request of a controlling entity do not count towards the maxima defined in the articles of association.

In addition, the articles of association set limits to participations in boards of association and other not-for-profit organizations to no more than 10 such memberships.

4.2. Management contracts

The Company is not party to any management contract delegating management tasks to companies or individuals outside the Group.

5. Compensation, shareholdings and loans

5.1. Content and method of determining the compensation and the shareholding programs

The Group's overriding compensation policies are defined by the Board of Directors. The objectives of these policies are twofold: 1) to attract and retain the best talent available in the industry, and 2) to motivate employees and managers to create and protect value for shareholders by generating long-term sustainable financial achievements.

In line with these principles, board members are entitled to a fixed fee, which takes into account their level of responsibility. Members of the Executive Committee receive a fixed remuneration and are entitled to a performance-related annual bonus and a Long-Term Incentive plan.

The Annual General Meeting approves the compensation payable to the Board and the Executive Committee. The rules on the vote on pay applicable in the Group are explained below.

The ultimate responsibility for defining remuneration policies and deciding on all matters relating to remuneration rests with the Board of Directors, subject to decisions that require binding resolutions of the Annual General Meeting. The Board of Directors is assisted in its work by the Remuneration Committee, whose members are elected by the Annual General Meeting.

5.2. Rules on approbation by the Annual Shareholders' Meeting of executive pay

5.2.1. Rules on performance-related pay and allocation of equity-linked instruments

The Company's articles of association define the principles of the variable remuneration and the allocation of shares or equity-linked instruments to the members of the Executive Committee. Please refer to the Remuneration report, pages 61 to 64 for a description of the Company's rules in the matter.

In the event of changes in composition of the Executive Committee occurring after the approval by the Annual General Meeting of the remuneration of the executive team, the Board is authorized to increase up to a maximum of 40% the amount authorized by the shareholders for that purpose.

5.2.2. Rules on loans, credit facilities and post-employment benefits

Loans granted to members of the governing bodies of the Company may not exceed one year of remuneration and must be granted at market conditions. As at 31 December 2024 (same as at 31 December 2023), no loan or advance has been granted by the Group to members of the Executive Committee.

5.2.3. Rules on vote on pay

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

6. Shareholders' participation rights

All registered shareholders are informed of the half year and full year results upon the publication of such results by the Company. They can request a copy of the Company's annual report and are personally invited to attend the Annual General Meeting. The Company's annual report and press releases are publicly available on its website.

6.1. Voting rights and representation restrictions

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

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

6.1.1. Rules on instructions to the independent proxy and electronic participation in the Annual Shareholders' Meeting

Shareholders have the opportunity to give general or specific voting instructions on all matters on the agenda of the General Meeting of Shareholders to the independent proxy, who is elected by the General Meeting of Shareholders.

These instructions can be issued in written form or by electronic transmission.

The voting of resolutions by electronic votes is authorized by the articles of association, within the modalities defined by the Board of Directors.

6.2. Statutory quorums

The General Meeting of Shareholders can validly deliberate regardless of the number of shares represented at the meeting. Resolutions are adopted by the absolute majority of votes cast unless Swiss company law mandates a special majority.

6.3. Convocation of General Meetings of Shareholders

The rules regarding the convocation of General Meetings of Shareholders are in accordance with Swiss company law.

6.4. Inclusion of items on the agenda

The agenda of the Annual General Meeting is issued by the Board of Directors. Shareholders representing at least 0.5% of the Company's share capital may request the inclusion of an item on the agenda of the Annual General Meeting, provided that such a request reaches the Company at least 40 days prior to the meeting.

6.5. Registration in the share register

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

7. Change of control and defense measures

No restriction on changes of control is included in the Company's articles of association.

7.1. Duty to make an offer

In the absence of any specific rules in the Company's articles of association, any investor or group of investors acquiring more than 33.3% of the shares and voting rights of the Company has the duty to make a public offer in compliance with the applicable Swiss takeover rules.

7.2. Clauses on change of control

There are no general plans or standard agreements offering specific protection to members of the Board of Directors or Executive Committee, or other employees of the Group in the event of a change of control, subject to the standard rules regarding termination of employment. However, long-term incentive plans issued by the Company may include rules allowing acceleration of vesting of benefits in the event of a change of control.

8. Auditors

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

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

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

The Audit Committee reviews annually the desirability to renew the annual mandate of its external auditors before proposing to the Board and the Annual General Meeting the re-election of the auditors.

8.2. Audit fees

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

8.3. Additional fees

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

8.4. Information instruments pertaining to the external audit

The Audit Committee is responsible for evaluating the external auditor on behalf of the Board of Directors and conducts assessments of the audit services provided to the Group during its regular meetings.

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

In 2024, the Audit Chair met five times with the external auditors.

The Committee considers and approves the proposed audit plan, conducts assessment of the performance of the auditor and approves audit fees on the basis of the amount of work required to perform the audit.

The Audit Committee reviews with the group auditors the significant financial statement risk areas arising from the audit, including the key audit matters referred to in the statutory auditor's report.

When evaluating the performance of the auditors, the Audit Committee assesses the effectiveness of the audit based on Swiss law, the auditors' understanding of the business of the Group and how matters of significant importance for the group internal control and financial reporting are identified, reported and resolved. The Audit Committee reviews also how the group auditors interact with the component audit firms in charge of auditing the main subsidiaries of the Group, and the relevance and timeliness of issuance of statutory audits and management letters.

The Audit Committee places great emphasis on the independence of the external auditors, and on the absence of conflict of interests, both at the group level and at the level of individual subsidiaries.

It reviews carefully the type of other services which are provided by the auditors, in addition to the audit, to ensure that such ancillary services could not endanger the independence of the audits. The Audit Committee has issued a policy on non-audit services which defines restrictively the type of admissible services, excluding from the admissible scope most tax advisory services and services related to prospective acquisitions and disposal.

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

The audit fees are approved on the basis of a negotiated budget agreed with the group auditors, taking into account the complexity of the audit, the structure of the Group and its internal control systems and the responsibility of the auditors. The duties of the Committee include consideration of the audit plan, regular assessment of the performance of the auditor and approval of audit fees on the basis of the amount of work required in order to perform the audit.

The Audit Committee reviews with the group auditors the significant financial statement risk areas arising from the audit, including the key audit matters referred to in the statutory auditor's report.

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

9. Information policy

The policy of the Group is to provide individual and institutional investors, directly or through financial analysts, business journalists, investment consultants (financial community) and employees with financial and business information in a consistent, broad, timely and transparent manner.

The Group website has a section fully dedicated to investor relations, where all financial information and presentations are available. SGS meets regularly with institutional investors, holds results presentations, roadshows and presentations at broker-sponsored country or industry conferences, and attends one-on-one meetings.

The Group publishes consolidated full year audited results, half year unaudited results and quarterly unaudited sales updates in print and online formats. The annual report is published in English and is available upon order from the Group's website. The current list of publication dates is available on the Group's website. The Group acknowledges the directives on the independence of financial research issued by the Swiss Bankers Association. In addition, the Group complies with rules regarding information and reporting of the Federal Act on stock exchange and securities trading, and the ordinance on stock exchanges and securities trading. The address of SGS's main registered office and contact details by phone and email can be found on page 200 of this report.

10. Non-trading periods

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

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

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

11. Risk management

11.1. Risk governance

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

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

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

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

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

11.2. Risk management framework

A robust and comprehensive ERM and Internal Control process is implemented throughout the company, supported by effective governance and tools. Our risk assessment process is tailored to accommodate the size and profile of all affiliates, ensuring the framework's global applicability and the active involvement of key and relevant markets and businesses.

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

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

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

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

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

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

11.3. Risk oversight

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

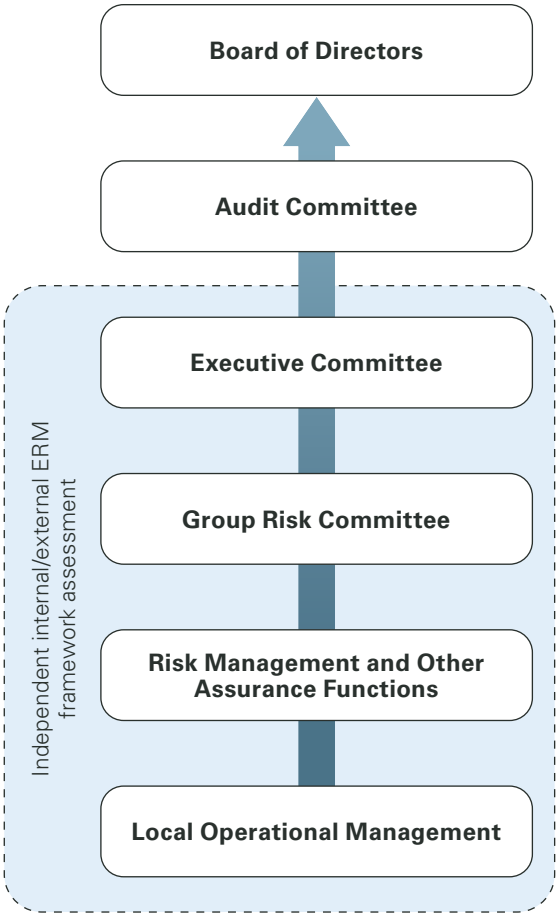
Additionally, at Group level, SGS applies a top-down approach (second line of defense) to evaluate and conclude on the country level results as well as to identify and assess risks from the global perspective. The ultimate risk assessment results are reviewed and endorsed by the Group Risk Committee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

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

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

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

Risk governance and oversight



Risk management cycle

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

- Continuous action plan follow-up
- Presentation of the group risk map to the Audit Committee

- Risk appetite and tolerance
- Mitigation actions
- Minimum Control Standards (MCS)

11.4. Risk assessment results

Risk category	Risk title	Material topic*	Summary of potential consequences	Mitigation measures taken by the Group
External				
Economy & sovereign	Loss of revenue due to decrease in service demand/economy	• Customer satisfaction	• Target organic growth not fully achieved	• The new IMPACT NOW for sustainability offering was launched to capitalize on the expanding sustainability megatrend • Continued development of our Digital Trust services, targeting growing sectors and industries • Ongoing strengthening of presence in North America and Europe through both organic growth and acquisitions
	Business impact due to commodities and financial market fluctuations	N/A	• Target organic growth and profitability not fully achieved	• Balanced resource allocation established to ensure optimal business and geographical diversification
	Lack of capital availability to grow the business	• Corporate culture	• Target organic growth not fully achieved • Stagnation or decline in market share in certain strategic business units	• Stricter financial discipline enforced on CAPEX, working capital, and M&A management • New Free Cash Flow KPI introduced as part of the management incentive plan • Successful implementation of a scrip dividend, with the dividend policy to be aligned with earnings levels moving forward
	Price pressure	• Corporate culture	• Target profitability increase not fully achieved	• The new lean operating model has been implemented to align with SGS's capacity and cost structure with market demand • Procurement savings initiatives have been accelerated to offset rising costs and enhance profitability
Industry	Crisis or structural industry decline impacting revenue growth and profitability	N/A	• Target organic growth and profitability not fully achieved • Weakening of SGS leadership	• A clear end-market focus has been defined to drive growth in expanding strategic business units, such as Certification, ESG, Connectivity and Environment
Customer needs	Loss of revenue due to insufficient adoption to changes in customer demand	• Sustainability services • Customer satisfaction	• Loss of customers resulting from an inability to meet demand due to insufficient capacity or inadequate sales forecast planning • Market share stagnation or decrease in some strategic business units	• Management structure realigned to focus on local customers for locally managed operations and global key account management for globally driven businesses, enhancing customer proximity and improving sales forecast accuracy and proactivity • Preserve or develop a global footprint for strategic activities, enabling laboratory backup and cross-country collaboration • Expansion of Global Business Services to enhance operational excellence and reduce Turnaround Time (TAT) KPIs

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

Risk category	Risk title	Material topic*	Summary of potential consequences	Mitigation measures taken by the Group
Hostile civil or political environment risks	Business disruption, harm to personnel or property from any form of civil strife	• Health and safety	• Increase in crime, particularly criminal damage and looting • The personal security of employees at risk, and disruption to transport infrastructure adversely affecting business operations • In extreme cases, SGS facilities may be forced to cease operations or even close	• Increased country Managing Director awareness of this risk, especially via the efforts of business continuity initiatives, in order to improve preparedness and responsiveness • Work from home initiatives improving resilience for those activities that do not demand presence on site • Better physical and procedural security controls to protect premises
Technological innovation	Loss of technological innovation opportunities	• Cybersecurity and data privacy	• Difficulty in fully leveraging emerging technologies impacts operational efficiency, service quality and the ability to address talent shortages • Limited adoption of innovative solutions restrict opportunities to unlock new revenue streams, particularly in data-driven and digital trust services	• Build on established partnerships with research institutes, tech leaders and startups to drive innovation and align solutions with evolving customer needs and market demands • Maintain a strong focus on digitalization, emphasizing customer-centric solutions and advanced technologies like AI to enhance service delivery and competitiveness • Continue fostering a culture of awareness and adaptability through agile teams, continuous project validation and proactive exploration of disruptive technology trends such as Generative AI and Agentic AI
Cyberattack	Cyberattacks	• Cybersecurity and data privacy	• Compromise on critical data, disruption of operations, and erosion of customer trust and SGS reputation	• Continue to strengthen cybersecurity defenses, including firewalls, identity & access management, and intrusion detection systems. Maintain the current 24/7 monitoring levels of the Security Operations Center and Digital Forensic & Incident Response services
Business Ethics				
Bribery and corruption	Bribery and corruption	• Health and safety • Incidents of corruption	• Fines, loss of business, and reputational damage	• Robust compliance framework, featuring comprehensive policies and processes on Third-Party Due Diligence, Anti-Corruption and Conflicts of Interest • Prevention: fostering a culture of integrity based on our Code of Integrity, reinforced through systematic and recurring training for all employees • Detection: Compliance Committee dedicated to ensuring ethical conduct and strict adherence to the Code of Integrity across all company operations and activities
Information Technology				
Access	Ineffective access controls resulting in security breach and business disruption	• Cybersecurity and data privacy	• Unauthorized access to sensitive information and disturbance of operational activities	• Robust access management solutions to prevent lateral movements and privilege escalation • Regular audits of access permissions and enforcement of least-privilege principles

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

Risk category	Risk title	Material topic*	Summary of potential consequences	Mitigation measures taken by the Group
Human Capital				
Talent management	Lack of succession planning of key personnel	• Training and skills development	• Negative effect on business continuity and operational excellence • Key positions potentially remaining vacant for extended periods, causing unprepared successors, inefficiencies and potential loss of competitive advantage	• Succession planning program and talent review process ensure a strong pipeline for critical roles by integrating these practices into daily leadership activities, fostering proactive talent management and organizational resilience. These efforts are supported by mySGS to streamline and enhance this process effectiveness
	Inefficient performance management	• Training and skills development	• Misaligned employee behaviors and eroded engagement due to unclear or unrealistic goals • Employee disengagement, resulting in lower productivity and unfulfilled KPIs, which can negatively impact organizational performance	• Driving high performance through proactive goal-setting, regular feedback, and alignment of individual and organizational goals. Accountability and process efficiency supported by implemented technologies
	Lack of qualified and competent employees	• Customer satisfaction • Training and skills development	• Reduced customer satisfaction and reputational damage due to an insufficient pool of qualified employees • Missed business opportunities, decreased productivity and weakened organizational competitiveness resulting from a lack of qualified talent	• SGS Campus is an established SGS online learning platform, and is integrated with mySGS to lay the foundation for progress tracking and targeted development outcomes • Strengthened leadership through access to courses from leading business schools, coupled with the planned launch of a new Leadership Program in 2025 aligned with Strategy 27 • The 'Career Conversation' framework facilitating the alignment of employee aspirations with organizational goals through actionable plans, supported by tools for follow-up and tracking
Management information				
Tax	Non-compliant, incorrect or late tax return filings/transfer pricing local file preparation and documentation, and tax payment	N/A	• Tax adjustments, penalties and interest in tax assessments • Increased tax audit activities and scrutiny from tax authorities • Increased efforts in terms of internal and external resources to mitigate exposure	• Standard tax procedures to risk identification, evaluation and mitigation • Tax risk management guidelines and implementation of controls in the local tax processes • Central preparation of local transfer pricing documentation with local adaption • Skilled in-house resources and where required review or outsourcing to reputable tax advisors

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

11.5. Emerging risks

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

Loss of technological innovation opportunities

Impact of the risk on SGS

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

- The expanding adoption of digital twin technology across industries in which SGS has a strong presence may reduce reliance on SGS's need and utilization of physical testing facilities, as virtual environments gain the ability to fully simulate physical properties
- Advances in Generative AI and robotics may lead to the emergence of "lab-in-the-box" solutions, allowing clients to perform highly automated, on-site testing, which could decrease demand for certain testing services currently outsourced to SGS
- The convergence of technologies like IoT, high-speed connectivity and Generative AI may enable remote live monitoring solutions in a sophisticated way, potentially disrupting SGS's traditional inspection and testing services with real-time, digital alternatives. The aforementioned convergence may lead to a wave of a substitution of the services provided by SGS in favor of automated solutions
- Generative AI and Agentic AI solutions may facilitate real-time compliance automation on client premises, automating the entire workflow from gathering evidences, analyzing them and producing reports, which could reduce the reliance on SGS's auditing and certification services
- The growing need for trust in digital technologies and the emerging regulations in that space may require innovative digital trust solutions beyond the traditional TIC model. If not addressed, this shift may hinder SGS's ability to maintain its strong position in the digital domain

Mitigating actions

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

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

Impact of the risk on SGS

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

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

Mitigating actions

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

12. Internal control

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

12.1. Internal control environment

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

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

12.2. Minimum control standards

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

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

Internal control monitoring throughout the Group

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

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

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

Remuneration report

The SGS Remuneration report provides an overview of the SGS remuneration principles and policies and the related governance framework. The report also includes details on the remuneration of the Board of Directors and the Executive Committee related to the 2024 business year. The SGS Remuneration report has been prepared in compliance with the new Code of Obligations, in effect as of 1 January 2023, the Swiss Exchange (SIX) Directive on Information Relating to Corporate Governance, revised on 29 June 2022 and in effect as of 1 January 2023, the Swiss Code of Best Practice for Corporate Governance of economiesuisse, revised on 14 November 2022, and according to the articles of association of SGS SA, as revised and approved by the shareholders at the Annual General Meeting in 2024.

Clinical Studies, USA

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1. Introduction by the Remuneration Committee

On behalf of the Remuneration Committee, I am pleased to present the SGS Remuneration report for the year ended in December 2024, a year of strategic transformation.

As the market leader in testing inspection & certification globally, providing innovative services to their customers, SGS aims to be the employer of choice. This is supported by the Company's remuneration framework that is designed to attract, motivate and retain the best talent needed to ensure our success and growth globally while providing excellent returns to you, our shareholders.

In 2024, the group underwent significant organizational changes under the new leadership of Géraldine Picaud, CEO. The Company defined and launched Strategy 27: Accelerating growth, building trust.

The central pillar of Strategy 27 is 'People, Performance and Agility.' SGS implemented a more agile management structure in 2024, which is the foundation of its performance culture. The Group streamlined the leadership team to provide clear accountability and focus on results. This new, agile organization now comprises of six organizations accountable for sales growth, profit and loss, and cash flow. Additionally, two Global Business Development teams were created to bring commercial expertise to our end-markets to further enhance sales growth over the entire product portfolio. These teams are supported by four central functions.

To further reinforce the performance culture, the Group carried out a comprehensive revision of its reward strategy.

Both short-term and long-term incentive plans have been redesigned with clear performance metrics to prioritize growth, margin improvement, and cash generation, while maintaining alignment with the shareholders' interests and focus to environmental, social, and governance (ESG) matters.

Detailed descriptions of the short-term and long-term incentive plan structures can be found in sections 5.5. and 5.6. of this report.

In 2024, SGS sales grew organically by 7.5%, delivering an adjusted operating income margin on sales of 15.3% – marking a 60-basis point improvement compared to 2023 – and a free cash flow of CHF 748 million, 24% higher than the previous year. I am delighted with this outstanding business performance, which highlights the success of our new incentive schemes.

Another outcome of the corporate simplification process is the dissolution of the senior management body, previously comprising the CEO, CFO and Group Legal Counsel. The newly formed Executive Committee, now consisting of 13 members, has absorbed the responsibilities previously held by senior management. Consequently, starting with this 2024 report, all remuneration reporting for the Executive Committee will be consolidated into two categories: total compensation for the Executive Committee, and the CEO.

The change in CEO took place at the 2024 Annual General Meeting (AGM). In this report, we will outline the remuneration elements for the incoming CEO, Géraldine Picaud, which includes her compensation as CFO from 1 January to the AGM.

On the following pages, you will find detailed information about our remuneration principles and policies, and the remuneration awarded to the Board of Directors and the Executive Committee related to the business year 2024.

We have made significant strides in enhancing the clarity and transparency of this report. We trust that it will serve as a valuable resource for understanding and evaluating the group's reward policies and strategies.

I look forward to your support on the 2024 annual remuneration report at the AGM.

Sami Atiya
Chair of the Remuneration Committee

2. Remuneration at a glance

Board of Directors: summary of current remuneration system

In order to compensate their activities and responsibilities as the highest governing body of the Group and to guarantee their independence in exercising their supervisory duties towards the executive management, members of the Board of Directors receive a fixed remuneration only in the form of cash and restricted shares.

Annual mandate remuneration:

(CHF thousand, gross)	Cash	Restricted shares
Board of Directors Chair (Board retainer)	500	165
Board of Directors Member (Board retainer)	150	50
Audit Committee Chair	70	–
Audit Committee Member	50	–
Remuneration Committee Chair	40	–
Remuneration Committee Member	30	–
Nomination Committee Chair	–	–
Nomination Committee Member	30	–
Sustainability Committee Chair	40	–
Sustainability Committee Member	30	–

Board members are required to accumulate during their tenure a number of shares equivalent in value to two years of an annual Board retainer.

Board of Directors: remuneration AGM 2024 to AGM 2025

The remuneration awarded to the Board of Directors for the mandate AGM 2024 to AGM 2025 was within the limits approved by the shareholders at the AGM 2024:

(CHF thousand, gross)	Approved amount	Actual amount
AGM 2024 to AGM 2025	2 700	2 470

Executive Committee: summary of current remuneration system

In order to attract and retain top industry talent, drive performance excellence and foster long-term value creation, Executive Committee members receive a fixed remuneration and a variable remuneration linked to short-term and long-term results.

Remuneration element	Purpose	Vehicle
Base salary	Pay for the position	Cash
Benefits	Protect against risks, cover retirement	Contributions
Short-Term Incentive (STI)	Drive and reward annual performance excellence	Cash, Restricted shares
Long-Term Incentive (LTI)	Drive and reward long-term performance excellence, align with shareholders' interests	Performance share units (PSUs)

Members of the Executive Committee are required to accumulate during their tenure a number of shares equivalent in value to three times the annual base salary for the CEO and two times the annual base salary for the other members of the Executive Committee.

Executive Committee: remuneration 2024

(CHF thousand, gross)	Fixed remuneration 2024	STI 2024 pay-out	LTI 2024-2026 grant	Total 2024 granted	LTI 2022-2024 vesting	Total 2024 realized
CEO	1 393	2 772	2 083	6 248	0	4 165
Other ExCo	8 751	8 161	4 770	21 682	1 439	18 351

The fixed remuneration (base salary and benefits) awarded to the Executive Committee members in 2024 was within the limits approved by the shareholders at the AGM 2023:

(CHF thousand, gross)	Approved amount	Actual amount
Year 2024	12 500	10 144

The short-term pay-out for the performance year 2024 was 233% of target for the CEO and, on average, 150% of target for other members of the Executive Committee. The total pay-out, CHF 10 732 thousand, is submitted to the approval of the shareholders at the AGM 2025.

The long-term incentive 2024-2026 grant was within the limits approved by the shareholders at the AGM 2024:

(CHF thousand, gross)	Approved amount[1]	Actual amount[1]
Year 2024	12 000	10 280

1. Value of the PSUs granted assessed at the maximum possible vesting level according to the plan rules (150%).

The vesting level of the long-term incentive 2022-2024, related to the performance period 2022-2024, granted in 2022 and vested in early 2025, was 30% of target; 16 260 shares were allocated to the Executive Committee members with a value of CHF 1 439 thousand.

3. Remuneration governance

The general principles of remuneration of the members of the Board of Directors and the members of the Executive Committee are defined in the articles of association (Art. 28, Art. 29, Art. 30, Art. 31 and Art. 32).

The maximum aggregate amounts of remuneration of the members of the Board of Directors and of the Executive Committee are subject to a binding vote at the AGM. In addition, the Remuneration Report is subject to a consultative vote at the AGM. Here below are the details of the AGM voting structure:

- Consultative vote on the remuneration report
- Binding vote on the prospective maximum remuneration amount of the Board of Directors until the next Annual General Meeting
- Binding vote on the retrospective short-term variable remuneration amount of the Executive Committee members
- Binding vote on the prospective maximum fixed remuneration amount of the Executive Committee members
- Binding vote on the prospective maximum value of the grants awarded under the long-term incentive plan to the Executive Committee members

The table below summarizes the votes of the Annual General Meeting on remuneration matters in the last five years.

(% of votes for)	**2024**	2023	2022	2021	2020
Consultative vote on the remuneration report	**95.53**	95.41	83.94	92.70	93.05
Binding vote on the prospective maximum remuneration amount of the Board of Directors	**99.06**	98.10	97.81	95.51	98.13
Binding vote on the prospective maximum fixed remuneration amount of the Executive Committee members	**98.14**	95.34	96.11	94.37	95.58
Binding vote on the retrospective short-term variable remuneration amount of the Executive Committee members	**97.68**	98.16	97.02	96.95	97.39
Binding vote on the value of the grants awarded under the long-term incentive plan to the Executive Committee members[1,2]	**97.74** **90.90**	96.08	96.88	96.40	–

1. Until 2020, the SGS Long-Term Incentive plan provided a grant every three years.
2. Until 2023, the AGM voted on the current-year Long-Term Incentive; the AGM 2024 voted on both the 2024 (current year) and 2025 (next year) Long-Term Incentive; effective 2025, the AGM will vote only on the next year Long-Term Incentive.

Within the limits approved by the AGM, the Board of Directors is responsible for determining the remuneration of the Board Chair and the directors. It also decides on the remuneration and terms of employment of the CEO. In addition, the Board of Directors defines general executive remuneration policies, including the implementation and terms and conditions of long-term incentive plans, as well as the financial targets relevant to any incentive plan.

The Board of Directors is assisted in its work by a Remuneration Committee (the Committee), which consists of non-executive Directors. The 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 reviews regularly, at least once a year, the compensation of each member of the Executive Committee (including the CEO) and decides on all matters relating to the remuneration of these executives.

When reviewing and deciding on executive remuneration policies, the Committee and the Board of Directors have access to group human resources staff and may use third-party consultants that specialize in compensation matters. In 2024, neither the Committee nor the Board of Directors had recourse to such external advisors.

The following chart summarizes the authorization levels for the main decisions relating to the compensation of the Board of Directors and the Executive Committee members.

Subject matter	CEO	Remuneration Committee	Board of Directors	Annual General Meeting
Aggregate remuneration amount of the Board of Directors			Recommendation	Binding vote
Individual remuneration of the members of the Board of Directors including the Chair of the Board		Recommendation	Approval	
Aggregate fixed remuneration amount of the Executive Committee			Recommendation	Binding vote
Aggregate short-term variable remuneration amount of the Executive Committee			Recommendation	Binding vote
Setting of annual financial targets for short-term variable remuneration of Executive Committee members	Recommendation	Approval		
Establishment of Long-Term Incentive plans		Recommendation	Approval	
Setting of multi-year financial and non-financial targets for long-term variable remuneration of Executive Committee members	Recommendation	Approval		
Aggregate value of the grants awarded under the Long-Term Incentive plan to Executive Committee members			Recommendation	Binding vote
Individual remuneration of the CEO		Recommendation	Approval	
Individual remuneration of the Executive Committee members	Recommendation	Approval		
Remuneration report		Recommendation	Approval	Consultative vote

Recommendation · Approval · Binding vote · Consultative vote

The following directors served on the Committee during their mandate from Annual General Meeting 2024 to 2025:

- Sami Atiya (Chair)
- Ian Gallienne
- Kory Sorenson

In 2024, the Committee met three times and handled several matters pertaining to remuneration outside scheduled meetings. The Chair of the Remuneration Committee reports to the Board of Directors after each meeting on the activities of the Committee. The minutes of the Committee meetings are available to the members of the Board of Directors. Generally, the Chair of the Board attends the meetings of the Committee, except when matters pertaining to his own compensation are being discussed.

The CEO, selected members of the Executive Committee, the Chief People Officer and the Global Head of Reward may be asked to attend the meetings in an advisory capacity. They do not attend the meeting when their own compensation or performance are being discussed.

In line with its anti-discrimination and dignity at work policy, SGS is committed to promoting equal opportunity for all employees and an environment in which all members of the workplace treat all individuals both in the workplace and in other work-related settings at all times with dignity, consideration and respect.

All employment-related decisions, including compensation, benefits and promotions, will be solely made on the basis of an individual's qualifications, performance and behavior or other legitimate business considerations. SGS does not tolerate any discriminatory practices, in particular based on age, civil partnership, disability, ethnicity, family status, gender, gender identity, ideological views, marital status, nationality, political affiliation, pregnancy, religion, sexual orientation, social origin or any other status that is protected as a matter of local law.

4. Remuneration policy of the Board of Directors

Members of the Board of Directors are appointed by the AGM for a period of one year until the date of the next ordinary AGM. Their remuneration follows the following principles and structure.

Objectives

The remuneration of the members of the Board of Directors is defined with two main objectives:

- To **compensate their activities and responsibilities as the highest governing body** of the Group and their participation in the committees established within the Board of Directors
- To **guarantee their independence** in exercising their supervisory duties towards the executive management

Method of determination of remuneration levels

In determining the amounts of the compensation elements, the Board of Directors considers the prevailing practices of the Swiss publicly traded companies belonging to the SMI or SMIM indexes, with market capitalization of similar size (-50%/+100%), and not belonging to the capital markets, insurance, and pharmaceuticals sectors:

Adecco	Barry Callebaut	BKW	EMS-Chemie
Geberit	Lindt+Spruengli	Logitech	Lonza
Schindler	SIG Combibloc	Sonova	Straumann
Swatch	Swiss Prime Site	Swisscom	VAT Group

Remuneration elements

Fixed remuneration only:

- Annual Board retainer
- Committee fees (Board chair not eligible)

Part of the remuneration of the Board Chair may be paid in the form of a representation fee (per agreement with tax authorities).

Board members are not entitled to variable remuneration, benefit plans of the Company or any termination/severance agreements.

The remuneration of the members of the Board of Directors is subject to employer social charges according to Swiss legislation.

Remuneration vehicles

75% of the annual Board retainer and Committee fees is settled in cash and paid in two installments (June and December).

25% of the annual Board retainer is settled in shares restricted for three years, which are allocated after the AGM during which the Board member is elected. The number of restricted shares is determined by dividing the value of 25% of the annual Board retainer by the average closing share price during the 20-day period following the payment of the dividends after the AGM. Restricted shares may not be sold, donated, pledged, or otherwise disposed of to third parties during the three-year restriction period. In case of change of control or liquidation, or in case a member of the Board ceases to exercise their mandate following death or permanent disability, the restriction period of the shares lapses. The shares remain restricted in all other instances.

Remuneration levels

(CHF thousand, gross)	Board retainer	Audit Committee fee	Remuneration Committee fee	Nomination Committee fee	Sustainability Committee fee
Chairmanship	665	70	40	–	40
Membership	200	50	30	30	30

Share Ownership Guidelines (SOG)

Board members are required to accumulate during their tenure a number of shares equivalent in value to two years of annual Board retainer.

5. Remuneration policy of the Executive Committee

5.1. General principles

The Company's remuneration policy applicable to the Executive Committee members is defined by the Board of Directors in support of Strategy 27: Accelerating growth, building trust – and in line with its business principles: integrity, health, safety and environment, quality and professionalism, respect, sustainability, leadership.

Objectives

The remuneration policy for members of the Executive Committee is designed to achieve three key objectives:

- **Attract and retain top industry talent** by offering competitive and fair compensation packages
- **Drive performance excellence** by aligning incentives with the achievement of annual operating goals and long-term strategic priorities
- **Foster long-term value creation** by encouraging sustainable outcomes that benefit shareholders and contribute positively to society

Method of determination of remuneration levels (peer group)

SGS is a global company, operating in a broad range of sectors; the determination of the remuneration levels of the Executive Committee members must consider both global and local practices. We periodically compare our compensation practices with those of other similar global organizations:

- Main competitors in the TIC industry

ALS	Bureau Veritas	Eurofins	Intertek

- The Swiss listed companies belonging to the Swiss Leader Index (SLI), not belonging to the capital markets, insurance and pharmaceuticals sectors, of comparable size (-50% / +100% in terms of sales):

Alcon	Givaudan	Lindt+Spruengli	Logitech
Lonza	Schindler	Sika	Sonova
Swatch	Swisscom		

The elements of executive remuneration benchmarked include annual base salary and benefits, short-term and long-term incentives. Since half of our Executive Committee members are based outside Switzerland, we use information published by reputable data providers, including Mercer and Willis Towers Watson, related to both the Swiss market and the other markets where the Executive Committee members are based.

As a reference point, SGS targets the median compensation level of the peer group.

Remuneration elements and vehicles

The members of the Executive Committee receive a fixed remuneration and a variable remuneration linked to short-term and long-term results:

- The fixed remuneration includes an annual base salary and benefits
- The variable remuneration consists of a short-term incentive and a long-term incentive

Element	Purpose	Drivers	Performance measures	Vehicle
Base salary	Pay for position	Skillset and experience, market benchmark	–	Cash
Benefits	Protect against risks, cover retirement	Market practices	–	Contributions
Short-term incentive	Drive and reward annual performance excellence	Annual financial and individual performance	Organic sales growth, profit margin, free cash flow (group, region, and business); Individual leadership	50% cash 50% restricted shares
Long-term incentive	Drive and reward long-term performance excellence; align with shareholders' interests	Three-year financial and ESG[1] performance	rTSR[2], Group EPS[3], ESG[1] metrics	Performance share units (PSUs)

1. ESG: environmental, social and governance.
2. rTSR: relative total shareholder return.
3. EPS: earnings per share.

Employment contracts of the Executive Committee members have no fixed term and can be terminated at any time by either party, provided that a notice period of six months is respected. For the CEO, the notice period is 12 months. The executive contracts do not provide for any severance payments (beyond the minimum legally required in the country of employment) and are subject to applicable legislation in the country of employment. They include non-competition provisions in the countries where such provisions are enforceable.

The remuneration of the members of the Executive Committee is subject to employer social charges, according to the legislation in force in their country of employment.

Share Ownership Guidelines (SOG)

Members of the Executive Committee are required to own at least a certain multiple of their annual base salary in SGS shares, as follows:

- CEO: three times the annual base salary
- Other members of the Executive Committee: two times the annual base salary

Executive Committee members have five years to comply with the SOG requirements. Until the obligation is met, restrictions on the sale of shares allocated through short-term incentive plan settlements and upon the vesting of long-term incentive plans will apply, with the exception of transactions made to cover income tax liabilities.

In the event of a substantial drop in the share price, the Board of Directors has the discretion to modify the SOG.

The determination of equity amounts against the SOG is defined to include vested shares allocated under the short-term and long-term incentive plans and other shares that are owned by the Executive Committee member directly or indirectly (by 'closely related persons').

The Remuneration Committee reviews compliance with the SOG on an annual basis.

5.2. Remuneration mix

The part of remuneration at risk (short-term incentive and long-term incentive) for the CEO represents, at target, 73% of her total remuneration. The part of remuneration settled in equity instruments (restricted shares and PSUs) represents, at target, 59% of her total remuneration.

For the other members of the Executive Committee, the part or remuneration at risk represents, on average, 64% of their total remuneration. The part of remuneration settled in equity instruments represents, on average, 51% of their total remuneration.

The part of the fixed remuneration linked to benefits is not considered in this analysis.

The charts below show the remuneration mix for the CEO and the other members of the Executive Committee in three cases: at minimum (both short-term and long-term incentives at zero pay-out), at target (both short-term and long-term incentives at 100% pay-out) and at maximum (both short-term and long-term incentives at maximum pay-out).

Remuneration mix for the CEO and other Executive Committee members in three cases (%)

5.3. Fixed remuneration: annual base salary

The base salaries of the CEO and each Executive Committee member are reviewed annually based on market data for similar positions in those companies and geographies against which the Group benchmarks itself. In addition to individual performance and contribution, business performance and results, the deciding body considers the scope and complexity of the areas of responsibility of the position, and the skillsets and experience required to perform the job.

5.4. Fixed remuneration: benefits

Benefits include the employer's contributions to pension plans, the employer's contributions to insurances for health, life, disability and other risks, allowances and benefits in kind. They are awarded in accordance with prevailing practices in the country of employment of the members of the Executive Committee.

Swiss-based Executive Committee members participate, on the same basis as other Swiss employees of the Group, in the Company's pension scheme.

5.5. Short-term variable remuneration

The CEO and the other members of the Executive Committee are eligible for a performance-related annual incentive plan (the short-term incentive). The short-term incentive is designed to reward the CEO and the other members of the Executive Committee for:

- The annual financial performance of the Group and its businesses
- The demonstration of leadership behaviors in line with the Group's business strategy and sustainability ambitions

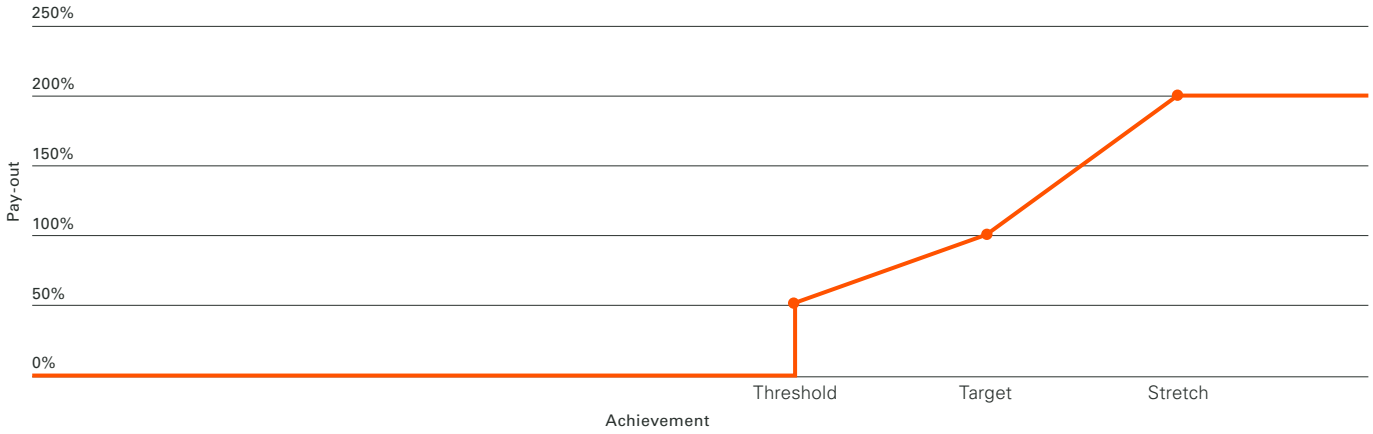
The short-term incentive plan is reviewed annually to ensure its alignment with the Group's business strategy and value to society ambitions.

For the 2024 business year, the structure of the short-term incentive plan has been revised to align with Strategy 27: Accelerating growth, building trust.

Incentive opportunity	CEO	Other Executive Committee members
Target incentive opportunity	110% of base salary	60% – 80% of base salary
Maximum incentive opportunity	275% of base salary	150% – 200% of base salary

Performance objectives[1]		Growth	Profitability	Cash generation
Purpose		Measure the Company's ability to grow organically	Measure the Company's operational profitability	Measure the Company's ability to generate cash
Definition		Organic sales growth vs. prior year (Group, Regions, Business)	Adjusted Operating Income margin on sales (Group, Regions, Business)	Free cash flow before restructuring (Group, Regions)
Weighting	CEO, corporate functions	30% Group	35% Group	35% Group
	Heads of regions	25% Region	25% Group 25% Region	25% Region
	Head of Business Assurance	35% Business Assurance	25% Group 40% Business Assurance	–
	Heads of business support functions	20% Group 40% Business	20% Group	20% Group
2024 targets (Group)	Threshold	4.5%	14.7%	561 CHF million
	Target	6.1%	15.0%	611 CHF million
	Stretch	6.7%	15.5%	661 CHF million

Pay-out formula



1. Refer to alternative performance measures of this report.

Leadership multiplier

The members of the Executive Committee are also rewarded for the demonstration of leadership behaviors in line with the Group's business strategy and sustainability ambitions.

The leadership multiplier is determined for each executive based on an assessment of their behaviors and performance against:

- The leadership competency model of SGS in the areas of innovation, people management and change management
- ESG metrics aligned with the Group's sustainability ambitions, in the areas of energy consumption, sustainable supply chain, diversity, equity and inclusion, employee training, customer satisfaction, integrity

The assessment of the CEO is conducted at year end by the Board of Directors, while the assessment of the other members of the Executive Committee is conducted by the CEO and approved by the Remuneration Committee.

The assessment leads to a leadership multiplier that can range between 70% and 125%.

Settlement vehicles

Once the final incentive amount is determined, it is settled 50% in cash and 50% in restricted shares, to strengthen the link between the compensation of executives and the interests of the shareholders.

The cash component is paid and the restricted shares are allocated after the shareholders' approval at the AGM of the following year.

The number of restricted shares to be allocated is determined by dividing 50% of the final incentive amount by the average closing share price during the 20-day period following the payment of the dividends after the AGM. They are restricted for a period of three years during which they may not be sold, donated, pledged, or otherwise disposed of to third parties.

The Group does not issue new shares to be allocated to employees for equity-based compensation plans, but uses treasury shares instead, acquired through share buyback programs. Detailed information on the overhang and burn rate is disclosed in note 27 of the consolidated financial statements.

Clawback provisions

A clawback policy applies to any variable remuneration awarded to the members of the Executive Committee. Under this policy, the Company may reclaim the value of any variable incentives paid, in cash or shares, in the following cases:

- Any fraud, negligence or intentional misconduct was a significant contributing factor to the Company having to restate all or a portion of its financial statements
- A serious violation of the SGS internal regulations and/or Code of Integrity
- Any violation of law within the scope of employment at the Company

Provisions in case of termination of employment

In case of termination of employment during the business year, "bad" leavers (voluntary resignation, termination for cause) lose their award, while "good" leavers (all other termination reasons) receive it on a pro-rata basis for their time of employment during the year. The table below details the rules applicable to the award in the different cases of termination of employment during the business year and between the end of the business year and the next AGM.

The table below details the rules applicable to the award in the different cases of termination of employment during the business year and between the end of the business year and the next AGM.

	Last day of employment before 31 December				Last day of employment between 31 December and AGM			
Termination reason	**Incentive opportunity (target incentive)**	**Incentive pay-out**	**Payment date**	**Payment vehicle**	**Incentive opportunity (target incentive)**	**Incentive pay-out**	**Payment date**	**Payment vehicle**
Termination for cause	Zero	Zero	–	–	Zero	Zero	–	–
Resignation	Zero	Zero	–	–	Full	Based on actual performance	After AGM approval	100% cash
Death or disability	Pro-rated on calendar days	Based on estimated performance	Shortly after the termination date	100% cash	Full	Based on actual performance	Shortly after the termination date	100% cash
Change in control or liquidation	Pro-rated on calendar days	Based on actual performance	After AGM approval	100% cash	Full	Based on actual performance	After AGM approval	100% cash
Retirement, termination not for cause	Pro-rated on calendar days	Based on actual performance	After AGM approval	100% cash	Full	Based on actual performance	After AGM approval	100% cash

5.6. Long-term variable remuneration

The CEO and the other members of the Executive Committee are eligible to a performance-related long-term incentive (the long-term incentive). The long-term incentive is designed to:

- Motivate the leadership team to achieve the long-term objectives of the Group
- Align their remuneration with the interests of the shareholders

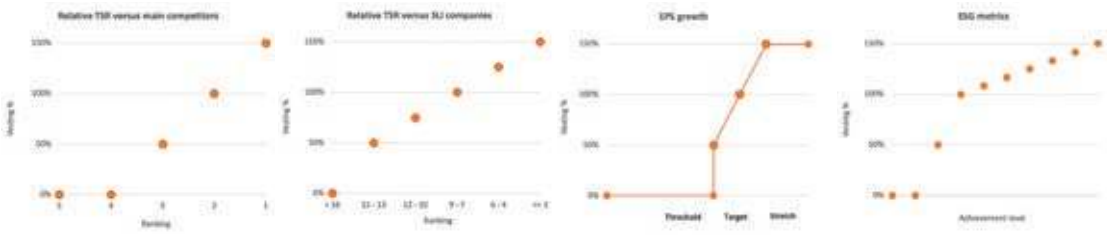
The long-term incentive consists of a grant of performance share units (PSUs).

The PSUs granted under the long-term incentive vest after a performance period of three years, conditionally upon the achievement of pre-defined performance objectives and subject to continuity of employment of the beneficiaries during the vesting period; at vesting, shares are allocated to the participants according to the performance achievements.

The long-term incentive plan is reviewed annually to ensure its alignment with the Group's business strategy and value to society ambitions.

For the 2024-2026 performance period, the long-term incentive plan has been revised to ensure alignment with Strategy 27: Accelerating growth, building trust.

Incentive opportunity		**CEO**	**Other Executive Committee members**
Target incentive opportunity		167% of base salary	100% of base salary
Maximum incentive opportunity		250% of base salary	150% of base salary

Performance objectives	**rTSR vs. TIC main competitors**	**rTSR vs. SLI companies**	**Earnings Per Share (EPS) growth**	**ESG metrics**
Performance period	3 years: 2024-2026			
Purpose	Measure the Company's ability to outperform its four main competitors (ALS, Bureau Veritas, Eurofins, Intertek)	Measure the Company's ability to outperform the 30 largest and most liquid securities in the Swiss equity market	Measure the Company's ability to grow profitably and sustainably	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
Definition	TSR: (ending stock price – beginning stock price) + sum of all dividends distributed during the three-year performance period		Average year-over-year growth of the adjusted basic EPS during the three-year performance period	**Diversity & Inclusion**: % of women in leadership positions **Health and safety**: Lost Time Incident Rate (LTIR) **Environment protection**: GHG emissions (each metric accounting for one third of the weighting)
Weighting	30%	20%	30%	20%
Vesting formula	Vesting is based on the ranking of SGS against the peer groups. It is 0% below median, 50% at median, 100% at upper quartile, 150% at top ranking		Vesting is based on the Company performance against threshold, target, stretch pre-defined achievement levels	Vesting is based on the Company's performance against pre-defined achievement levels for the three metrics
				

Malus and clawback provision

A malus and clawback policy applies to any long-term incentive grant awarded to the members of the Executive Committee. Under this policy, the Company may forfeit any unvested equity compensation and/or reclaim the value of any vested equity compensation granted under a long-term incentive plan, in the following cases:

- Any fraud, negligence or intentional misconduct that was a significant contributing factor in the Company having to restate all or a portion of its financial statements
- A serious violation of the SGS internal regulations and/or Code of Integrity
- Any violation of law within the scope of employment at the Company

Provisions in case of termination of employment

In case of termination of employment, all unvested PSUs are as a rule immediately forfeited without value and without any compensation, with the exception of the cases outlined in the table below.

Termination reason	Vesting rule	Vesting time and shares allocation	Vesting level
Retirement or disability	Vesting on a pro-rata basis	At regular vesting date	Based on actual performance
Death	Vesting on a pro-rata basis	Immediate	Based on an estimation of performance by the Board of Directors
Corporate transaction or liquidation	Full vesting	Immediate	Based on an estimation of performance by the Board of Directors
Other reasons[1]	Forfeiture	–	–

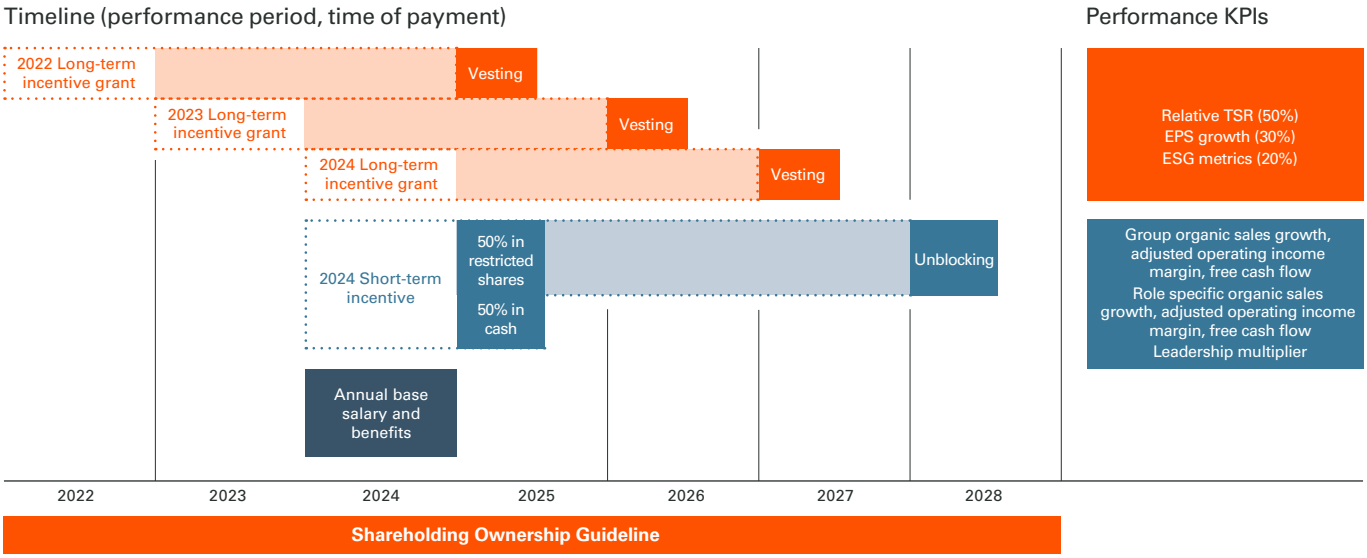
1. In case of company-initiated termination not for cause, if the termination date occurs during the last 12 months of the vesting period, and subject to the Board of Directors approval, PSUs unvested at the termination date may vest on a pro-rata basis.

5.7. Timeline of remuneration

The following chart outlines the timeline of payment of each remuneration element that was earned in 2024:

- The annual base salary is paid during 2024
- The cash portion of the short-term incentive is paid shortly after the 2025 AGM
- The share portion of the short-term incentive is allocated in Q2 2025 and will be unblocked in Q2 2028
- The PSUs granted under the long-term incentive in 2022 were earned over the performance period from 2022 to 2024, and vested, subject to performance conditions and continuity of employment, on 1 February 2025; shares will be allocated to the participants in Q1 2025
- The PSUs granted under the long-term incentive in 2024 will be earned over the performance period from 2024 to 2026 and will vest, subject to performance conditions and continuity of employment, in Q1 2027

Timeline of remuneration



6. Remuneration awarded to the Board of Directors

6.1. AGM vote on remuneration

The table below summarizes the vote of the AGM 2024 on the remuneration of the members of the Board of Directors for the mandate AGM 2024 to AGM 2025.

AGM	Remuneration element	Vote type	Period	Approved amount CHF thousand	Actual amount CHF thousand
2024	Aggregate total remuneration	Prospective	AGM 2024 to AGM 2025	2 700	2 470

The actual remuneration for the mandate AGM 2024 to AGM 2025 was within the approved amount.

The table below summarizes the proposed amount for the vote at the 2025 AGM.

AGM	Remuneration element	Vote type	Period	Proposed amount CHF thousand
2025	Aggregate total remuneration	Prospective	AGM 2025 to AGM 2026	2 700

6.2. Details of remuneration (audited)

Remuneration awarded for the mandate AGM 2024 to AGM 2025

The table below details the remuneration elements and the settlement vehicle of the Directors for the mandate AGM 2024 to 2025.

(CHF thousand, gross)	Chairmanship	Board membership	Audit Committee membership	Remuneration Committee membership	Nomination Committee membership	Sustainability Committee membership	Total remuneration	To be settled in cash	To be settled in restricted shares[1]
Calvin Grieder	665	–	–	–	–	–	665	500	165
Sami Atiya	–	200	–	40	30	–	270	220	50
Phyllis Ka Yan Cheung	–	200	–	–	–	30	230	180	50
Ian Gallienne	–	200	–	30	30	–	260	210	50
Tobias Hartmann	–	200	50	–	–	–	250	200	50
Jens Riedl	–	200	–	–	–	–	200	150	50
Kory Sorenson	–	200	70	30	–	30	330	280	50
Janet S. Vergis	–	200	50	–	15	–	265	215	50
Total	**665**	**1 400**	**170**	**100**	**75**	**60**	**2 470**	**1 955**	**515**

1. Restricted shares were granted during financial year 2024.

The table below details the remuneration elements and the settlement vehicle of the Directors for the mandate Annual General Meeting 2023 to 2024.

(CHF thousand, gross)	Chairmanship	Board membership	Audit Committee membership	Remuneration Committee membership	Nomination Committee membership	Sustainability Committee membership	Total remuneration	To be settled in cash	To be settled in restricted shares[1]
Calvin Grieder	665	–	–	–	–	–	665	500	165
Sami Atiya		200	–	40	30	–	270	220	50
Phyllis Ka Yan Cheung		200	–	–	–	30	230	180	50
Ian Gallienne		200	–	30	30	–	260	210	50
Tobias Hartmann		200	50	–	–	–	250	200	50
Shelby R. du Pasquier		200	–	–	–	–	200	150	50
Jens Riedl		200	–	–	–	–	200	150	50
Kory Sorenson		200	70	30	–	30	330	280	50
Janet S. Vergis		200	50	–	–	–	250	200	50
Total	**665**	**1 600**	**170**	**100**	**60**	**60**	**2 655**	**2 090**	**565**

1. Restricted shares were granted during financial year 2023.

Remuneration awarded for the financial year 2024

The following table details the remuneration elements granted to each of the directors for their tenure in financial year 2024. It includes both pro-rata temporis elements of remuneration for the mandate AGM 2023 to 2024 and pro-rata temporis elements of remuneration for the mandate AGM 2024 to 2025.

The remuneration of the Board of Directors is subject to employer social charges according to Swiss legislation.

(CHF thousand, gross)	Board retainer	Representation fees	Committee fees	Total remuneration	Cash	Restricted shares value[2]	Restricted shares NB	Employer social charges
Calvin Grieder	668	–	–	668	503	165	2 000	11
Sami Atiya	201	–	70	271	221	50	606	23
Phyllis Ka Yan Cheung	201	–	30	231	181	50	606	19
Ian Gallienne	201	–	60	261	211	50	606	22
Tobias Hartmann	201	–	50	251	201	50	606	–
Shelby R. du Pasquier[1]	36	–	–	36	36	–	–	3
Jens Riedl	201	–	–	201	151	50	606	17
Kory Sorenson	201	–	131	332	282	50	606	27
Janet S. Vergis	201	–	58	259	209	50	606	22
Total	**2 111**	**–**	**399**	**2 510**	**1 995**	**515**	**6 242**	**144**

1. Until the AGM 2024.
2. Based on the average closing share price of the 20 trading days preceding the grant date.

The following table details the remuneration elements granted to each of the directors for their tenure in financial year 2023. It includes both pro-rata temporis elements of remuneration for the mandate AGM 2022 to 2023 and pro-rata temporis elements or remuneration for the mandate AGM 2023 to 2024.

(CHF thousand, gross)	Board retainer	Representation fees	Committee fees	Total remuneration	Cash	Restricted shares value[3]	Restricted shares NB	Employer social charges
Calvin Grieder	667	–	–	667	502	165	2 003	10
Sami Atiya	201	–	70	271	221	50	607	23
Phyllis Ka Yan Cheung	201	–	30	231	181	50	607	19
Paul Desmarais, Jr.[1]	37	–	–	37	37	–	–	2
Ian Gallienne	201	–	60	261	211	50	607	22
Tobias Hartmann	201	–	50	251	201	50	607	–
Shelby R. du Pasquier	201	–	–	201	151	50	607	17
Jens Riedl[2]	164		–	164	114	50	607	14
Kory Sorenson	201	–	130	331	281	50	607	27
Janet S. Vergis	201	–	50	251	201	50	607	21
Total	**2 275**	**–**	**390**	**2 665**	**2 100**	**565**	**6 859**	**155**

1. Until the AGM 2023.
2. As of the AGM 2023.
3. Based on the average closing share price of the 20 trading days preceding the grant date.

The overall remuneration paid to the Board of Directors in 2024 is lower than the overall remuneration paid in 2023 because the AGM 2024 appointed eight Board members, while in the previous mandate there were nine.

6.3. Other compensation, loans and credit facilities (audited)

In 2024 no other payment was made to any member or former member of the Board of Directors (unchanged from prior year).

As at 31 December 2024, no loan, credit or outstanding advance was due to the Group from members or former members of the Board of Directors or related parties (unchanged from prior year).

6.4. Shares and options held (audited)

The following table shows the shares held by members of the Board of Directors as at 31 December 2024:

Name	Shares
C. Grieder	16,712
S. Atiya	4,032
P. Cheung	1,732
I. Gallienne	1,713
T. Hartmann	1,688
J. Riedl	1,238
K. Sorenson	3,946
J. S. Vergis	1,732

No options were held by members of the Board of Directors as at 31 December 2024.

The following table shows the shares held by members of the Board of Directors as at 31 December 2023:

Name	Shares
C. Grieder	14,128
S. Atiya	3,382
P. Cheung	1,082
I. Gallienne	1,082
T. Hartmann	1,082
S.R. du Pasquier	2,257
J. Riedl	607
K. Sorenson	3,207
J. S. Vergis	1,082

No options were held by members of the Board of Directors as at 31 December 2023.

6.5. Gender representation (audited)

The following table shows the gender representation in the Board of Directors for the mandate from AGM 2024 to 2025 and for the previous mandate.

	Female		Male	
Period	**Number**	**%**	**Number**	**%**
AGM 2024 to AGM 2025	3	37.5%	5	62.5%
AGM 2023 to AGM 2024	3	33.3%	6	66.7%

6.6. Other activities (audited)

The functions of the members of the Board of Directors in other undertakings in 2024 are detailed in the table below.

Name	Undertaking	Function exercised
C. Grieder	Givaudan SA	Chair of the Board
	Bühler Group AG	Chair of the Board
	Eranoes Group AG	Chair of the Board
	Carivel7 AG	Owner
	Avenir Suisse	Member of the Board of Trustees
	ETH Zurich – Department of Mechanical & Process Engineering	Member of the Advisory Board
S. Atiya	ABB Ltd	Member of the Group Executive Committee and President of ABB's Robotic & Discrete Automation business
Ph. Cheung	McDonald's China	CEO
	Aspen China Fellowship	Fellow
	Aspen Global Leadership Network	Member
I. Gallienne	Groupe Bruxelles Lambert	CEO
	adidas	Vice Chairman of the Supervisory Board, Member of the General Committee
	Imerys	Member of the Board, Chairman of the Strategic Committee and Member of the Compensation Committee, Member of the Remuneration Committee
	Pernod Ricard SA	Member of the Board, Member of the Strategic Committee and Member of the Remuneration Committee
	Carpar SA	Member of the Board
	Compagnie Nationale à Portefeuille SA	Member of the Board
	Financière De La Sambre SA	Member of the Board
	Société Civile du Château Cheval Blanc	Member of the Board
T. Hartmann	Scout24 SE	CEO
J. Riedl	Groupe Bruxelles Lambert	Investment Partner
	GEA Group	Member of the Supervisory Board, Member of the Presiding and Sustainable Committee, Member of the Nomination Committee (until April 2024)
	Sanoptis	Member of the Supervisory Board
	Canyon Koblenz	Observer to the Supervisory Board
	EMarketing Munich	Member of the Supervisory Board (until June 2024)
K. Sorenson	Pernod Ricard SA	Member of the Board and Chair of the Remuneration Committee, Member of the Audit Committee
	Bank Gutmann	Member of the Supervisory Board
	Comgest	Chair of the Board of Partners
	AA Limited	Member of the Board and Chair of Audit and Risk Committee
	Premium Credit Limited	Member of the Board and Chair of Audit and Risk Committee
J. S. Vergis	Teva Pharmaceutical Industries	Member of the Board, Chair of Compliance Committee and Member of the Human Resources/Compensation Committee
	Dentsply Sirona	Member of the Board, Chair of the Science & Technology Committee
	Church and Dwight Company	Member of the Board, Chair of the Governance Committee, and Member of the Compensation and Human Capital Committee

The functions of the members of the Board of Directors in other undertakings in 2023 are detailed in the table below.

Name	Undertaking	Function exercised
C. Grieder	Givaudan SA	Chair of the Board
	Bühler Group AG	Chair of the Board
	Eranoes Group AG	Chair of the Board
	Carivel7 AG	Owner
	Avenir Suisse	Member of the Board of Trustees
	ETH Zurich – Department of Mechanical & Process Engineering	Member of the Advisory Board
S. Atiya	ABB Ltd	Member of the Group Executive Committee and President of ABB's Robotics & Discrete Automation business
Ph. Cheung	McDonald's China	CEO
	Aspen China Fellowship	Fellow
	Aspen Global Leadership Network	Member
I. Gallienne	Groupe Bruxelles Lambert	CEO
	adidas	Vice Chairman of the Supervisory Board, Member of the General Committee
	Imerys	Member of the Board, Chairman of the Strategic Committee, Member of the Compensation Committee, Member of the Appointments Committee
	Pernod Ricard SA	Member of the Board, Member of the Strategic Committee and Member of the Remuneration Committee
	Carpar SA	Member of the Board
	Compagnie Nationale à Portefeuille SA	Member of the Board
	Financière De La Sambre SA	Member of the Board
	Société Civile du Château Cheval Blanc	Member of the Board
	Marnix French ParentCo (Webhelp group)	Chair of the Board
T. Hartmann	Scout 24 SE	CEO
S.R. du Pasquier	Lenz & Staehelin	Partner
	Swiss National Bank	Member of the Board, Chair of the Risk Committee
	Pictet and Cie Group SCA	Chairman of the Supervisory Board
J. Riedl	Groupe Bruxelles Lambert	Investment Partner
	GEA Group	Member of the Supervisory Board, Member of the Presiding and Sustainable Committee, Member of the Nomination Committee
	Sanoptis	Member of the Supervisory Board
	Canyon Koblenz	Observer to the Supervisory Board
	SecureSystem Munich	Member of the Advisory Board
	EMarketing Munich	Member of the Supervisory Board
K. Sorenson	Phoenix Group Holdings PLC	Member of the Board and Chair of the Remuneration Committee, Member of the Risk and Sustainability Committees
	Pernod Ricard SA	Member of the Board and Chair of the Remuneration Committee, Member of the Audit Committee
	Bank Gutmann	Member of the Supervisory Board
	Comgest	Chair and an independent member of the Board of Partners
	AA Limited	Member of the Board and Chair of Audit and Risk Committee
	Premium Credit Limited	Member of the Board and Chair of Audit and Risk Committee
J. S. Vergis	Teva Pharmaceutical Industries	Member of the Board, Chair of Compliance Committee, Member of the Human Resources/Compensation Committee, and Member of the Nominating and Governance Committee
	Dentsply Sirona	Member of the Board, Chair of the Science & Technology Committee
	Church and Dwight Company	Member of the Board, Chair of Governance Committee, and Member of the Compensation and Human Capital Committee
	The Pennsylvania State University	Biotechnology Advisory Board Chair; Corporate Engagement Advisory Board Vice-Chair

7. Remuneration awarded to the Executive Committee

This section sets out the remuneration that was paid to the Executive Committee as a whole and to the CEO in 2024. All amounts disclosed in this section include the short-term incentive cash amount and restricted shares that will be granted in Q2 2025 with respect to performance in 2024 (disclosure according to the accrual principle).

7.1. AGM votes on remuneration

The table below summarizes the votes of the AGM 2024 and of the AGM 2023 pertinent to financial year 2024 and 2025 on the remuneration of the members of the Executive Committee.

AGM	Remuneration element	Vote type	Period	Approved amount CHF thousand	Actual amount CHF thousand
2023	Aggregate fixed remuneration	Prospective	Calendar year 2024	12 500	10 144
2024	Aggregate short-term variable remuneration	Retrospective	Performance year 2023 (paid after the 2024 AGM)	4 956	4 956
2024	Aggregate long-term variable remuneration[1]	Prospective	Calendar year 2024 (transition)	12 000	10 280
2024	Aggregate long-term variable remuneration[1]	Prospective	Calendar year 2025	12 956	Will be reported in the 2025 Remuneration Report
2024	Aggregate fixed remuneration	Prospective	Calendar year 2025	10 500	Will be reported in the 2025 Remuneration Report

1. Value of PSUs at the time of the grant assessed at the maximum possible vesting level under the plan rules (150%).

The actual remuneration in 2024 was within the approved amounts, and the statutory additional amount was not made use of accordingly.

The table below summarizes the proposed amounts for the votes at the 2025 AGM.

AGM	Remuneration element	Vote type	Period	Proposed amount CHF thousand
2025	Aggregate short-term variable remuneration	Retrospective	Performance year 2024 (paid after the 2025 AGM)	10 933
2025	Aggregate long-term variable remuneration[1]	Prospective	Calendar year 2026	13 000
2025	Aggregate fixed remuneration	Prospective	Calendar year 2026	10 500

1. Value of Performance Share Units at the time of the grant assessed at the maximum possible vesting level under the plan rules (150%).

7.2. Total remuneration (audited)

The tables below present all components of the remuneration earned in 2024 and 2023 by the Executive Committee and the CEO. The employer social charges are reported separately in the last column of the table.

Total remuneration 2024

(CHF thousand, gross)	Total fixed remuneration	Total short-term variable remuneration	Total remuneration before LTI	Total long-term variable remuneration	Total remuneration	Employer social charges
Executive Committee (including CEO)[1]						
Cash (including allowances)	9 078	7 364	16 442	–	16 442	
Contributions and benefits in kind	1 066	–	1 066	–	1 066	1 813
Equity	–	3 569	3 569	6 853	10 422	–
Total	**10 144**	**10 933**	**21 077**	**6 853**	**27 930**	**1 813**
Chief Executive Officer						
Cash (including allowances)	1 283	1 386	2 669		2 669	–
Contributions and benefits in kind	110	–	110		110	114
Equity	–	1 386	1 386	2 083	3 469	–
Total	**1 393**	**2 772**	**4 165**	**2 083**	**6 248**	**114**

1. 16 FTE (full-time equivalent).

Total remuneration 2023

(CHF thousand, gross)	Total fixed remuneration	Total short-term variable remuneration	Total remuneration before LTI	Total long-term variable remuneration	Total remuneration	Employer social charges
Executive Committee (including CEO)[1]						
Cash (including allowances)	8 726	2 737	11 463	–	11 463	–
Contributions and benefits in kind	1 047	–	1 047	–	1 047	1 222
Equity	–	2 219	2 219	8 727	10 946	–
Total	**9 773**	**4 956**	**14 729**	**8 727**	**23 456**	**1 222**
Chief Executive Officer						
Cash (including allowances)	1 263	492	1 755	–	1 755	–
Contributions and benefits in kind	125	–	125	–	125	156
Equity	–	492	492	2 000	2 492	–
Total	**1 388**	**984**	**2 372**	**2 000**	**4 372**	**156**

1. 17 FTE (full-time equivalent).

7.3. Fixed remuneration (audited)

The table below summarizes the fixed remuneration paid to the Executive Committee and the CEO in 2024.

(CHF thousand, gross)	**Base salary**	**Other cash allowances**	**Contributions to pension plans**	**Other contributions and benefits in kind**	**Total fixed remuneration**
Executive Committee (including CEO)					
Cash (including allowances)	7 930	1 148	-	-	9 078
Contributions and benefits in kind	-	-	762	304	1 066
Equity	-	-	-	-	-
Total	**7 930**	**1 148**	**762**	**304**	**10 144**
Chief Executive Officer					
Cash (including allowances)	1 190	93	-	-	1 283
Contributions and benefits in kind	-	-	106	4	110
Equity	-	-	-	-	-
Total	**1 190**	**93**	**106**	**4**	**1 393**

The table below summarizes the fixed remuneration paid to the Executive Committee and the CEO in 2023.

(CHF thousand, gross)	Base salary	Other cash allowances	Contributions to pension plans	Other contributions and benefits in kind	Total fixed remuneration
Executive Committee (including CEO)					
Cash (including allowances)	7 753	973	–	–	8 726
Contributions and benefits in kind	–	–	755	292	1 047
Equity	–	–	–	–	–
Total	**7 753**	**973**	**755**	**292**	**9 773**
Chief Executive Officer					
Cash (including allowances)	1 200	63	–	–	1 263
Contributions and benefits in kind	–	–	116	9	125
Equity	–	–	–	–	–
Total	**1 200**	**63**	**116**	**9**	**1 388**

7.4. Short-term variable remuneration (audited)

The short-term variable remuneration of the members of the Executive Committee is determined by the achievement of financial targets and by their leadership behaviors.

In 2024, the achievement of financial targets at group level, in the businesses and in the regions ranges from 62.9% to 174.3% (2023: 63.8% to 126.7%).

The chart below summarizes the 2024 performance achievements against targets for the financial objectives (sales, profit margin, free cash flow) used in the short-term incentive.

2024 performance achievements against targets

	Threshold / Target / Stretch	
Organic sales growth		The 2024 Group organic sales growth was 7.5% compared with a target of 6.1%, which corresponds to a pay-out factor of 200%. The regional and business organic sales growth was mixed, with two regions below threshold (0% pay-out factor), two regions and one business above stretch (200% pay-out factor), one region between target and stretch, and two businesses between threshold and target.
Group		
Regions and businesses		
Adjusted operating income margin		The 2024 Group AOI margin was 15.3% compared with a target of 15.0%, which corresponds to a pay-out factor of 161%. The regional and business local contribution/business profit margin was above stretch for one region (200% pay-out factor), between target and stretch for two regions, and between threshold and target for two regions and one business.
Group		
Regions and businesses		
Free cash flow*		The 2024 Group free cash flow (excluding the impact of restructuring expenses paid in 2024) was CHF 792 million, compared with a target of CHF 611 million, which corresponds to a pay-out factor of 200%. The regional free cash flow was above threshold for all the regions (200% pay-out factor), except one between target and stretch.
Group		
Regions		

* Excluding the impact of CHF 44 million restructuring expenses paid in 2024

The overall short-term incentive pay-out amounts to 233.0% of the target incentive opportunity for the CEO (2023: 82.0%) and ranges from 97.1% to 192.2% of the target incentive opportunity for the other members of the Executive Committee (2023: 48.3% to 142.7%). For the purpose of the short-term incentive, targets and performance achievement are measured at constant currency exchange rates.

The table below details the 2024 short-term incentive for the CEO.

CEO 2024 STI pay-out

	Group financial KPIs			Pay-out
KPI description Metric	**Organic sales growth (%)**	**Adjusted operating income margin on sales (%)**	**Free cash flow* (CHF million)**	
Threshold	4.5%	14.7%	561	
Target	6.1%	15.0%	611	
Stretch	6.7%	15.5%	661	
Actual	7.5%	15.3%	792	
Pay-out %	200.0%	161.1%	200.0%	
Weight	30%	35%	35%	
Financial KPIs pay-out %				186.4%
Leadership multiplier				125.0%
Total pay-out %				233.0%
Pay-out (CHF thousand, gross)				2 772

*Excluding the impact of CHF 44 million restructuring expenses paid in 2024

The table below details the 2023 short-term incentive for the CEO.

CEO 2023 STI pay-out

	Group financial KPIs				Pay-out
KPI description	Sales (CHF million)	NPAT (CHF million)	ROIC (organic) (%)	FCF (CHF million)	
Target	6 475	606	26	612	
Actual	6 622	553	22	604	
Actual vs. target %	102.3%	91.2%	87.5%	98.8%	
Pay-out %	111.4%	55.8%	37.3%	93.8%	
Weight	25%	25%	25%	25%	
Financial KPIs pay-out %					74.6%
Leadership multiplier					110%
Total pay-out %					82.0%
Pay-out (CHF thousand, gross)					984

In settlement of the equity portion of the short-term incentive 2024, SGS restricted shares will be allocated to the members of the Executive Committee in Q2 2025, after the approval of the total short-term incentive amount by the AGM (in Q2 2024, 26 914 restricted shares were granted in settlement of the equity portion of the short-term incentive 2023). The number of restricted shares to be allocated is calculated by dividing the equity portion of the short-term incentive by the average closing price of the share during a 20-trading-day period following the payment of the dividends after the AGM, rounded up to the nearest integer, and are restricted for a period of three years.

The table below summarizes the short-term variable remuneration awarded to the Executive Committee and the CEO for the 2024 performance year, and its comparison with the incentive opportunity.

(CHF thousand, gross)	**Minimum**	**Target**	**Maximum**	**Actual short-term variable remuneration**
Executive Committee (including CEO)				
Cash (including allowances)	–	4 500	11 250	7 364
Contributions and benefits in kind	–	–	–	–
Equity	–	1 995	4 988	3 569
Total	**–**	**6 495**	**16 238**	**10 933**
Chief Executive Officer				
Cash (including allowances)	–	595	1 488	1 386
Contributions and benefits in kind	–	–	–	–
Equity	–	595	1 488	1 386
Total	**–**	**1 190**	**2 975**	**2 772**

The total short-term remuneration amount will be submitted for approval to the AGM of 2025, and the settlement for both the cash and the equity part will be implemented shortly after.

The table below summarizes the short-term variable remuneration awarded to the Executive Committee and the CEO for the 2023 performance year, and its comparison with the incentive opportunity.

(CHF thousand, gross)	Minimum	Target	Maximum	Actual short-term variable remuneration
Executive Committee (including CEO)				
Cash (including allowances)	–	3 195	7 988	2 737
Contributions and benefits in kind	–	–	–	–
Equity	–	2 500	6 250	2 219
Total	**–**	**5 695**	**14 238**	**4 956**
Chief Executive Officer				
Cash (including allowances)	–	600	1 500	492
Contributions and benefits in kind	–	–	–	–
Equity	–	600	1 500	492
Total	**–**	**1 200**	**3 000**	**984**

The total 2023 short-term remuneration amount was approved by the AGM of 2024, and the settlements for both the cash and the equity part were implemented shortly after.

The increase in short-term variable remuneration compared with 2023 reflects the higher pay-out achieved against the financial targets in 2024 compared with 2023.

7.5. Long-term variable remuneration

7.5.1. 2024-2026 PSUs long-term incentive grant (audited)

In 2024, the Group implemented a long-term incentive plan for the performance period 2024-2026. Under the long-term incentive plan 2024-2026, a total of 82 831 PSUs were granted to the members of the Executive Committee; this includes 25 183 PSUs granted to the CEO.

The PSUs awarded under the long-term incentive 2024-2026 vest after the three-year performance period 2024-2026, in early 2027, subject to the performance conditions (rTSR, EPS growth, ESG metrics; see Section 5.6 of this report for detailed explanations on the performance conditions) and to continuity of employment of the beneficiaries during the vesting period.

The number of PSUs granted is calculated dividing the value of the grant, as disclosed in Section 5.6 of this report, by the average closing price of the share during a 20-trading-day period preceding the grant date, rounded up to the nearest integer.

In 2023, the Group implemented a long-term incentive plan for the performance period 2023-2025. Under the long-term incentive plan 2023-2025, a total of 105 045 PSUs were granted to the members of the Executive Committee; this includes 24 074 PSUs granted to the CEO.

The table below summarizes the value of the long-term variable remuneration awarded to the Executive Committee and the CEO in 2024.

	Number of PSUs granted	**Total value of the grant[1] (CHF thousand)**
Executive Committee (including CEO)		
Cash (including allowances)	–	–
Contributions and benefits in kind	–	–
Equity	82 831	6 853
Total	**82 831**	**6 853**
Chief Executive Officer		
Cash (including allowances)	–	–
Contributions and benefits in kind	–	–
Equity	25 183	2 083
Total	**25 183**	**2 083**

1. The value of the grant for the equity part is defined as the number of PSUs granted multiplied by the average closing price of the share during a 20-trading-day period preceding the grant date.

The table below summarizes the value of the long-term variable remuneration awarded to the Executive Committee and the CEO in 2023.

	Number of PSUs granted[1]	Total value of the grant[2] (CHF thousand)
Executive Committee (including CEO)		
Cash (including allowances)	–	–
Contributions and benefits in kind	–	–
Equity	105 045	8 727
Total	**105 045**	**8 727**
Chief Executive Officer		
Cash (including allowances)	–	–
Contributions and benefits in kind	–	–
Equity	24 074	2 000
Total	**24 074**	**2 000**

1. After the share split implemented on 12 April 2003.
2. The value of the grant for the equity part is defined as the number of PSUs granted multiplied by the average closing price of the share during a 20-trading day period preceding the grant date.

7.5.2. Vesting of the 2022-2024 PSUs long-term incentive plan

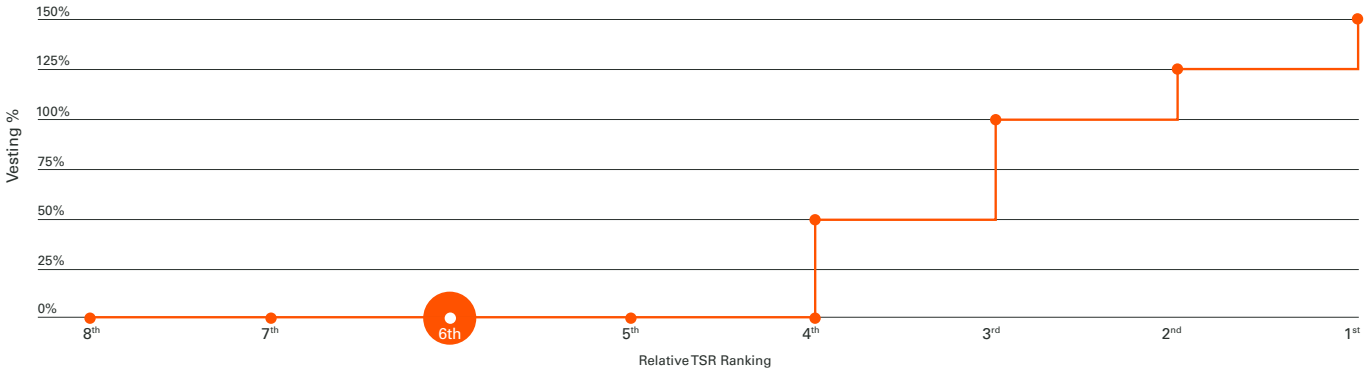
On 1 February, 2025, the 2022-2024 PSUs and long-term incentive plan vested, according to their performance conditions:

- 80% rTSR of SGS against seven listed competitors in the TIC sector (ALS, Applus+, Bureau Veritas, Eurofins, Intertek, Mistras, Team)
- 20% ESG metrics (Women in leadership, LTIR, CO_2 emissions intensity)

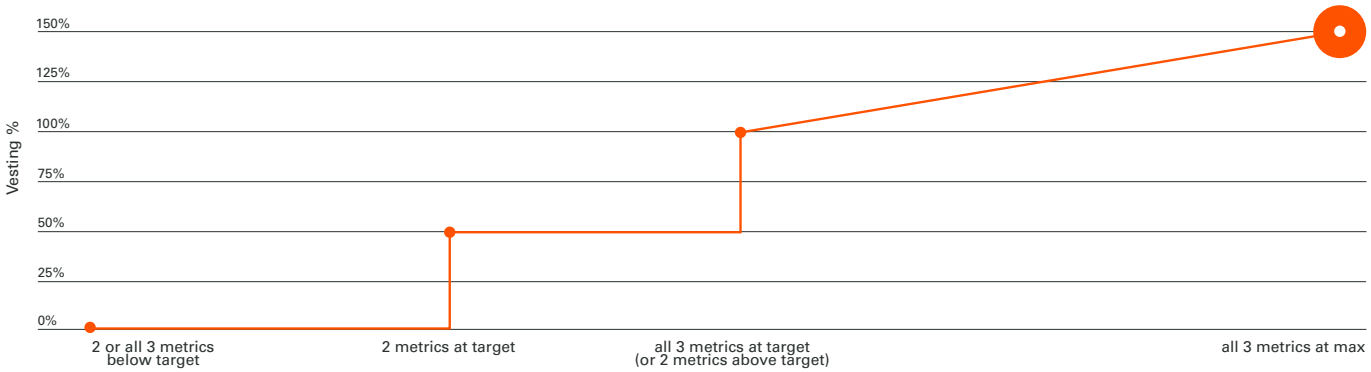
The assessment of the performance conditions has been performed by the Board of Directors, based on the recommendation of the Remuneration Committee.

The charts below show the achievements on rTSR and ESG metrics.

Relative TSR



ESG metrics



The table below presents the details of the vesting.

		Weight	Vesting level
rTSR		80%	0%
ESG metrics	GHG emissions		
	LTIR	20%	150%
	Women in leadership		
Total		**100%**	**30%**

The table below details the vesting of the 2022-2024 PSUs and long-term incentive plan for the Executive Committee and the former CEO.

	Number of PSUs granted in 2022	Value at grant[1] (CHF thousand)	Number of PSUs outstanding at vesting date[1]	Number of shares allocated	Value at vesting[2] (CHF thousand)
Executive Committee (including CEO)					
Cash (including allowances)	–	–	–	–	–
Contributions and benefits in kind	–	–	–	–	–
Equity	84 125	8 757	54 188	16 260	1 439
Total	**84 125**	**8 757**	**54 188**	**16 260**	**1 439**
Chief Executive Officer[3]					
Cash (including allowances)	–	–	–	–	–
Contributions and benefits in kind	–	–	–	–	–
Equity	–	–	–	–	–
Total	**–**	**–**	**–**	**–**	**–**

1. Based on the average closing share price of the 20 trading days preceding the grant date.
2. Based on the closing share price at vesting date.
3. The CEO was not present in 2022 and therefore did not receive any grant of PSUs

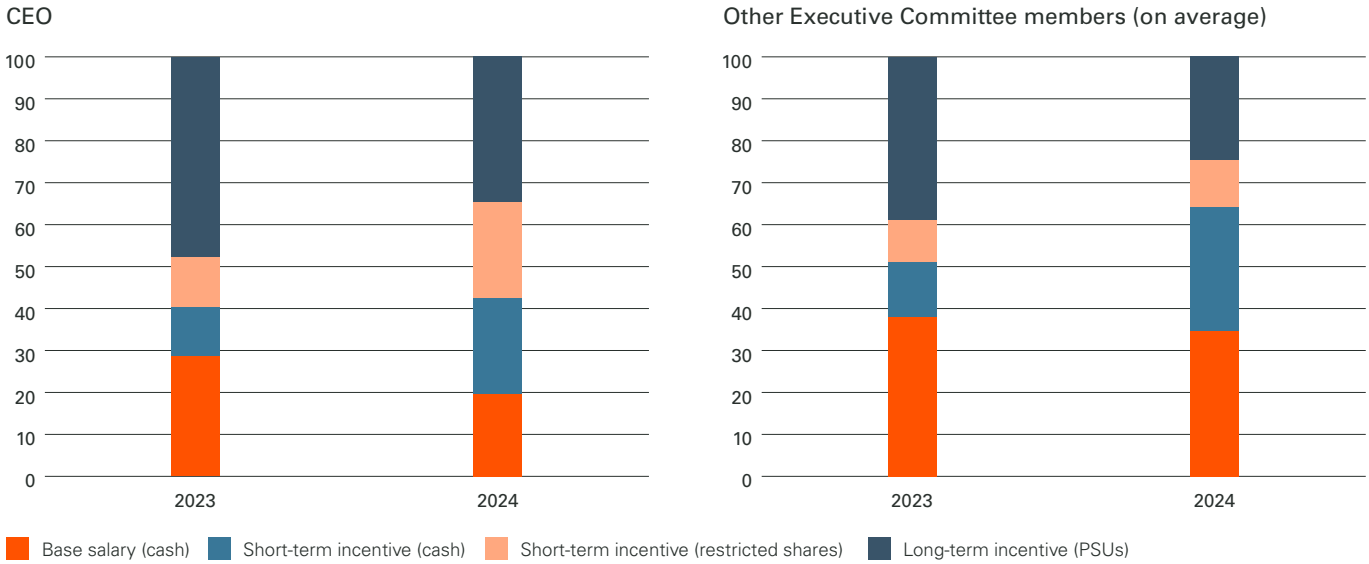
7.6. Remuneration mix (audited)

In 2024, the part of remuneration at risk (short-term incentive and long-term incentive) for the CEO represents 80% of the total remuneration (2023: 71%); the part of remuneration settled in equity instruments (restricted shares and PSUs) represents 57% of the total remuneration (2023: 60%). For the other members of the Executive Committee, the part of remuneration at risk represents, on average, 65% of the total remuneration (2023: 62%); the part of remuneration settled in equity instruments represents, on average, 36% of the total remuneration (2023: 49%).

The part of the fixed remuneration linked to benefits is not considered in this analysis.

The charts below show the remuneration mix for the CEO and for the other members of the Executive Committee in 2024 and 2023.

Remuneration mix of the CEO and other Executive Committee members (%)



7.7. Other compensation, loans and credit facilities (audited)

According to the legislation in force in their countries of employment, severance payments for a total amount of CHF 1 278 000 were made in 2024 to two members of the Executive Committee who left the Group in 2024, (2023: severance payment for a total amount of CHF 194 000 to one member of the Executive Committee), according to the legislation in force in his country of employment.

As at 31 December 2024, no loan, credit or outstanding advance was due to the Group from members or former members of the Executive Committee or related parties (unchanged from prior year).

7.8. Shares and options held (audited)

The following table shows the shares and restricted shares held by Executive Committee members as at 31 December 2024:

Name	Corporate responsibility	Restricted shares	Shares
G. Picaud	Chief Executive Officer	192	920
T. Abasov	Head of Eastern Europe, Middle East & Africa	5 001	22 964
S. Du	Head of Asia Pacific	4 211	3 668
D. Govender	Head of North America	4 653	13 651
E. Jokubauskas	Head of Industries & Environment and Natural Resources	–	2 504
C. Ly Wa Hoi	Head of Connectivity & Products and Health & Nutrition	3 982	7 644
J. McDonald	Head of Business Assurance	5 356	10 023
R. Navazo	Head of Latin America	–	–
M. Oesch	Group General Counsel	–	–
D. Plaza	Chief Information Officer	–	–
M. Reid	Head of Europe	4 590	40 416
J. Roberts	Chief People Officer	–	–
M. Vlatchkova	Chief Financial Officer	–	–

No options were held by Executive Committee members as at 31 December 2024.

The following table shows the shares and restricted shares held by former senior management as at 31 December 2023:

Name	Corporate responsibility	Restricted shares	Shares
F. Ng		14 726	95 000
G. Picaud		–	500
O. Merkt		3 001	8 750

7.9. Gender representation (audited)

The following table shows the gender representation in the Executive Committee as at 31 December 2024 and 31 December 2023.

	Female		Male	
Period	Number	%	Number	%
31 December 2024	2	15.4%	11	84.6%
31 December 2023	2	12.5%	14	87.5%

7.10. Other activities (audited)

The functions of the members of the Executive Committee in other undertakings in 2024 are disclosed in the table below.

Name	Undertaking	Function exercised
G. Picaud	Danone SA	Member of the Board of Directors and Chair of the Audit Committee
	Conseillers du Commerce Extérieur de la France (CCEF)	Member of the Committee
T. Abasov	–	–
S. Du	–	–
D. Govender	–	–
E. Jokubauskas	–	–
C. Ly Wa Hoi	–	–
J. McDonald	–	–
R. Navazo	–	–
M. Oesch	Cocoa Horizons Foundation	Member of the Board of Directors
D. Plaza	–	–
M. Reid	–	–
J. Roberts	–	–
M. Vlatchkova	–	–

The functions of the members of the former senior management in other undertakings in 2023 are detailed in the table below.

Name	Undertaking	Function exercised
F. Ng	Logitech SA	Member of the Board of Directors and Chair of the Compensation Committee
O. Merkt	–	–
G. Picaud	Danone SA	Member of the Board of Directors and Chair of the Audit Committee
	Conseillers du Commerce Extérieur de la France (CCEF)	Member of the Committee

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Construction Site Inspection, Portugal

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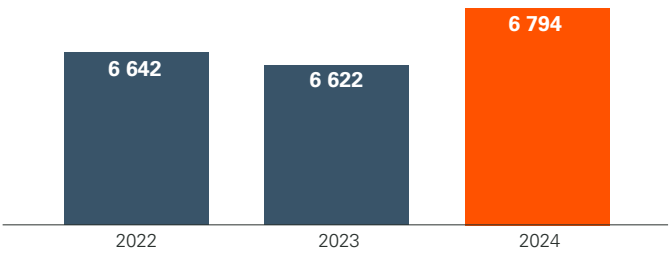
1. Financial and business highlights

Financial review

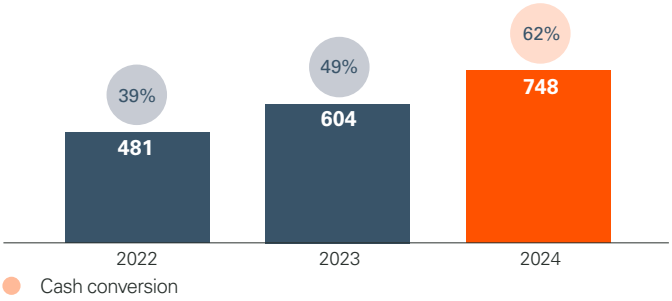
(CHF million)	2024	2023	Change in %	Change in organic[1] %
Sales	**6 794**	**6 622**	**2.6**	**7.5**
Adjusted operating income[1]	**1 040**	**971**	**7.1**	**14.0**
Adjusted operating income margin[1]	15.3%	14.7%		
Operating income (EBIT)	**904**	**857**	**5.5**	
Operating income margin	13.3%	12.9%		
Profit attributable to equity holders of SGS SA	**581**	**553**	**5.1**	
Basic EPS (CHF)	**3.10**	**3.00**	**3.3**	
Free cash flow[1]	**748**	**604**	**23.8**	
Return on invested capital[1]	**24%**	**22%**		
Net debt[1]	**2 670**	**2 839**		

- **Sales** reached a record level of CHF 6 794 million in 2024, up 2.6% compared to prior year. A strong organic[1] growth of 7.5% was delivered across all operations, and more than offset the adverse foreign exchange effect of -4.8%. The successful M&A program relaunch resulted in 11 acquisitions contributing to growth in 2024, partially compensating 2023 disposals and resulting in a net scope effect of -0.1%.
- **Adjusted operating income[1]** reached CHF 1 040 million, an increase of 7.1% compared to prior year. The adjusted operating income margin[1] on sales improved by 60 basis points, to 15.3%. Full speed execution of Strategy 27 resulted in CHF 50 million savings already accounted for (70 basis points margin improvement), while negative foreign exchange effect reduced in comparison to prior year to 30 basis points.
- **Profit attributable to equity holders** was CHF 581 million, an increase of 5.1%, despite restructuring costs of CHF 82 million. It resulted in a basic earnings per share of CHF 3.10, against CHF 3.00 in 2023.
- **Free cash flow[1]** generation was outstanding, up 23.8% to reach CHF 748 million. It marked a significant improvement compared to CHF 604 million in prior year, driven by lower net working capital requirements and focused cash allocation.
- **Net debt[1]** at 31 December 2024 amounted to CHF 2 670 million including lease liabilities, a decrease of CHF 169 million compared to December 2023. It led to a reduction in leverage[1], from x2.0 to x1.8.

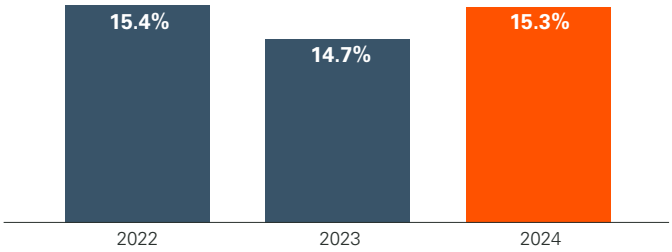
Sales
in CHF million



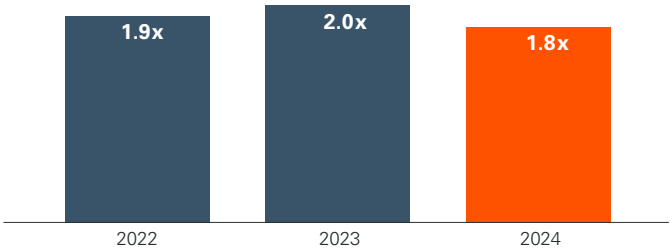
Free cash flow
in CHF million



Adjusted operating income margin
in % of sales



Leverage
Net debt/Adjusted EBITDA



1. Refer to alternative performance measures of this report.

Business highlights

Testing & Inspection: Industries & Environment

(CHF million)	2024	2023
Sales	**2 261**	**2 190**
Total change	3.2%	
of which organic[1]	**8.3%**	
of which scope	–0.2%	
of which FX	–4.9%	
Adjusted operating income[1]	287	248
Adjusted operating income margin[1]	**12.7%**	**11.3%**

Delivered an organic growth of 8.3% and an adjusted operating income margin of 12.7%:

- Continued double-digit growth in Environment boosted by PFAS with strong performance in North America and Europe
- Double-digit growth in Safety services supported by increased demand for global safety solutions
- High single-digit growth in Projects & Advisory driven by large railway and mining projects in Latin America and supply chain for Eastern Europe, Middle East & Africa
- Continued strong growth in Industrial Testing partly offset by completion of low-margin contracts in non-destructive testing

Testing & Inspection: Natural Resources

(CHF million)	2024	2023
Sales	**1 612**	**1 583**
Total change	1.8%	
of which organic[1]	**7.6%**	
of which scope	0.0%	
of which FX	–5.8%	
Adjusted operating income[1]	238	228
Adjusted operating income margin[1]	**14.8%**	**14.4%**

Delivered an organic growth of 7.6% and an adjusted operating income margin of 14.8%:

- Minerals boosted by strong trade and double-digit growth in critical battery metals testing in the Americas
- High single-digit growth in Oil, Gas and Chemicals supported by inspection and laboratory testing services
- Strong growth in Agriculture testing and inspection services, despite slowdown in Europe from the new crop season
- Strong momentum for services supporting the energy transition

1. Refer to alternative performance measures of this report.

Testing & Inspection: Connectivity & Products

(CHF million)	2024	2023
Sales	**1 282**	**1 246**
Total change	2.9%	
of which organic[1]	**8.2%**	
of which scope	–0.7%	
of which FX	–4.6%	
Adjusted operating income[1]	268	262
Adjusted operating income margin[1]	**20.9%**	**21.0%**

Delivered a strong organic growth of 8.2% and an adjusted operating income margin of 20.9%:

- High single-digit growth in Connectivity driven by product safety in Asia Pacific and wireless in North America
- Double-digit growth in Softlines led by strong volumes and sustainability
- High single-digit growth in Hardlines fueled by new regulations and capabilities expansion
- Strong organic growth in Government Services in Eastern Europe, Middle East & Africa and Asia Pacific

Testing & Inspection: Health & Nutrition

(CHF million)	2024	2023
Sales	**878**	**857**
Total change	2.5%	
of which organic[1]	**5.2%**	
of which scope	0.9%	
of which FX	–3.6%	
Adjusted operating income[1]	94	80
Adjusted operating income margin[1]	**10.7%**	**9.3%**

Delivered an organic growth of 5.2% and an adjusted operating income margin of 10.7%:

- Double-digit organic growth in Food with strong performance in all markets supported by regulation and food safety
- Strong recovery in Pharma in H2 driven by bio-safety and bio-analysis testing in Europe and Asia Pacific
- Cosmetics delivered solid performance supported by recovery in North America and Europe in H2
- Expansion of laboratory activities in Food, Pharma and Cosmetics, in particular in North America

1. Refer to alternative performance measures of this report.

Certification: Business Assurance

(CHF million)	2024	2023
Sales	**761**	**746**
Total change	2.0%	
of which organic[1]	**6.2%**	
of which scope	0.0%	
of which FX	–4.2%	
Adjusted operating income[1]	153	153
Adjusted operating income margin[1]	**20.1%**	**20.5%**

Delivered an organic growth of 6.2% and an adjusted operating income margin of 20.1%:

- Double-digit growth in Certification, supported by medical devices and digital trust
- Double-digit growth in ESG, driven by non-financial reporting assurance, social audits and greenhouse gas emissions verification
- Temporary slowdown in Training in Asia Pacific
- Consulting impacted by a high comparable

1. Refer to alternative performance measures of this report.

2. SGS Group consolidated financial statements

Consolidated Income Statement

For the years ended 31 December

(CHF million)	Notes	2024	2023
Sales	4	**6 794**	**6 622**
Salaries and wages		–3 427	–3 316
Subcontractors' expenses		–414	–400
Depreciation, amortization and impairment	11 to 14	–476	–545
Gain on business disposals	10	–	7
Other operating expenses	5	–1 573	–1 511
Operating income (EBIT)[1]	3	**904**	**857**
Financial income	6	34	29
Financial expenses	7	–94	–86
Share of profit of associates and joint ventures		3	2
Profit before taxes		**847**	**802**
Taxes	8	–222	–205
Profit for the period		**625**	**597**
Profit attributable to:			
Equity holders of SGS SA		581	553
Non-controlling interests		44	44
Basic earnings per share (in CHF)	9	**3.10**	**3.00**
Diluted earnings per share (in CHF)	9	**3.09**	**2.99**

1. Refer to note 3 for analysis of non-recurring items.

Consolidated statement of comprehensive income

For the years ended 31 December

(CHF million)	Notes	2024	2023
Actuarial (losses)/gains on defined benefit plans	23	–3	50
Income tax on actuarial (losses)/gains	8	2	–8
Items that will not be subsequently reclassified to income statement		**–1**	**42**
Exchange differences		12	–238
Items that may be subsequently reclassified to income statement		**12**	**–238**
Other comprehensive income/(loss) for the period		**11**	**–196**
Profit for the period		625	597
Total comprehensive income for the period		**636**	**401**
Attributable to:			
Equity holders of SGS SA		590	364
Non-controlling interests		46	37

Consolidated statement of financial position

At 31 December

(CHF million)	Notes	2024	2023
Assets			
Non-current assets			
Property, plant and equipment	11	837	823
Right-of-use assets	12	548	506
Goodwill	13	1 783	1 636
Other intangible assets	14	304	275
Investments in joint ventures, associates and other companies		19	16
Deferred tax assets	8	213	185
Other non-current assets	15	199	191
Total non-current assets		**3 903**	**3 632**
Current assets			
Assets classified as held for sale	11	17	–
Inventories		55	57
Unbilled sales and work in progress	4	247	223
Trade receivables	16	991	940
Other receivables and prepayments	17	217	213
Current tax assets		109	127
Cash and cash equivalents	18	1 210	1 569
Total current assets		**2 846**	**3 129**
Total assets		**6 749**	**6 761**
Equity and liabilities			
Capital and reserves			
Share capital	21	8	7
Reserves		844	723
Treasury shares		–55	–271
Equity attributable to equity holders of SGS SA		**797**	**459**
Non-controlling interests		80	69
Total equity		**877**	**528**
Non-current liabilities			
Loans and other financial liabilities	22	2 700	3 040
Lease liabilities	12	409	384
Deferred tax liabilities	8	73	73
Defined benefit obligations	23	64	66
Provisions	24	101	91
Total non-current liabilities		**3 347**	**3 654**
Current liabilities			
Trade and other payables	25	624	634
Contract liabilities	4	261	221
Current tax liabilities		186	176
Loans and other financial liabilities	22	612	841
Lease liabilities	12	159	143
Provisions	24	72	41
Other creditors and accruals		611	523
Total current liabilities		**2 525**	**2 579**
Total liabilities		**5 872**	**6 233**
Total equity and liabilities		**6 749**	**6 761**

Consolidated statement of cash flows

For the years ended 31 December

(CHF million)	Notes	**2024**	2023
Profit for the period		625	597
Non-cash and non-operating items	19.1	799	824
Decrease/(increase) in working capital	19.2	28	–55
Taxes paid		–228	–243
Cash flow from operating activities		**1 224**	**1 123**
Purchase of property, plant and equipment and other intangible assets		–251	–298
Disposal of property, plant and equipment and other intangible assets		12	15
Acquisition of businesses	10	–193	–12
Proceeds from disposal of businesses		–	22
Cash paid on other non-current assets		–3	–1
Proceeds received from investments in joint ventures, associates and other companies		1	8
Interest received		37	24
Proceeds from marketable securities		4	–
Cash flow used by investing activities		**–393**	**–242**
Dividends paid to equity holders of SGS SA		–207	–590
Dividends paid to non-controlling interests		–40	–44
Transaction with non-controlling interests		–	–34
Cash paid on treasury shares		–50	–10
Proceeds from corporate bonds	19.3	–	500
Repayment of corporate bonds	19.3	–250	–501
Interest paid		–98	–82
Payment of lease liabilities	19.3	–176	–178
Proceeds from borrowings	19.3	7	105
Repayment of borrowings	19.3	–380	–5
Cash flow used by financing activities		**–1 194**	**–839**
Effects of exchange rate changes on cash and cash equivalents		4	–96
(Decrease)/increase in cash and cash equivalents		**–359**	**–54**
Cash and cash equivalents at beginning of year		**1 569**	**1 623**
(Decrease)/increase in cash and cash equivalents		–359	–54
Cash and cash equivalents at end of year	18	**1 210**	**1 569**

Consolidated statement of changes in equity

For the years ended 31 December

(CHF million)	Share capital	Treasury shares	Share-based payment reserve	Cumulative translation adjustments	Cumulative (losses)/gains on defined benefit plans net of tax	Retained earnings and Group reserves	Attributable to: Equity holders of SGS SA	Non-controlling interests	Total equity
Balance at 1 January 2023	**7**	**–279**	**144**	**–1 485**	**–205**	**2 500**	**682**	**81**	**763**
Profit for the period	–	–	–	–	–	553	553	44	597
Other comprehensive income for the period	–	–	–	–231	42	–	–189	–7	–196
Total comprehensive income for the period	**–**	**–**	**–**	**–231**	**42**	**553**	**364**	**37**	**401**
Dividends paid	–	–	–	–	–	–590	–590	–44	–634
Share-based payments	–	–	24	–	–	–	24	–	24
Movement in non-controlling interests	–	–	–	–	–	–25	–25	–5	–30
Movement in treasury shares	–	8	–4	–	–	–	4	–	4
Balance at 31 December 2023	**7**	**–271**	**164**	**–1 716**	**–163**	**2 438**	**459**	**69**	**528**
Balance at 1 January 2024	**7**	**–271**	**164**	**–1 716**	**–163**	**2 438**	**459**	**69**	**528**
Profit for the period	–	–	–	–	–	581	581	44	625
Other comprehensive income for the period	–	–	–	10	–1	–	9	2	11
Total comprehensive income for the period	**–**	**–**	**–**	**10**	**–1**	**581**	**590**	**46**	**636**
Dividends distributed[1]	–	–	–	–	–	–590	–590	–40	–630
Scrip effect on dividend distributed[1]	1	–	–	–	–	383	384	–	384
Share-based payments	–	–	19	–	–	–	19	–	19
Movement in non-controlling interests	–	–	–	–	–	–18	–18	5	–13
Cancellation of treasury shares[2]	–	250	–	–	–	–250	–	–	–
Movement in treasury shares	–	–34	–34	–	–	21	–47	–	–47
Balance at 31 December 2024	**8**	**–55**	**149**	**–1 706**	**–164**	**2 565**	**797**	**80**	**877**

1. Refer to alternative performance measures of this report. On 22 April 2024, SGS announced that 64.87% of the dividend for the financial year 2023 was elected to be paid in the form of new SGS shares, while the remaining 35.13% was to be paid out in cash. On 25 April 2024, the 2023 dividend, totalling CHF 590 million, was distributed as follow:
   – CHF 207 million in cash
   – CHF 383 million in new shares. 4 964 934 new SGS shares were created, generating an increase of share capital of CHF 0.2 million, as disclosed in note 21.
2. On 30 August 2024, 2 837 475 shares were cancelled (CHF 250 million).

Notes to consolidated financial statements

1. Activities of the Group

SGS SA and its subsidiaries ('the Group') operate around the world under the name SGS. The Group head office is located in Geneva, Switzerland.

SGS is the global leader in testing, inspection and certification (TIC) services supporting international trade in agriculture, minerals, petroleum and consumer products. These services are provided to governments, international institutions and customers engaged in the industrial, environmental and life science sectors.

2. Significant accounting policies and exchange rates

Basis of preparation of the financial statements

The consolidated financial statements of the Group are stated in millions of Swiss Francs (CHF million). They are prepared from the financial statements of the individual companies within the Group with all significant companies having a year end of 31 December 2024.

The consolidated financial statements comply with the accounting and reporting requirements of the IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and Swiss law.

The accounting conventions and accounting policies are the same as those applied in the 2023 consolidated financial statements, except for the Group's adoption of new IFRSs effective 1 January 2024. Several new amendments and interpretations were adopted effective 1 January 2024 but have no material impact on the Group's consolidated financial statements. There are no IFRS standards or interpretations which are not yet effective and which would be expected to have a material impact on the Group.

The financial statements are prepared on an accruals basis and under the historical cost convention, modified as required for the revaluation of certain financial instruments.

Scrip dividend

The company's Annual General Meeting held on 26 March 2024, had offered its shareholders the possibility to receive the 2023 dividend in cash or in new SGS shares. Final terms were announced on 22 April 2024:

- The scrip dividend take-up rate was 64.87% with the remaining 35.13% paid out in cash
- The reference share price was of CHF 82.00 and discount rate was 6% leading to a distribution value of CHF 77.08
- 4 964 934 new shares were created

Delivery of the new shares and payment of the total CHF 207 million cash dividend took place on 25 April 2024.

Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Group. Control is achieved when the Group:

- Has power over the investee
- Is exposed, or has the right, to variable return from its involvement with the investee; and
- Has the ability to use its power to affect its return

The Company reassesses whether or not the Group controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

The principal operating companies of the Group are listed on pages 144 to 145.

Non-controlling interests

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Initially they are measured at the non-controlling interest's proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to the acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Associates

Associates are entities over which the Group has significant influence but no control, or joint control, over the financial and operating policies. The consolidated financial statements include the Group's share of associates' earnings on an equity accounting basis from the date that significant influence commences until the date that significant influence ceases.

Joint ventures

A joint venture is a contractual arrangement over which the Group exercises joint control with partners and where the parties have rights to the net assets of the arrangement. The consolidated financial statements include the Group's share of the earnings and net assets on an equity accounting basis of joint ventures that it does not control, effective from the date that joint control commences until the date that joint control ceases.

Joint operations

A joint operation is an arrangement whereby the parties that have joint control have separable specific rights to the assets and liabilities within the arrangement. When a group entity undertakes its activities under joint operations, the Group as a joint operator recognizes in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly
- Its liabilities, including its share of any liabilities incurred jointly
- Its revenue from the sale of its share of the output arising from the joint operation
- Its share of the revenue from the sale of the output by the joint operation; and
- Its expenses, including its share of any expenses incurred jointly

Investments in companies not accounted for as subsidiaries, associates or jointly controlled entities

Investments in companies not accounted for as subsidiaries, associates or jointly controlled entities (normally below 20% shareholding levels) are stated at fair value through profit and loss. Dividends received from these investments are included in financial income.

Transactions eliminated in consolidation

All intra-group balances and transactions, and any unrealized gains and losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains and losses arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in those entities.

Foreign currency transactions

Transactions in foreign currencies are recorded at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate prevailing at that date. Exchange differences arising on the settlement of monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the period or in previous financial statements, are recognized in the income statement.

Consolidation of foreign companies

All assets and liabilities of foreign companies that are consolidated are translated using the exchange rates in effect at the balance sheet date. Income and expenses are translated at the exchange rate at the average exchange rate for the year, or at the rate on the date of the transaction for significant items. Translation differences resulting from the application of this method are recognized in other comprehensive income and reclassified to profit or loss on disposal. Average exchange rates are used to translate the cash flows of foreign subsidiaries in preparing the consolidated statement of cash flows.

Sales recognition

IFRS 15 Revenue from Contracts with Customers establishes a five-step model to account for sales arising from contracts with customers. Under IFRS 15, sales are recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring services to a customer. The standard requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Group recognizes sales based on two main models: services transferred at a point in time and services transferred over time:

- The majority of SGS' sales are transferred at a point in time and recognized upon completion of performance obligations and measured according to the transaction price agreed in the contract. Once services are rendered, e.g. a report issued, the customer is invoiced and payment is due
- Services transferred over time mainly concern long-term contracts, where sales are recognized based on the measure of progress. When the Group has a right to consideration from a customer at the amount corresponding directly to the customer's value of the performance completed to date, the Group recognizes sales in the amount to which it has a right to invoice. In all other situations, the measure of progress is either based on observable output methods (usually the number of tests or inspections performed) or based on input methods such as the time incurred to date relative to the total expected hours to the satisfaction of the performance obligation. These invoices are usually issued per contractually agreed installments and prices. Payments are due upon invoicing

Segment information

In line with Strategy 27: Accelerating growth, building trust, the Group changed its operating segments in 2024, with Testing & Inspection and Business Assurance results now being reported separately. This change reflects the way the Group chief operating decision maker (i.e. the Executive Committee) currently reviews the operating results and allocates resources.

All segment sales reported are from external customers. Segment sales and operating income are attributed to countries based on the location in which the services are rendered.

Capital additions represent the total cost incurred to acquire land, buildings and equipment as well as other intangible assets.

Goodwill

In the case of business acquisitions, the acquired identifiable assets, liabilities and contingent liabilities are recorded at fair value. The difference between the purchase price and the fair value is classified as goodwill and recorded in the statement of financial position as an intangible asset.

Goodwill arising from business combinations is measured at cost less any accumulated impairment losses. The goodwill is allocated to a cash-generating unit or a group of cash-generating units (CGUs), that are expected to benefit, among others, from the synergies of the business combination.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected amounts recognized at that date.

Goodwill arising on the acquisition of a foreign entity is recorded in the relevant foreign currency and is translated using the end of period exchange rate.

On disposal of part or all of a business that was previously acquired, and which gave rise to the recording of acquisition goodwill, the relevant amount of goodwill is included in the determination of the gain or loss on disposal.

Goodwill acquired as part of business combinations is tested for possible impairment annually and whenever events or changes in circumstances indicate their value may not be fully recoverable.

For the purpose of impairment testing, the Group has adopted a uniform method for assessing goodwill recognized under the acquisition method of accounting. These assets are allocated to a cash generating unit or a group of cash generating units (CGU) which are expected to benefit from the business combination. The recoverable amount of a CGU or group of CGUs is determined through a value-in-use calculation.

If the value-in-use of the CGU or group of CGUs is less than the carrying amount of its net operating assets, then a fair value less costs to sell valuation is also performed with the recoverable amount of the CGU or the group of CGUs being the higher of its value-in-use and the fair value less costs to sell.

The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates, operating margins and expected changes to selling prices or direct costs during the period. Pre-tax discount rates used are based on the Group's weighted average cost of capital, adjusted for specific risks associated with the CGUs or group of CGUs' cash flow projections. The growth rates are based on industry growth forecasts.

Expected changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

For all CGUs or groups of CGUs, a value-in-use calculation is performed using cash flow projections covering the next five years and including a terminal growth assumption. These cash flow projections take into account the most recent financial results and outlook approved by management.

If the recoverable amount of the CGU or of the group of CGUs is less than the carrying amount of the unit's net operating assets, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Even if the initial accounting for an intangible asset acquired in the reporting period is only provisional, this asset is tested for impairment in the year of acquisition.

Property, plant and equipment

Land is stated at historical cost and is not depreciated. Buildings and equipment are stated at historical cost less accumulated depreciation. Subsequent expenditures are capitalized only if they increase the future economic benefits embodied in the related item of property and equipment. All other expenditures are expensed as incurred. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

- Buildings 12–40 years
- Machinery and equipment 5–10 years
- Other tangible assets 5–10 years

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses. They are adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred and lease payments made at or before the commencement date, less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The Group elected to use the practical expedient to account for each lease component and any non-lease components as a single lease component. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

In the case that the implicit rate cannot be readily determined, the Group uses an incremental borrowing rate considering the country and the lease duration. The rate is estimated by the combination of the reference rate, the financing spread and any asset-specific adjustment when required.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interests and reduced for the lease payments made. Subsequently, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. The Group applies the short-term lease and low-value recognition exemptions. Lease payments on short-term leases and leases of low-value assets are recognized as expenses on a straight-line basis over the lease term.

Other intangible assets

Intangible assets, including software, licenses, trademarks and customer relationships are capitalized and amortized on a straight-line basis over their estimated useful lives, normally not exceeding 20 years. The following useful lives are used in the calculation of amortization:

- Trademarks 5–20 years
- Customer relationships 2–20 years
- Computer software 3–5 years

Other intangible assets acquired as part of an acquisition of a business are capitalized separately from goodwill if their fair value can be measured reliably. Internally generated intangible assets are recognized if the asset created can be identified, it is probable that future economic benefits will be generated from it, the related development costs can be measured reliably and sufficient financial resources are available to complete the development. These assets are amortized on a straight-line basis over their useful lives, which usually do not exceed five years. All other development costs are expensed as incurred.

Impairment of assets excluding goodwill

At each balance sheet date, or whenever there is an indication that an asset may be impaired, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether they have suffered an impairment loss. If indications of impairment are present, the assets are tested for impairment. If impaired, the carrying value of the asset is reduced to its recoverable value. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs.

The recoverable amount of an asset is the greater of the fair value less cost of sale and its value-in-use. In assessing its value-in-use, the pre-tax estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time-value of money and the risks specific to the asset.

Reversal of impairment losses

Where an impairment loss on assets other than goodwill subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but not in excess of the carrying amount that would have been recorded had no impairment loss been recognized. A reversal of an impairment loss is recognized as income immediately.

Trade receivables

Trade receivables are recognized and carried at original invoice amount less an allowance for any non-collectible amounts. An expected credit loss allowance is made in compliance with the simplified approach using a provision matrix (expected credit loss model). This provision matrix has been developed to reflect the country risk, the credit risk profile, as well as available forward looking and historical data. The Group considers a trade receivable to be credit impaired when one or more detrimental events have occurred such as:

- Significant financial difficulty of the customer; or
- It is becoming probable that the customer will enter bankruptcy or other financial reorganization

Unbilled sales and work in progress

Unbilled sales are recognized for services completed but not yet invoiced and are valued at net selling price.

Work in progress is recognized for the partially finished performance of obligations under a contract. The measure of progress is either based on observable output methods or based on input methods. A margin is recognized based on actual costs incurred, provided that the project is expected to be profitable once completed. Similarly to receivables, an allowance for unbilled sales and work in progress is made in compliance with the simplified approach using a provision matrix (expected credit loss model).

Cash and cash equivalents

Cash and cash equivalents include cash and deposits held with banks, with an original maturity of three months or less, and are subject to an insignificant risk of changes in value. Bank overdrafts are included within current loans.

Derivative financial instruments and hedging

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. Derivatives are accounted for on a fair value basis.

Derivative financial instruments are initially recognized at fair value and subsequently remeasured at fair value through the income statement (FVTPL). The fair value of forward exchange contracts is determined with reference to market prices at the balance sheet date.

Corporate bonds

The corporate bonds issued by the Group are measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

The Group may use financial instruments to economically hedge interest rate risks relating to its corporate bonds. The changes in fair value of finance instruments is recognized in the income statement.

Liabilities related to put options granted to holders of non-controlling interests

Written put options in favor of holders of non-controlling interests give rise to the recognition of a financial liability at the present value of the expected cash outflow. The present value is determined by management's best estimate of the cash outflow required to settle the obligation on exercise of the option, discounted by the Group's cost of debt. The financial liability is initially recorded with the corresponding entry within equity and in the absence of specific guidance in IFRS, subsequent changes in the valuation of the liability shall be recognized directly in equity attributable to owners, including the unwinding of the discount.

Fair value measurement

Fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

- Level 1 fair value measurements are those derived from the quoted price in active markets
- Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset and liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 fair value measurements are those derived from valuation techniques as they cannot be derived from publicly available information. The assumptions and inputs used in the model take into account externally verifiable inputs. However, such information is by nature subject to uncertainty, particularly where comparable market-based transactions often do not exist. External valuers are involved for valuation for significant assets and liabilities

Capital management

Capital comprises equity attributable to equity holders, loans and other financial liabilities, lease liabilities and cash and cash equivalents.

The Board of Directors' policy is to maintain a strong capital base in order to maintain investor, creditor and market confidence, and to sustain the future development of the business. The Board recommends the level of dividends to be distributed to ordinary shareholders on an annual basis. The Group maintains sufficient liquidity at the Group and subsidiary level to meet its working capital requirements, fund capital purchases and small and medium-sized acquisitions.

Treasury shares are intended to be used to cover the Group's employee equity participation plan. Decisions to buy or sell are made on an individual transaction basis by management.

There were no changes in the Group's approach to capital management during the year.

The Group is not subject to any externally imposed capital requirements.

Earnings per share

Basic earnings per share are calculated by dividing the Group's profit by the weighted average number of shares outstanding during the year, excluding treasury shares. For diluted earnings per share, the weighted average number of shares outstanding is adjusted assuming conversion of all potential dilutive shares. Group profit is also adjusted to reflect the after-tax impact of conversion.

Treasury shares

Treasury shares are reported as a deduction to equity. The original cost of treasury shares and the proceeds of any subsequent sale are recorded as movements in equity.

Employee benefits

Pension plans

The Group maintains several defined benefit and defined contribution pension plans in accordance with local conditions and practices in the countries in which it operates. Defined benefit pension plans are based on an employee's years of service and remuneration earned during a predetermined period. Contributions to these plans are normally paid into funds which are managed independently of the Group, except in rare cases where there is no legal obligation to fund.

In such cases, the liability is recorded in the Group's consolidated statement of financial position.

The Group's obligations towards defined benefit pension plans and the annual cost recognized in the income statement are determined by independent actuaries using the projected unit credit method. Remeasurement gains and losses are immediately recognized in the consolidated statement of financial position with the corresponding movement being recorded in the consolidated statement of comprehensive income.

Past service costs are immediately recognized as an expense. Net interest expense is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. The retirement benefit obligation recognized in the statement of financial position represents the present value of the defined benefit obligation reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the plan. Payments to defined contribution plans are recognized as an expense in the income statement as incurred.

Post-employment plans other than pensions

The Group operates some non-pension post-employment defined benefit schemes, mainly healthcare plans. The method of accounting and the frequency of valuations are similar to those used for defined benefit pension plans.

Equity compensation plans

The Group provides additional benefits to certain senior executives and employees through equity compensation plans. An expense is recognized in the income statement for shares and equity-linked instruments granted to senior executives and employees under these plans.

Trade payables

Trade payables are recognized at an amortized cost that approximates the fair value.

Provisions

The Group records provisions when: it has an obligation, legal or constructive, to satisfy a claim; it is probable that an outflow of Group resources will be required to satisfy the obligation; and a reliable estimate of the amount can be made.

In the case of litigation and claims relating to services rendered, the amount that is ultimately recorded is the result of a complex process of assessment of a number of variables, and relies on management's informed judgment about the circumstances surrounding the past provision of services. It also relies on expert legal advice and actuarial assessments.

Changes in provisions are reflected in the income statement in the period in which the change occurs.

Contract liabilities

Contract liabilities arise upon advance payments from clients and issuance of upfront invoices.

Restructuring costs

The Group recognizes costs of restructuring against operating income in the period in which management has committed to a formal plan, the costs of which can be reliably estimated, and has raised a valid expectation in those affected that the plan will be implemented and the related costs incurred. Where appropriate, restructuring costs include impairment charges arising from the implementation of the formal plan.

Taxes

Income taxes include all taxes based upon the taxable profits of the Group, including withholding taxes payable on the transfer of income from Group companies and tax adjustments from prior years. Taxes on income are recognized in the income statement except to the extent that they relate to items directly charged or credited to equity or other comprehensive income, in which case the related income tax effect is recognized in equity or other comprehensive income. Provisions of income and withholding taxes that could arise on the remittance of subsidiary retained earnings are only made where there is a current intention to remit such earnings. Other taxes not based on income, such as property taxes and capital taxes, are included within operating expenses.

Deferred taxes are provided using the full liability method. They are calculated on all temporary differences that arise between the tax base of an asset or liability and the carrying values in the consolidated financial statements except for non-tax-deductible goodwill and for those differences related to investments in subsidiaries where their reversal will not take place in the foreseeable future. Deferred income tax assets relating to the carry-forward of unused tax losses and tax credits are recognized to the extent that it is probable that future taxable profits will be available against which they can be used.

Current income tax assets and liabilities are offset where there is a legally enforceable right to offset. Deferred tax assets and liabilities are determined based on enacted or substantively enacted tax rates in the respective jurisdictions in which the Group operates that are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Dividends

Dividends are reported as a movement in equity in the period in which they are approved by the shareholders.

Significant accounting estimates and judgments

Use of estimates

The key assumptions concerning the future, and other key sources of estimation, at the balance sheet date that may have a risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Business combinations

In a business combination, the determination of the fair value of the identifiable assets acquired, particularly intangibles, requires estimations which are based on all available information and in some cases on assumptions with respect to the timing and amount of future sales and expenses associated with an asset. The purchase price is allocated to the underlying acquired assets and liabilities based on their estimated fair value at the time of acquisition. The excess is reported as goodwill. As a result, the purchase price allocation impacts reported assets and liabilities, future net earnings due to the impact on future depreciation and amortization expense and impairment charges. The purchase price allocation is subject to a maximum adjustment period of 12 months, in conformity with IFRS 3.

Expected Credit Losses

Trade receivables, unbilled sales and work in progress are presented net of expected credit loss allowance. These allowances for potential uncollected amounts are estimated in compliance with the simplified approach using a provision matrix (expected credit loss model), which has been developed to reflect the country risk, the credit risk profile, as well as available historical data. In addition, an allowance is estimated based on individual client analysis when collection is no longer probable.

Impairment of goodwill

The Group determines whether goodwill is impaired at a minimum on an annual basis. This requires identification of CGUs and an estimation of the value-in-use of the CGUs to which the goodwill is allocated. Estimating the value-in-use requires the Group to make an estimate of expected future cash flows from the CGU or group of CGUs that holds the goodwill at a determined discount rate in order to calculate the present value of those cash flows.

Estimations of employee post-employment benefits obligations

The Group maintains several defined benefit pension plans in accordance with local conditions and practices in the countries in which it operates. The related obligations recognized in the statement of financial position represent the present value of the defined benefit obligations calculated annually by independent actuaries. These actuarial valuations include assumptions such as discount rates, salary progression rates and mortality rates. These actuarial assumptions vary according to the local prevailing economic and social conditions.

Income taxes

The Group is subject to income taxes in numerous jurisdictions and there are many transactions and calculations for which the ultimate tax determination is uncertain.

In assessing how an uncertain tax treatment may affect the determination of the taxable profit (tax loss), the Group assumes that a taxation authority will examine amounts and have full knowledge of all related information.

If the Group concludes it is not probable that a taxation authority will accept a particular tax treatment, the Group reflects the effect of each uncertainty in determining the taxable profit (tax loss) by using one of the following methods:

- The single most likely amount
- The sum of probability-weighted amount in a range of possible outcomes

The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due, including estimated interest and penalties where appropriate. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Legal and warranty claims on services rendered

The Group is subject to litigation and other claims. Management bases its judgment on the circumstances relating to each specific event, internal and external legal advice, knowledge of the industries and markets, prevailing commercial terms and legal precedent, and evaluation of applicable insurance cover where appropriate. The process of estimation is complex, dealing with uncertainty, requiring the use of informed estimates, actuarial assessment, evaluation of the insurance cover where appropriate and the judgment of management. The timing of cash outflows from pending litigation and claims is uncertain since it depends, in the majority of cases, on the outcome of administrative and legal proceedings. The Group's legal and warranty claims are reviewed, at a minimum, on a quarterly basis by a cross-functional representation of management. Any changes in these estimates are reflected in the income statement in the period in which the estimates change.

Judgments

In the process of applying the entity's accounting policies described above, management has made the following judgment that has a significant effect on the amounts recognized in the financial statements.

Lease termination of contracts with renewal and exit options

The Group determines the lease term as the non-cancellable term of the lease together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, for some of its leases, to lease the assets for additional terms. The Group applies judgment in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

Exchange rates

The most significant currencies for the Group were translated at the following exchange rates into Swiss Francs:

			Statement of financial position period-end rates		Income statement period average rates	
			2024	2023	**2024**	2023
Australia	AUD	100	56.24	57.38	58.10	59.73
Canada	CAD	100	62.63	63.53	64.29	66.59
Chile	CLP	100	0.09	0.10	0.09	0.11
China	CNY	100	12.36	11.83	12.23	12.70
Eurozone	EUR	100	94.03	93.02	95.26	97.17
Korea	KRW	100	0.06	0.06	0.06	0.07
United Kingdom	GBP	100	113.45	107.16	112.49	111.69
Russia	RUB	100	0.87	0.94	0.95	1.07
Taiwan	TWD	100	2.75	2.74	2.74	2.89
USA	USD	100	90.19	84.11	88.04	89.87

3. Segment information

Description of segments and principal activities

In line with Strategy 2027: Accelerating growth, building trust, the Group has changed its operating segments in 2024, with Testing & Inspection and Certification results being presented separately. This change reflects the way the Group chief operating decision maker (i.e. the Executive Committee) now reviews the operating results and allocates resources.

The information presented is disclosed by operating segment and focuses on sales, operating income, depreciation and amortization, capital expenditures, and salaries and wages because these are the performance measures used by the Group chief operating decision maker (i.e. the Executive Committee) to assess segment performance.

Analysis of operating income

(CHF million)	2024	2023
Adjusted operating income[1]	**1 040**	**971**
Amortization and impairment of acquired intangibles	–30	–55
Restructuring costs	–82	–21
Goodwill impairment	–	–18
Gain on business disposals	–	7
Transaction and integration costs	–12	–5
Other non-recurring items	–12	–22
Operating income	**904**	**857**

Sales and operating income by segment

2024

(CHF million)	Sales	Adjusted operating income[1]	Amortization and impairment of acquired intangibles	Restructuring costs	Transaction and integration costs	Other non-recurring items	Operating income by segment
Testing & Inspection	6 033	887	–28	–75	–11	–12	761
Certification	761	153	–2	–7	–1	–	143
Total	**6 794**	**1 040**	**–30**	**–82**	**–12**	**–12**	**904**

2023 restated

(CHF million)	Sales	Adjusted operating income[1]	Amortization and impairment of acquired intangibles	Restructuring costs	Goodwill impairment	Gain on business disposals	Transaction and integration costs	Other non-recurring items	Operating income by segment
Testing & Inspection	5 876	818	–52	–20	–18	7	–5	–20	710
Certification	746	153	–3	–1	–	–	–	–2	147
Total	**6 622**	**971**	**–55**	**–21**	**–18**	**7**	**–5**	**–22**	**857**

2023 published

(CHF million)	Sales	Adjusted operating income[1]	Amortization and impairment of acquired intangibles	Restructuring costs	Goodwill impairment	Gain on business disposals	Transaction and integration costs	Other non-recurring items	Operating income by business
Industries & Environment	2 190	248	–15	–11	–18	3	–2	–16	189
Natural Resources	1 583	228	–1	–6	–	–	–	–2	219
Connectivity & Products	1 246	262	–5	–1	–	4	–1	–2	257
Health & Nutrition	857	80	–31	–2	–	–	–2	–	45
Business Assurance	746	153	–3	–1	–	–	–	–2	147
Total	**6 622**	**971**	**–55**	**–21**	**–18**	**7**	**–5**	**–22**	**857**

1. Refer to alternative performance measures of this report.

Restructuring costs

The Group incurred a pre-tax restructuring charge of CHF 82 million (2023: CHF 21 million). Total restructuring costs comprised personnel reorganization of CHF 62 million (2023: CHF 15 million), as well as a fixed asset impairment of CHF 6 million (2023: CHF 2 million) and other charges of CHF 14 million (2023: CHF 4 million).

Other non-recurring items

The Group reported as non-recurring items a charge of CHF 12 million in 2024 (2023: CHF 22 million), including fixed assets impairment of CHF 2 million and other charges of CHF 10 million (2023: CHF 16 million intangible impairment and other charges for CHF 6 million).

Other disclosure by segment

(CHF million)	2024			2023		
	Salaries & wages	**Depreciation, amortization and impairment**	**Capital addition**	Salaries & wages	Depreciation, amortization and impairment	Capital addition
Testing & Inspection	3 063	459	246	2 966	526	291
Certification	364	17	5	350	19	7
Total	**3 427**	**476**	**251**	**3 316**	**545**	**298**

Disclosure by business lines

Services delivered by the Group across its two operating segments continue to be organized by business lines, reflecting their end-markets.

The Testing & Inspection operating segment includes the following business lines:

- Industries & Environment (I&E): end-markets include Field Services and Inspection, Technical Assessment and Advisory, Industrial and Public Health & Safety, Environmental Testing and Public Mandates
- Natural Resources (NR): end-markets include Trade and Inspection of Minerals, Oil and Gas and Agricultural Commodities, Laboratory Testing, Metallurgy and Consulting and Market Intelligence
- Connectivity & Products (C&P): end-markets include Electrical and Electronic goods, Softlines, Hardlines and Trade Facilitation
- Health & Nutrition (H&N): end-markets include Food, Crop Science, Health Science and Cosmetics & Hygiene

The Certification operating segment is one business line: Business Assurance (BA): end-markets include Management System Certification, Customized Audits, Consulting and Academy.

(CHF million)	2024			2023		
	Sales	**Adjusted operating income[1]**	**Adjusted operating income margin[1]**	Sales	Adjusted operating income[1]	Adjusted operating income margin[1]
Industries & Environment	2 261	287	12.7%	2 190	248	11.3%
Natural Resources	1 612	238	14.8%	1 583	228	14.4%
Connectivity & Products	1 282	268	20.9%	1 246	262	21.0%
Health & Nutrition	878	94	10.7%	857	80	9.3%
Total Testing & Inspection	**6 033**	**887**	**14.7%**	**5 876**	**818**	**13.9%**
Certification – Business Assurance	**761**	**153**	**20.1%**	**746**	**153**	**20.5%**
Total	**6 794**	**1 040**	**15.3%**	**6 622**	**971**	**14.7%**

1. Refer to alternative performance measures of this report.

Sales from external customers by geographical area

(CHF million)	2024	%	2023	%
Asia Pacific	2 324	34	2 279	34
Europe	2 231	33	2 163	33
North America	827	12	817	12
Eastern Europe, Middle East and Africa	808	12	774	12
Latin America	604	9	589	9
Total	**6 794**	**100**	**6 622**	**100**

Sales in Switzerland from external customers for 2024 amounted to CHF 161 million (2023: CHF 155 million). No country represented more than 20% of sales from external customers in either 2024 or 2023.

Major customer information

In 2024 and 2023, no external customer represented 5% or more of the Group's total sales.

Specific non-current assets by geographical area

Specific non-current assets directly attributable to geographical segment mainly include property, land and equipment, right-of-use assets, goodwill and other intangible assets:

(CHF million)	**2024**	**%**	2023	%
Asia Pacific	596	17	593	18
Europe	1 907	53	1 841	56
North America	755	21	579	17
Eastern Europe, Middle East and Africa	137	4	133	4
Latin America	169	5	164	5
Total specific non-current assets	**3 564**	**100**	**3 310**	**100**

Specific non-current assets in Switzerland for 2024 amounted to CHF 150 million (2023: CHF 155 million). No country represented more than 20% of non-current assets in either 2024 or 2023.

Reconciliation with total non-current assets

(CHF million)	**2024**	2023
Specific non-current assets as above	3 564	3 310
Deferred tax assets	213	185
Retirement benefit assets	138	133
Non-current loans to third parties	5	4
Total	**3 920**	**3 632**

Average number of Full Time Equivalents (FTEs) by geographical area

(Average number of FTEs)	**2024**	2023
Asia Pacific	38 230	37 845
Europe	21 823	21 932
North America	5 699	5 726
Eastern Europe, Middle East and Africa	17 984	18 055
Latin America	15 446	14 987
Total	**99 182**	**98 545**
Number of FTEs at year end	99 483	99 589

4. Sales from contracts with customers

As presented in note 3, since the redefinition of its operating segments in 2024, the Group discloses two operating segments: Testing & Inspection and Certification. The comparative information is restated accordingly.

Group's sales from contracts with customers by timing of recognition

	2024		2023 restated	
(CHF million)	**Services transferred at a point in time**	**Services transferred over time**	Services transferred at a point in time	Services transferred over time
Testing & Inspection	80%	20%	80%	20%
Certification	93%	7%	89%	11%
Total	**82%**	**18%**	**81%**	**19%**

	2023 published	
(CHF million)	Services transferred at a point in time	Services transferred over time
Industries & Environment	71%	29%
Natural Resources	84%	16%
Connectivity & Products	86%	14%
Health & Nutrition	84%	16%
Business Assurance	89%	11%
Total	**81%**	**19%**

Assets and liabilities related to contracts with customers

(CHF million)	2024	2023
Unbilled sales and work in progress	247	223
Trade receivables	991	940
Contract liabilities	261	221

Sales evolution, timing and project maturity are the main factors impacting assets and liabilities related to contracts with customers. In 2024, SGS has recognized sales of CHF 178 million related to contract liabilities at 31 December 2023. In 2023, the sales recognized from contract liabilities at 31 December 2022 amounted to CHF 170 million. Sales recognized from performance obligations satisfied in previous periods were immaterial in 2024 and 2023.

The remaining performance obligations (unsatisfied or partially satisfied) expected to be recognized for long-term contracts amount to CHF 1 356 million at 31 December 2024, of which CHF 675 million are expected to be recognized in sales within one year, CHF 380 million between one year and two years and CHF 301 million after the next two years.

As at 31 December 2024, the Group has unbilled sales and work in progress of CHF 247 million (2023: CHF 223 million) which is net of an allowance for expected credit losses of CHF 36 million (2023: CHF 20 million).

SGS is applying the practical expedient IFRS 15.121 and does not disclose unsatisfied or partially unsatisfied performance obligations from contracts with an original duration of one year or less, or where SGS may recognize sales from the satisfaction of the performance obligation in accordance with IFRS 15.B16. This paragraph permits as a practical expedient to exclude contracts where SGS has a right to payment for performance completed to date.

Assets recognized from costs to fulfill a contract in 2024 and 2023 were not significant, while amortization and impairment losses were nil.

5. Other operating expenses

(CHF million)	2024	2023
Consumables, repairs and maintenance	547	546
Travel costs	329	333
Rental expense, insurance, utilities and sundry supplies	153	166
External consultancy fees	122	116
IT expenses	136	135
Communication costs	42	48
Allowance for expected credit losses	22	11
Gain on disposal of property, plant and equipment	–2	–3
Miscellaneous operating expenses	224	159
Total	**1 573**	**1 511**

6. Financial income

(CHF million)	2024	2023
Interest income	27	20
Foreign exchange gains/(losses)	3	2
Other financial income	4	6
Net financial income on defined benefit plans	–	1
Total	**34**	**29**

7. Financial expenses

(CHF million)	2024	2023
Interest expense	73	70
Fair value losses on derivatives	18	13
Other financial expenses	3	3
Total	**94**	**86**

8. Taxes

Major components of tax expense

(CHF million)	2024	2023
Current taxes	255	262
Deferred tax (credit) relating to the origination and reversal of temporary differences	–33	–57
Total	**222**	**205**

The Group has operations in various countries that have different tax laws and rates. Consequently, the effective tax rate on consolidated income varies from year to year. A reconciliation between the reported income tax expense and the amount that would arise using the weighted average statutory tax rate of the Group is as follows:

Reconciliation of tax expense

(CHF million)	2024		2023	
Profit before taxes	847		802	
Tax at statutory rates applicable to the profits earned in the country concerned/rate	**163**	**19%**	**147**	**18%**
Tax effect of non-deductible or non-taxable items	10		13	
Tax effect on losses not currently treated as being recoverable in future years	17		18	
Tax effect on losses previously considered irrecoverable, now expected to be recoverable	–1		–	
Non-creditable foreign withholding taxes	43		41	
Minimum taxes	5		5	
Prior period adjustments	–4		24	
Rate changes	1		1	
Other[1]	–12		–44	
Tax charge/rate	**222**	**26%**	**205**	**26%**

1. Other includes the tax impact of an internal legal reorganization and some write-offs.

Deferred tax after netting

(CHF million)	2024	2023
Deferred tax assets	213	185
Deferred tax liabilities	–73	–73
Total	**140**	**112**

Components of deferred income tax balances

	2024		2023	
(CHF million)	**Assets**	**Liabilities**	Assets	Liabilities
Right of use assets	–	114	–	109
Fixed assets	46	6	41	8
Trade receivable, unbilled sales and work in progress	23	10	21	8
Defined benefit obligation	7	24	6	22
Provisions and other[2]	145	16	105	16
Lease liabilities	117	–	111	–
Intangible assets	3	71	3	66
Tax losses carried forward	40	–	54	–
Deferred income taxes	**381**	**241**	**341**	**229**

2. Other includes the tax impact of an internal legal reorganization.

Net change in deferred tax assets/(liabilities)

(CHF million)	Total
Net deferred income tax asset (liability) at 1 January 2023	**74**
Acquisition of subsidiaries	–1
(Charged)/credited to the income statement	57
(Charged)/credited to other comprehensive income	–8
Exchange differences and other	–10
Net deferred income tax asset (liability) at 31 December 2023	**112**
Acquisition of subsidiaries	–5
(Charged)/credited to the income statement	33
(Charged)/credited to other comprehensive income	2
Exchange differences and other	–2
Net deferred income tax asset (liability) at 31 December 2024	**140**

Unrecognized tax losses carryforwards

(CHF million)	**2024**	2023
Expiring in the next 3 years	37	14
Expiring in 4-10 years	26	40
Available without limitation	269	193
Total unrecognized tax losses	**332**	**247**

At 31 December 2024, the unrecognized deferred tax assets amount to CHF 84 million (2023: CHF 66 million).

At 31 December 2024, the retained earnings of subsidiaries and foreign incorporated joint ventures consolidated by the Group include approximately CHF 2 190 million (2023: CHF 2 212 million) of undistributed earnings that may be subject to tax if remitted to the parent company.

Pillar Two

The Group is subject to income taxes in numerous jurisdictions and monitors developments which could affect the Group's tax liability. In particular, the Organisation for Economic Co-operation and Development (OECD) published the Global Anti-Base Erosion Model Rules (Pillar Two). The Pillar Two model framework introduced a global minimum tax rate concept of 15%, which is achieved through a system of top-up taxes in jurisdictions where tax rate would be lower.

The legislation was previously enacted in certain jurisdictions where the Group operates and is effective since 1 January 2024.

In line with the assessment carried out in 2023, Pillar Two legislation has no material impact on the Group tax charge. At 31 December 2024, current tax expense included less than CHF 1 million of top-up tax.

In accordance with IAS 12 requirements, the Group applied the mandatory exception from accounting for deferred tax arising from Pillar Two.

9. Earnings per share and dividend per share

Basic earnings per share are calculated as follows:

	2024	2023
Profit attributable to equity holders of SGS SA (CHF million)	581	553
Weighted average number of shares (million)	188	184
Basic earnings per share (CHF)	**3.10**	**3.00**

Diluted earnings per share are calculated as basic earnings per share except that the weighted average number of shares only includes the dilutive effect of the Group's equity compensation plans detailed in note 27. For the year ended 31 December 2024, the Group calculated 523 052 dilutive potential shares (2023: 742 208):

	2024	2023
Profit attributable to equity holders of SGS SA (CHF million)	581	553
Diluted weighted average number of shares (million)	188	185
Diluted earnings per share (CHF)	**3.09**	**2.99**

The SGS Board of Directors will recommend to the Annual General Meeting (to be held on 26 March 2025) the approval of an optional scrip dividend of CHF 3.20 per share (2023: optional scrip dividend of CHF 3.20 per share).

10. Acquisitions and divestments

Acquisitions 2024

In 2024, the Group completed the following business combinations for a total purchase price of CHF 213 million.

- 100% of ArcLight Wireless Inc., a world-class leader in systems engineering, network services, technical outsourcing and field testing for the wireless industry, based in North Carolina, USA (effective 1 May 2024)
- 100% of Gossamer, a world-class provider of cybersecurity evaluation, testing and consulting services for connected services, headquartered in Maryland, USA (effective 1 August 2024)
- 100% of AQM and Cromanal, two key players in the Colombian pharmaceutical testing industry, headquartered in Bogota (effective 1 October 2024)
- 96.05% of Institut d'Expertise Clinique, a leading cosmetics Clinical Research Organization active in the field of advanced clinical testing solutions, headquartered in Lyon, France (effective 1 October 2024)
- 100% of Hazgo and Express Solutions, two Belgium-based companies specializing in supply chain services for sensitive products, including pharmaceuticals, chemical samples and dangerous goods (effective 1 October 2024)
- 100% of Beta Analytic, the global leader in Carbon 14 testing for governmental, academic and commercial organizations worldwide. Beta Analytic is based in Miami, Florida, USA (effective 1 November 2024)
- 100% of AMA Analytical Services, a Maryland-based specialist in environmental testing, with a focus on asbestos, metals and microbial analysis (effective 1 November 2024)
- 67.6% of CertX, a Swiss-based certification specialist in cybersecurity, artificial intelligence (AI), and functional safety (effective 1 December 2024)
- 100% of MP Machinery Testing, a company based in State College, Pennsylvania, USA, and active in the field of high material testing and analysis, specializing in the nuclear sector (effective 1 December 2024)

These companies were acquired for CHF 213 million and the total goodwill recognized on these transactions amounted to CHF 114 million.

All the above transactions contributed CHF 18 million in sales and CHF 4 million in operating income in 2024. Had all acquisitions been effective 1 January 2024, the sales for the period from these acquisitions would have been CHF 71 million and the operating income would have been CHF 18 million.

Acquisitions 2023

In 2023, the Group completed two business combinations for a total purchase price of CHF 9 million.

- 100% of Seafood Testing Business, from Asmecruz, a cooperative of mussels producers in Spain (effective 17 March 2023)
- 60% of Nutrasource, a company providing clinical trial management, full regulatory support, testing services as well as product development R&D in Canada and USA (effective 1 May 2023)

These companies were acquired for CHF 9 million and the total goodwill generated on these transactions amounted to CHF 9 million.

All the above transactions contributed CHF 7 million in sales and CHF nil million in operating income in 2023. Had all acquisitions been effective 1 January 2023, the sales for the period from these acquisitions would have been CHF 11 million and the operating income would have been CHF 1 million.

None of the goodwill arising on the 2023 acquisitions is expected to be tax deductible.

Assets and liabilities arising from acquisitions

(CHF million)	Beta Analytic fair value	Fair value on other acquisitions	**Total fair value on acquisitions December 2024**	Total fair value on acquisitions December 2023
Property, plant and equipment	7	14	21	–
Right-of-use assets	–	3	3	2
Intangible assets	24	45	69	4
Trade receivable	2	12	14	2
Other current assets	6	4	10	2
Cash and cash equivalents	1	16	17	–
Current liabilities	–4	–22	–26	–3
Non-current liabilities	–	–8	–8	–7
Non-controlling interests	–	–1	–1	–
Net assets acquired	**36**	**63**	**99**	**–**
Goodwill	32	82	114	9
Total purchase price	**68**	**145**	**213**	**9**
Acquired cash and cash equivalents	–1	–16	–17	–
Consideration receivable/(payable)	1	–11	–10	–
Payment on prior year acquisitions	–	7	7	3
Net cash outflow on acquisitions	**68**	**125**	**193**	**12**

In compliance with IFRS 3, fair value on acquisition remains provisional for a 12-month period following the date of acquisition, during which the Group can finalize the purchase price allocation.

The goodwill arising on these acquisitions relates mainly to the value of expected synergies and the value of the qualified workforce that do not meet the criteria for recognition as separable intangible assets. CHF 75 million (2023: nil) of the goodwill recognized is expected to be tax deductible.

Consideration payable relates mainly to environmental and commercial warranty clauses and the fair value of contingent future earn-out payments.

The Group incurred transaction-related costs of CHF 12 million (2023: CHF 2 million) related to external legal fees and due diligence expenses. These expenses are reported within other operating expenses in the consolidated income statement.

Divestments 2024
There were no disposals in 2024.

Divestments 2023
In 2023, the Group completed three divestments, for a total consideration of CHF 22 million, resulting in a gain on disposal of CHF 7 million:

- Subsurface Consultancy business, in the Netherlands (effective 1 March 2023)
- Automotive Asset Assessment and Retail Network Services operations, in multiple countries (effective 1 July 2023)
- Powertrain Testing Operations, in North America (effective 1 October 2023)

In December 2023, SGS signed an agreement to divest its crop science operations to Eurofins. In 2024, despite both parties' efforts, not all closing conditions were satisfied by the agreed long-stop date. Consequently, SGS decided to make use of its right to terminate the agreement. Eurofins challenges the termination and has initiated arbitration proceedings, which are ongoing.

11. Property, plant and equipment

(CHF million)	**Land & buildings**	**Machinery & equipment**	**Other tangible assets**	**Total**
2024				
At cost				
At 1 January	427	2 188	659	3 274
Additions	25	129	76	230
Acquisition of subsidiaries	14	7	8	29
Disposals	–6	–130	–46	–182
Assets classified as held-for-sale	–46	–	–	–46
Exchange differences and other	11	82	–27	66
At 31 December	425	2 276	670	3 371
Accumulated depreciation and impairment				
At 1 January	251	1 738	462	2 451
Depreciation	14	169	49	232
Impairment	–6	4	1	–1
Acquisition of subsidiaries	2	3	3	8
Disposals	–5	–128	–45	–178
Assets classified as held-for-sale	–29	–	–	–29
Exchange differences and other	5	36	10	51
At 31 December	232	1 822	480	2 534
Net book value at 31 December 2024	**193**	**454**	**190**	**837**

(CHF million)	Land & buildings	Machinery & equipment	Other tangible assets	Total
2023				
At cost				
At 1 January	460	2 340	702	3 502
Additions	14	138	108	260
Disposals	–18	–79	–36	–133
Disposals from subsidiaries	–7	–31	–4	–42
Exchange differences and other	–22	–180	–111	–313
At 31 December	427	2 188	659	3 274
Accumulated depreciation and impairment				
At 1 January	269	1 837	489	2 595
Depreciation	16	173	50	239
Impairment	–	3	–	3
Disposals	–11	–78	–33	–122
Disposals from subsidiaries	–6	–25	–3	–34
Exchange differences and other	–17	–172	–41	–230
At 31 December	251	1 738	462	2 451
Net book value at 31 December 2023	**176**	**450**	**197**	**823**

Included in the other tangible assets are leasehold improvements, office furniture and IT hardware, as well as construction-in-progress assets amounting to CHF 33 million (2023: CHF 47 million).

At 31 December 2024, the Group had commitments of CHF 3 million (2023: CHF 3 million) for the acquisition of land, buildings and equipment.

12. Right-of-use assets and lease liabilities

	Right-of-use assets			**Total**	**Lease liabilities**
(CHF million)	**Land & buildings**	**Machinery & equipment**	**Other tangible assets**		
At 1 January 2024	**431**	**69**	**6**	**506**	**527**
Additions	143	66	3	212	203
Acquisition of subsidiaries	3	–	–	3	3
Depreciation expense	–131	–47	–3	–181	–
Interest expense	–	–	–	–	19
Payment of lease liabilities and interests	–	–	–	–	–193
Exchange difference and other	8	–	–	8	9
At 31 December 2024	**454**	**88**	**6**	**548**	**568**

Analyzed as:	**2024**
Current liabilities	159
Non-current liabilities	409
Total	**568**

	Right-of-use assets			Total	Lease liabilities
(CHF million)	Land & buildings	Machinery & equipment	Other tangible assets		
At 1 January 2023	**502**	**69**	**6**	**577**	**604**
Additions	103	48	3	154	147
Acquisition of subsidiaries	2	–	–	2	2
Depreciation expense	–135	–42	–3	–180	–
Interest expense	–	–	–	–	17
Payment of lease liabilities and interests	–	–	–	–	–193
Exchange difference and other	–41	–6	–	–47	–50
At 31 December 2023	**431**	**69**	**6**	**506**	**527**

Analyzed as:	2023
Current liabilities	143
Non-current liabilities	384
Total	**527**

Included in machinery & equipment are mainly vehicles for CHF 83 million (2023: CHF 63 million).

The following table summarizes the main foreign currencies of the lease liabilities:

(CHF million)	**2024**	2023
Euro (EUR)	236	219
US Dollar (USD)	71	71
Chinese Renminbi (CNY)	64	52
Australian Dollar (AUD)	24	19
Taiwan Dollar (TWD)	22	21
Canadian Dollar (CAD)	20	16
British Pound Sterling (GBP)	14	7
Indian Rupee (INR)	11	11
Chilean Peso (CLP)	7	6
Korean Won (KRW)	7	9
Swedish Krona (SEK)	6	6
Turkish Lira (TRY)	5	4
Malaysian Ringgit (MYR)	5	4
New Zealand Dollar (NZD)	4	5
Other	72	77
Total	**568**	**527**

(CHF million)	**2024**	2023
IFRS 16 Other quantitative information		
Expense relating to short-term leases	4	3
Expense relating to leases of low value assets	2	2
Total expense recognized in income statement	**6**	**5**

The Group leases mainly offices, laboratory spaces and vehicles. During the year ended 31 December 2024, an additional CHF 6 million (2023: CHF 5 million) was recognized as an expense in the income statement.

13. Goodwill

(CHF million)	**2024**	2023
At cost		
At 1 January	**1 636**	**1 755**
Additions	114	9
Impairment	–	–18
Exchange differences	33	–110
At end of the period	**1 783**	**1 636**

In 2023, for the Vehicle Compliance Spain CGU, the recoverable amount, determined based on a value-in-use calculation, was CHF 122 million and fell below the carrying amount by CHF 18 million, resulting in a goodwill impairment in 2023 for the same amount. This was mainly driven by discount rate increase (+1.9 percentage points, to 10.9%) and unfavorable market conditions.

Impairment test for goodwill

As a result of the change of the operating segments in 2024, disclosed in note 3, the Group chief operating decision maker (i.e. the Executive Committee) regularly reviews operating results and assesses its performance at operating segment level (Testing & Inspection and Certification). As part of its goodwill monitoring exercise, the Group chief operating decision maker implemented a monitoring on business line level (Industries & Environment (I&E), Natural Resources (NR), Connectivity & Products (C&P), Health & Nutrition (H&N) and Business Assurance).

As a consequence, the Group changed the level of goodwill impairment testing to a business line level for the purpose of the preparation of the 2024 consolidated financial statements. The five business lines reflect the level of which the goodwill is monitored since 2024. At the date of changing the level of monitoring goodwill for impairment testing purposes, the Group performed an impairment testing based on the prior year's level of monitoring, which resulted in no impairment. Similarly, the impairment test at business line level did not result in any impairment either.

A business line-level summary of the goodwill allocation is presented below:

Allocation of goodwill to CGUs or group of CGUs

Goodwill allocated to the main CGUs or groups of CGUs, as of 31 December is broken down as follows:

(CHF million)	**2024**	2023
Industries & Environment	896	833
Natural Resources	104	105
Connectivity & Products	196	155
Health & Nutrition	488	452
Business Assurance	99	91
Total	**1 783**	**1 636**

Pre-tax discount rate used in 2024 for the main CGUs or group of CGUs impairment testing

	2024	2023
Industries & Environment[1]	7.4%	8.4%-10.9%
Natural Resources	7.6%	8.6%
Connectivity & Products	7.6%	8.9%
Health & Nutrition	7.1%	8.5%
Business Assurance[1]	7.2%	7.4%-8.8%

1. In accordance with the methodology of the Group for the identification of CGUs for the purpose of goodwill impairment testing in 2023, Industries & Environment and Business Assurance had several CGUs and therefore we disclose the range of the discount rates applicable for these CGUs.

The Group tests goodwill for impairment on an annual basis. For the 2024 and 2023 reporting periods, the recoverable amount of the cash-generating units (CGUs) was determined based on value in use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. For the subsequent years, the Group assumes a long-term growth rate of 1%, in line with market long-term inflation rates projections (2023: range of 1%-1.7%), and stable operating margins depending on each CGU or group of CGUs.

14. Other intangible assets

			Computer software and other assets		
(CHF million)	**Trademarks and other**	**Customer relationships**	**Internally generated**	**Purchased**	**Total**
2024					
At cost					
At 1 January	84	406	235	191	916
Additions	–	–	7	14	21
Acquisition of subsidiaries	5	62	–	2	69
Disposals	–3	–1	–9	–5	–18
Exchange differences and other	2	7	9	–7	11
At 31 December	88	474	242	195	999
Accumulated amortization and impairment					
At 1 January	69	217	197	158	641
Amortization	4	25	18	11	58
Impairment	–	–	2	3	5
Disposals	–3	–1	–9	–5	–18
Exchange differences and other	2	5	–	2	9
At 31 December	72	246	208	169	695
Net book value at 31 December 2024	**16**	**228**	**34**	**26**	**304**

(CHF million)	Trademarks and other	Customer relationships	Computer software and other assets: Internally generated	Computer software and other assets: Purchased	Total
2023					
At cost					
At 1 January	89	446	220	205	960
Additions	–	–	17	21	38
Acquisition of subsidiaries	–	4	–	–	4
Disposals	–	–3	–10	–21	–34
Disposals of subsidiaries	–	–17	–	–	–17
Exchange differences and other	–5	–24	8	–14	–35
At 31 December	84	406	235	191	916
Accumulated amortization and impairment					
At 1 January	68	199	176	167	610
Amortization	7	27	21	13	68
Impairment	–	21	14	2	37
Disposals	–	–3	–10	–21	–34
Disposals of subsidiaries	–	–14	–	–	–14
Exchange differences and other	–6	–13	–4	–3	–26
At 31 December	69	217	197	158	641
Net book value at 31 December 2023	**15**	**189**	**38**	**33**	**275**

15. Other non-current assets

(CHF million)	**2024**	2023
Non-current loans or amounts receivable from third parties	5	4
Pension fund assets	138	133
Other non-current assets	56	54
Total	**199**	**191**

Other non-current assets are measured at fair value through profit and loss except, non-current loans or amounts receivable from third parties that are measured at amortized cost.

Depending on the nature of the balances, currency and date of maturity, interest rates on long-term balances or loans to third parties range mainly between 0.0% and 3.1%.

In 2024, other non-current assets included deposits for guarantees and restricted cash of CHF 37 million (2023: CHF 34 million).

Typical examples of restricted cash are cash deposits for performance bonds, rentals and other operating obligations.

At 31 December 2024 and 2023, the fair value of the Group's other non-current assets approximates their carrying value.

16. Trade receivables

(CHF million)	**2024**	2023
Trade receivables	1 123	1 078
Allowance for expected credit losses	–132	–138
Total	**991**	**940**

The movement of allowance for expected credit losses is analyzed as follows:

(CHF million)	**2024**	2023
At 1 January	–138	–161
Acquisition of subsidiaries	–1	–1
(Increase) in allowance recognized in the income statement	–9	–9
Utilizations	14	16
Exchange differences	2	17
Total at 31 December	**–132**	**–138**

17. Other receivables and prepayments

(CHF million)	**2024**	2023
Accrued income, prepayments	96	83
Derivative assets	3	17
Other receivables	118	113
Total	**217**	**213**

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties. Other receivables consist mainly of sales taxes and other taxes recoverable, as well as advances to suppliers.

18. Cash and cash equivalents

(CHF million)	**2024**	2023
Cash and short-term deposits	1 210	1 569
Total	**1 210**	**1 569**

19. Cash flow statement

19.1. Non-cash and non-operating items

(CHF million)	Notes	**2024**	2023
Depreciation of property, plant and equipment	11	232	239
Impairment of property, plant and equipment and other intangible assets	11 and 14	4	40
Depreciation/impairment right-of-use asset	12	181	180
Amortization of intangible assets	14	58	68
Impairment of goodwill	13	–	18
ECL[1] on trade receivables, unbilled sales and work in progress		23	11
Net financial expenses	6 and 7	60	57
Increase/(decrease) in provisions and employee benefits		5	–6
Share-based payment expenses		19	24
Gain on disposals	10	–	–7
Gain on disposals of property, land and equipment		–2	–3
Share of results from associates and other entities		–3	–2
Taxes	8	222	205
Non-cash and non-operating items		**799**	**824**

1. Expected Credit Losses.

19.2. (Increase)/decrease in working capital

(CHF million)	**2024**	2023
(Increase) in unbilled sales and inventories	–36	–43
(Increase) in trade receivables	–32	–66
(Increase)/decrease in other receivables and prepayments	–14	7
(Decrease)/increase in trade and other payables	–21	33
Increase in other creditors and accruals	75	13
Increase in contract liabilities	31	12
Increase/(decrease) in other provisions	25	–11
(Increase) in working capital	**28**	**–55**

19.3. Changes in liabilities arising from financing and investing activities

		Cash impact		Non cash impact				
(CHF million)	**1 January**	**Financing cash flows**	**Investing cash flows**	**Equity movement**	**Acquisition and disposals**	**New leases**	**Other movements[1]**	**31 December**
2024								
Corporate bonds	3 269	–250	–	–	–	–	8	3 027
Bank loans	558	–373	–	–	9	–	15	209
Put options on acquisitions	24	–	–	16	–	–	–	40
Lease liabilities	527	–176	–	–	3	203	11	568
Other financial liabilities	22	–	–7	–	11	–	–3	23
Total	**4 400**	**–799**	**–7**	**16**	**23**	**203**	**31**	**3 867**

		Cash impact		Non cash impact				
(CHF million)	1 January	Financing cash flows	Investing cash flows	Equity movement	Acquisition and disposals	New leases	Other movements[1]	31 December
2023								
Corporate bonds	3 310	–1	–	–	–	–	–40	3 269
Bank loans	469	100	–	–	5	–	–16	558
Put options on acquisitions	29	–12	–	7	–	–	–	24
Lease liabilities	604	–178	–	–	2	147	–48	527
Other financial liabilities	26	–	–3	–	–	–	–1	22
Total	**4 438**	**–91**	**–3**	**7**	**7**	**147**	**–105**	**4 400**

1. Other movements mainly include currency effects.

20. Financial risk management

Risk management framework

The Group's activities expose it primarily to market, credit and liquidity risk. Market risk includes foreign exchange, interest rate and equity price risks.

A robust and comprehensive Enterprise Risk Management (ERM) and Internal Control process is implemented throughout the Group, supported by effective systems and monitoring.

The Audit Committee oversees how management monitors compliance with the Group's risk management framework and is assisted in its oversight role by Internal Audit.

Risk management activities

The Group uses foreign exchange contracts to manage the Group's exposure to fluctuations in foreign currency exchange rates. These activities are carried out in accordance with the Group's policies and objectives in areas such as counterparty exposure and economic hedging practices. Counterparties to these agreements are major international financial institutions with high credit ratings and positions are monitored using market value and sensitivity analyses. The associated credit risk is therefore limited. These agreements generally include the exchange of one currency for a second currency at a future date.

The following table summarizes foreign exchange contracts outstanding at year end. The notional amount of derivatives summarized below represents the gross amount of the contracts and includes transactions, which have not yet matured. Therefore, the figures do not reflect the Group's net exposure at year end. The market value approximates the costs to settle the outstanding contracts. These market values should not be viewed in isolation but in relation to the market values of the underlying hedged transactions and the overall reduction in the Group's exposure to adverse fluctuations in foreign exchange rates.

Currently, the Group has certain exposure to interest and credit risks and no exposure to equity price risk.

(CHF million)	Notional amount		Market value	
	2024	2023	**2024**	2023
Foreign exchange forward contracts				
Currency:				
Australian Dollar (AUD)	–11	–9	–	–
Brazilian Real (BRL)	–3	–5	–	–
Canadian Dollar (CAD)	–12	–13	–	–
Chilean Peso (CLP)	–3	–33	–	–1
Chinese Renminbi (CNY)	–28	–22	–	1
Colombian Peso (COP)	–24	–10	–	–
Euro (EUR)	182	392	–	1
British Pound Sterling (GBP)	–128	–114	–	–
Hong Kong Dollar (HKD)	29	17	–	–
Japanese Yen (JPY)	–2	–4	–	–
Kenyan Shilling (KES)	–	–2	–	–
New Zealand Dollar (NZD)	–5	–6	–	–
Peruvian Sol (PEN)	19	8	–	–
Philippines Peso (PHP)	–8	–11	–	–
Polish Zloty (PLN)	–6	–6	–	–
Taiwan Dollar (TWD)	–27	–23	1	–1
Turkish Lira (TRY)	4	3	–	–
US Dollar (USD)	–435	–307	–11	9
South African Rand (ZAR)	6	–4	–	–
Other	–12	–19	–	–
Total	**–464**	**–168**	**–10**	**9**

Credit risk management

Credit risk arises from the possibility that customers may not be able to settle their obligations as agreed. It arises principally from the Group's commercial activities. Trade receivable, unbilled sales and work in progress are subject to a policy of active risk management which focuses on the assessment of country risk, credit limits and approval procedures. Due to its large geographic base and number of customers, the Group is not exposed to material concentrations of credit risk on its trade receivable, unbilled sales and work in progress.

As at 31 December 2024, the Group has unbilled sales and work in progress of CHF 247 million (2023: CHF 223 million) which is net of an allowance for expected credit losses of CHF 36 million (2023: CHF 20 million).

Receivables are recognized and carried at original invoice amount less an allowance for any non-collectible amounts. A credit loss allowance is made in compliance with the simplified approach using a provision matrix (expected credit loss model). This provision matrix has been developed to reflect the country risk, the credit risk profile and available historical data. Similarly to receivables, an allowance for unbilled sales and work in progress is made using a provision matrix.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix based on aging of trade receivables as of invoice date at 31 December 2024:

(CHF million)	**Expected credit loss range**	**Gross carrying amount**	**Expected credit loss**
0 - 90 days	0%-5%	929	4
91 - 120 days	10%-25%	41	8
121 - 180 days	20%-50%	36	14
181 - 240 days	35%-75%	16	10
241 - 300 days	50%-75%	13	9
301 - 360 days	75%-100%	8	7
> 360 days	100%	80	80
Total		**1 123**	**132**

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix based on aging of trade receivables as of invoice date at 31 December 2023:

(CHF million)	Expected credit loss range	Gross carrying amount	Expected credit loss
0 - 90 days	0%-5%	866	3
91 - 120 days	10%-25%	46	9
121 - 180 days	20%-50%	39	14
181 - 240 days	35%-75%	20	11
241 - 300 days	50%-75%	14	9
301 - 360 days	75%-100%	9	8
> 360 days	100%	84	84
Total		**1 078**	**138**

As part of financial management activities, the Group enters into various types of transactions with international banks, usually with a credit rating of at least A. Exposure to these risks is closely monitored and kept within predetermined parameters. The Group does not expect any non-performance from these counterparties. The maximum credit risk to which the Group is theoretically exposed at 31 December 2024 is the carrying amount of financial assets including derivatives.

In addition, the Group has issued CHF 188 million (2023: CHF 166 million) financial guarantees to certain financial institutions that have provided credit facilities and foreign exchange lines to its subsidiaries. Management believes the likelihood that a material payment will be required under these guarantees is remote.

Analysis of financial assets by class and category at 31 December 2024:

	Amortized cost		**Fair value**				**Total**	
			At fair value through equity		**At fair value through P&L**			
(CHF million)	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Cash and cash-equivalents	1 210	1 210	–	–	–	–	1 210	1 210
Trade receivables	991	991	–	–	–	–	991	991
Other receivables[1]	123	123	–	–	–	–	123	123
Unbilled sales and work in progress	247	247	–	–	–	–	247	247
Loans to third parties – non-current	5	5	–	–	–	–	5	5
Derivatives	–	–	–	–	3	3	3	3
Total financial assets	**2 576**	**2 576**	**–**	**–**	**3**	**3**	**2 579**	**2 579**

1. Excluding VAT and other tax related items.

Analysis of financial assets by class and category at 31 December 2023:

	Amortized cost		Fair value				Total	
			At fair value through equity		At fair value through P&L			
(CHF million)	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash-equivalents	1 569	1 569	–	–	–	–	1 569	1 569
Trade receivables	940	940	–	–	–	–	940	940
Other receivables[1]	123	123	–	–	–	–	123	123
Unbilled sales and work in progress	223	223	–	–	–	–	223	223
Loans to third parties – non-current	4	4	–	–	–	–	4	4
Derivatives	–	–	–	–	17	17	17	17
Total financial assets	**2 859**	**2 859**	**–**	**–**	**17**	**17**	**2 876**	**2 876**

1. Excluding VAT and other tax related items.

Derivative assets (2024: CHF 3 million; 2023: CHF 17 million) consist of foreign currency forward contracts that are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contract. All outstanding derivative instruments qualify as Level 2 fair value measurement category, in accordance with the fair value hierarchy.

Liquidity risk management

The objective of the Group's liquidity and funding management is to ensure that all its foreseeable financial commitments can be met when due. Liquidity and funding are primarily managed by Group Treasury in accordance with practices and limits set in the risk management policies and objectives approved by the Board of Directors.

The nature of the Group's business requires keeping a significant part of the cash reserves in the operating units.

Due to the significant cash position, liquidity risk is limited. The Group has various committed and uncommitted bilateral credit facilities with its banks.

Analysis of financial liabilities by class and category at 31 December 2024:

			Fair value					
	Amortized cost		At fair value through equity		At fair value through P&L		Total	
(CHF million)	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Trade payables	310	310	–	–	–	–	310	310
Other payables[1]	120	120	–	–	–	–	120	120
Loans and other financial liabilities	3 247	3 264	40	40	12	12	3 299	3 316
Lease liabilities	568	568	–	–	–	–	568	568
Derivatives	–	–	–	–	13	13	13	13
Total financial liabilities	**4 245**	**4 262**	**40**	**40**	**25**	**25**	**4 310**	**4 327**

1. Excluding VAT and other tax related items.

The corporate bonds qualify as fair value Level 1, which amounts to CHF 3 044 million (2023: CHF 3 205 million).

Other financial liabilities include CHF 40 million qualifying as fair value Level 3 (2023: CHF 24 million), which represents the estimated present value of the redemption amount to acquire the remaining non-controlling interests of acquisitions if the put/call option is exercised.

Subsequent changes in the valuation of the redemption amount to acquire the remaining non-controlling interests of acquisitions if the put/call option is exercised shall be recognized directly in equity attributable to owners, including the unwinding of the discount.

The remaining financial liabilities qualify as Level 2, determined in accordance with generally accepted pricing models.

Analysis of financial liabilities by class and category at 31 December 2023:

			Fair value					
	Amortized cost		At fair value through equity		At fair value through P&L		Total	
(CHF million)	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Trade payables	335	335	–	–	–	–	335	335
Other payables[1]	123	123	–	–	–	–	123	123
Loans and other financial liabilities	3 842	3 778	24	24	7	7	3 873	3 809
Lease liabilities	527	527	–	–	–	–	527	527
Derivatives	–	–	–	–	8	8	8	8
Total financial liabilities	**4 827**	**4 763**	**24**	**24**	**15**	**15**	**4 866**	**4 802**

1. Excluding VAT and other tax related items.

Undiscounted contractual maturities of financial liabilities including interest payments at 31 December 2024:

(CHF million)	Trade payables	Other payables[1]	Gross settled derivative financial instruments outflows	Gross settled derivative financial instruments inflows	Loans and other financial liabilities	Lease liabilities	Total
On demand or within one year	310	120	1 130	–1 142	626	173	1 217
Within the second year	–	–	–	–	760	133	893
Within the third year	–	–	–	–	975	91	1 066
Within the fourth year	–	–	–	–	194	60	254
Within the fifth year	–	–	–	–	364	42	406
After five years	–	–	–	–	499	113	612

1. Excluding VAT and other tax related items.

Undiscounted contractual maturities of financial liabilities including interest payments at 31 December 2023:

(CHF million)	Trade payables	Other payables[1]	Gross settled derivative financial instruments outflows	Gross settled derivative financial instruments inflows	Loans and other financial liabilities	Lease liabilities	Total
On demand or within one year	335	123	1 141	–1 134	856	155	1 476
Within the second year	–	–	–	–	417	114	531
Within the third year	–	–	–	–	736	84	820
Within the fourth year	–	–	–	–	957	56	1 013
Within the fifth year	–	–	–	–	191	39	230
After five years	–	–	–	–	863	103	966

1. Excluding VAT and other tax related items.

The Group economically hedges its foreign exchange exposure on a net basis. The net position of the gross settled derivative financial instruments of CHF –12 million (2023: CHF 7 million) represents the net nominal value expressed in CHF of the Group's foreign currency contracts outstanding at 31 December 2024.

Sensitivity analyses

The estimated changes in the value of net foreign currency positions are based on an instantaneous 5% weakening of the Swiss Franc against all other currencies from the level applicable at 31 December 2024 and 2023 with all other variables remaining constant.

Sensitivity analysis is based on net hedged positions at 31 December 2024 and 2023. The net impact on the income statement would have been CHF 2 million (2023: CHF 2 million), mainly due to the USD. The impact on equity would be nil.

Interest rate risk management

The Group is exposed to fair value interest rate risk because the Group borrows funds at fixed interest rates. Where appropriate, the risk is managed by the Group using Interest Rate Swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

As at 31 December 2024, if interest rates were 100 basis points higher/lower, annual interest expense would increase/decrease by CHF 2 million (2023: CHF 5 million).

21. Share capital and treasury shares

	Shares in circulation	Treasury shares	Total shares issued	Total share capital (CHF million)
Balance at 1 January 2023	**7 369 054**	**125 978**	**7 495 032**	**7**
Treasury shares released into circulation	1 964	–1 964	–	–
Balance at 12 April 2023 before share split	**7 371 018**	**124 014**	**7 495 032**	**7**
Share split 25-1	176 904 432	2 976 336	179 880 768	–
Balance at 12 April 2023 after share split	**184 275 450**	**3 100 350**	**187 375 800**	**7**
Treasury shares released into circulation	35 665	–35 665	–	–
Balance at 31 December 2023	**184 311 115**	**3 064 685**	**187 375 800**	**7**
Treasury shares released into circulation	178 348	–178 348	–	–
Treasury shares purchased for equity compensation plans	–561 008	561 008	–	–
New shares issued from scrip dividend	4 964 934	–	4 964 934	1
Cancellation of treasury shares	–	–2 837 475	–2 837 475	–
Balance at 31 December 2024	**188 893 389**	**609 870**	**189 503 259**	**8**

Issued share capital

The company's Annual General Meeting, held on 26 March 2024, offered shareholders the possibility to receive the 2023 dividend in cash or in new SGS shares. The scrip dividend take-up rate was 64.87% which led to the creation of 4 964 934 new shares, delivered on 25 April 2024.

As at 31 December 2024, SGS SA has a share capital of CHF 7 580 130 (2023: CHF 7 495 032) fully paid. All shares, other than own shares, participate equally in the dividends declared by the Company and have equal voting rights.

On 28 March 2023, the Annual General Assembly approved a 25-1 stock split that came into effect on 12 April 2023. This split increased the number of shares issued, from 7 495 032 to 187 375 800, and reduced the nominal value per share, from CHF 1 to CHF 0.04.

Treasury shares
On 31 December 2024, SGS SA held 609 870 treasury shares (2023: 3 064 685 shares).

In 2024, 178 348 treasury shares were sold, or given, in relation to the equity compensation plans, 561 008 were repurchased and 2 837 475 were cancelled.

Authorized and Conditional issue of 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 procure the necessary shares to satisfy employee equity participation plans and option or conversion rights to be incorporated in convertible bonds or similar equity-linked instruments that the Board is authorized to issue. The right to subscribe to such conditional capital is reserved for beneficiaries of employee equity participation 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 ten years from the date of issuance of the equity-linked instruments.

22. Loans and other financial liabilities

(CHF million)	**2024**	2023
Bank loans and commercial paper	209	558
Corporate bonds	3 027	3 269
Put option on acquisition	40	24
Other financial liabilities	23	22
Derivatives	13	8
Total	**3 312**	**3 881**
Current	612	841
Non-current	2 700	3 040

In 2024, the Group continued to use its EUR 1 billion Euro Commercial Paper (ECP) program. As at 31 December 2024, the amount of commercial paper outstanding was for EUR 215 million or CHF 202 million (2023: EUR 596 million or CHF 554 million).

Depending on the nature of the loan, currency and date of maturity, interest rates on long-term loans from third parties range between 0.00% and 13.22% and on short-term loans from third parties, between 0.00% and 44.00%.

Loans from third parties exposed to fair value interest rate risk amounted to CHF 3 235 million (2023: CHF 3 825 million) and loans from third parties exposed to cash flow interest rate risk amounted to less than CHF 2 million (2023: less than CHF 0.7 million).

SGS SA issued the following corporate bonds listed on the SIX Swiss Exchange:

Date of issue	Face value in CHF million	Coupon in %	Year of maturity	Issue price in %	Redemption price in %
08.05.2015	225	0.875	2030	100.245	100.000
03.03.2017	375	0.550	2026	100.153	100.000
29.10.2018	225	0.750	2025	100.068	100.000
29.10.2018	175	1.250	2028	101.157	100.000
06.05.2020	325	0.950	2026	100.182	100.000
05.09.2022	150	1.250	2025	100.000	100.000
05.09.2022	350	1.700	2029	100.197	100.000
17.11.2023	240	2.000	2027	100.038	100.000
17.11.2023	260	2.300	2031	100.127	100.000

SGS Nederland Holding BV has issued the following corporate bond, which is guaranteed by SGS SA and is listed on the Luxembourg Stock Exchange:

Date of issue	Face value in EUR million	Coupon in %	Year of maturity	Issue price in %	Redemption price in %
21.04.2021	750	0.125	2027	99.761	100.000

The currency composition of bank loans, corporate bonds and other financial liabilities is as follows:

	Bank loans and corporate bonds		Put options and other financial liabilities	
(CHF million)	**2024**	2023	**2024**	2023
Swiss Franc (CHF)	2 324	2 573	14	12
Euro (EUR)	906	1 251	4	7
Singapore Dollar (SGD)	1	2	11	11
Argentinian Peso (ARS)	1	–	–	–
US Dollar (USD)	–	–	11	1
Turkish Lira (TRY)	4	–	–	–
Canadian Dollar (CAD)	–	–	23	12
New Zealand Dollar (NZD)	–	–	–	3
Other	–	1	–	–
Total	**3 236**	**3 827**	**63**	**46**

23. Defined benefit obligations

The Group mainly operates defined benefit pension plans in Switzerland, the USA, the UK, the Netherlands, Germany, Italy, France, Belgium, South Korea and Taiwan. Contributions to most plans are paid to pension funds that are legally separate entities.

The Group also operates post-employment benefit plans, principally healthcare plans, in the USA and Switzerland. They represent a defined benefit obligation at 31 December 2024 of CHF 6 million (2023: CHF 6 million). The method of accounting and frequency of valuation are similar to those used for defined benefit pension plans. Healthcare cost trend assumptions do not have a significant effect on the amounts recognized in the income statement.

There is a risk to the Group that adverse experience could lead to a requirement for the Group to make additional contributions to recover any deficit that arises.

The Group's material defined benefit plans are in Switzerland, the USA and the UK.

Switzerland

The Group operates a retirement foundation in Switzerland jointly with employees. The assets and liabilities of the retirement foundation are held separately from the Group. The foundation board is equally composed of representatives of the employees and representatives of the employer. It covers all employees in Switzerland and provides benefits on a defined contribution basis.

Each employee has a retirement account to which they and the Group contribute at a rate set out in the foundation rules, based on a percentage of salary. Every year, the foundation decides the level of interest, if any, to apply to retirement accounts based on the agreed policy. At retirement, employees can elect either to withdraw all or part of the balance of their retirement account, or to convert it into annuities at pre-defined conversion rates.

As the foundation board is expected to eventually pay out all of the foundation's assets as benefits to employees and former employees, no surplus is deemed to be recoverable by the Group. Similarly, unless the assets are insufficient to cover minimum benefits, the Group does not expect to make any deficit contribution.

According to IFRS, the foundation has to be classified as a defined benefit plan due to underlying benefit guarantees and has to be accounted for on this basis.

The weighted average duration of the expected benefit payment is approximately 13 years (2023: 12 years).

The Group expects to contribute CHF 5 million to this plan in 2025.

The Group also operates an employer fund. The assets are held separately from the Group. This foundation has unilateral power to provide benefits and consequently has no obligations. Therefore, this foundation has no pension liabilities.

United States of America

The Group operates a non-contributory defined benefit plan, which is subject to the provisions of the Employee Retirement Income Security Act (ERISA).

The assets of the plan are held separately from the Group by the trustee-custodian and the plan's third-party pension administrator, who disburses payments directly to retirees or beneficiaries under the plan. Both the trustee-custodian and the administrator ensure adherence to ERISA rules.

Funding valuations are calculated on an actuarial basis and contributions are made as necessary. The funding target is to provide the plan with sufficient assets to meet future plan obligations.

Effective 16 March 2004, non-exempt participants ceased accruing any additional benefits; only exempt employees of certain SGS business units in the USA are eligible for annual benefit accrual. In addition, the pension benefit was changed and is defined as a percentage of the current year's pensionable compensation; the cost of additional benefit accrual is evaluated annually. The Group reserves the right to make future changes to the benefit accrual structure of the plan.

Eligible employees become participants in the plan after the completion of one year of service and after reaching the age of 21. Participants become fully vested in the plan after five years of service.

The weighted average duration of the expected benefit payment is approximately 9 years (2023: 10 years).

The Group expects to contribute CHF nil million to this plan in 2025.

United Kingdom

The Group operates a defined benefit plan through a trust, with the assets of the plans held separately from the Group, and trustees who ensure the plan's rules are strictly adhered to. This plan has been closed to new entrants since 2002 and, effective 31 October 2020, all remaining participants ceased accruing any additional benefits in the defined benefit plan. Employees are now offered membership in defined contribution plans operated by the Group.

Funding valuations of the defined benefit plans are carried out and agreed between the Group and the plan trustees at least once every three years. The funding target is for the plans to hold assets equal in value to the accrued benefits based on projected salaries. As part of the valuation process, if there is a shortfall against this target, then the Group and trustees will agree on deficit contributions to meet this deficit over a specified period.

The weighted average duration of the expected benefit payments from the combined plans is approximately 13 years (2023: 13 years).

The Group expects to contribute CHF nil million to this plan in 2025.

Other countries

The Group sponsors defined retirement benefits plans in other countries where the Group operates. No individual countries, other than those described above, are considered material and need to be separately disclosed. The Group expects to contribute CHF 6 million to those plans in 2025.

The assets and liabilities recognized in the statement of financial position at 31 December for defined benefit obligations and for post-employment benefit plans are as follows:

(CHF million)	**CH**	**UK**	**USA**	**Other**	**Total**
2024					
Fair value of plan assets	506	120	129	77	832
Present value of funded defined benefit obligation	–401	–101	–119	–84	–705
Funded/(unfunded) status	**105**	**19**	**10**	**–7**	**127**
Present value of unfunded defined benefit obligation	–6	–	–2	–45	–53
Net asset/(liability) at 31 December	**99**	**19**	**8**	**–52**	**74**

(CHF million)	CH	UK	USA	Other	Total
2023					
Fair value of plan assets	496	128	145	75	844
Present value of funded defined benefit obligation	–395	–111	–137	–84	–727
Funded/(unfunded) status	**101**	**17**	**8**	**–9**	**117**
Present value of unfunded defined benefit obligation	–5	–	–2	–41	–48
Unrecognized asset due to asset ceiling	–	–	–	–2	–2
Net asset/(liability) at 31 December	**96**	**17**	**6**	**–52**	**67**

The net asset of CHF 74 million (2023: net asset of CHF 67 million) includes CHF 138 million (2023: CHF 133 million) of pension fund assets recognized in the item other non-current assets in note 15 and CHF 64 million (2023: CHF 66 million) of pension fund liability recognized in the item defined benefit obligation in statement of financial position.

Amounts recognized in the income statement:

(CHF million)	**CH**	**UK**	**USA**	**Other**	**Total**
2024					
Service cost expense	4	–	–4	5	5
Net interest income on defined benefit plan	–2	–	1	1	–
Total expense due to defined benefit obligation at 31 December	**2**	**–**	**–3**	**6**	**5**
Expense charged in:					
Salaries and wages	4	–	–4	5	5
Financial expenses	–2	–	1	1	–
Total expense due to defined benefit obligation at 31 December	**2**	**–**	**–3**	**6**	**5**

(CHF million)	CH	UK	USA	Other	Total
2023					
Service cost expense	5	–	–	7	12
Net interest income on defined benefit plan	–1	–1	–1	2	–1
Administrative expenses	–	1	1	–	2
Total expense due to defined benefit obligation at 31 December	**4**	**–**	**–**	**9**	**13**
Expense charged in:					
Salaries and wages	5	1	1	7	14
Financial expenses	–1	–1	–1	2	–1
Total expense due to defined benefit obligation at 31 December	**4**	**–**	**–**	**9**	**13**

Amounts recognized in the statement of other comprehensive income:

(CHF million)	**CH**	**UK**	**USA**	**Other**	**Total**
2024					
Remeasurement on net defined benefit liability					
Change in financial assumptions	19	–13	–5	2	3
Experience adjustments on benefit obligations	11	–2	–1	2	10
Actual return on plan assets excluding net interest expense	–30	14	8	–	–8
Asset ceiling	–	–	–	–2	–2
Total recognized in the statement of other comprehensive income at 31 December	**–**	**–1**	**2**	**2**	**3**

(CHF million)	CH	UK	USA	Other	Total
2023					
Remeasurement on net defined benefit liability					
Change in demographic assumptions	–	–2	–	–	–2
Change in financial assumptions	31	3	2	6	42
Experience adjustments on benefit obligations	10	1	1	3	15
Actual return on plan assets excluding net interest expense	–1	–	–6	2	–5
Asset ceiling	–100	–	–	–	–100
Total recognized in the statement of other comprehensive income at 31 December	**–60**	**2**	**–3**	**11**	**–50**

Change in unrecognized asset due to the asset ceiling:

(CHF million)	**CH**	**UK**	**USA**	**Other**	**Total**
2024					
Unrecognized asset at 1 January	**–**	**–**	**–**	**2**	**2**
Other changes in unrecognized asset due to the asset ceiling	–	–	–	–2	–2
Unrecognized asset at 31 December	**–**	**–**	**–**	**–**	**–**

(CHF million)	CH	UK	USA	Other	Total
2023					
Unrecognized asset at 1 January	**98**	**–**	**–**	**1**	**99**
Interest on unrecognized asset recognized in P&L	2	–	–	1	3
Other changes in unrecognized asset due to the asset ceiling	–100	–	–	–	–100
Unrecognized asset at 31 December	**–**	**–**	**–**	**2**	**2**

The Group determines the maximum economic benefit by applying the common approach prescribed by IFRIC 14, and reflects the present value of reductions in future contributions to the plan. In making this estimate, assumptions used for future service costs are consistent with those used to determine the defined benefit obligation as at 31 December 2024.

Movements in the net asset/(liability) during the period:

(CHF million)	CH	UK	USA	Other	Total
2024					
Net asset/(liability) at 1 January	**96**	**17**	**6**	**–52**	**67**
Expense recognized in the income statement	–2	–	3	–6	–5
Remeasurements recognized in other comprehensive income	–	1	–2	–2	–3
Contributions paid by the Group	6	–	–	6	12
Employer benefit payments	–	–	–	3	3
Exchange differences	–1	1	1	–1	–
Net asset/(liability) at 31 December	**99**	**19**	**8**	**–52**	**74**

(CHF million)	CH	UK	USA	Other	Total
2023					
Net asset/(liability) at 1 January	**34**	**19**	**3**	**–44**	**12**
Expense recognized in the income statement	–4	–	–	–9	–13
Remeasurements recognized in other comprehensive income	60	–2	3	–11	50
Contributions paid by the Group	6	–	–	8	14
Employer benefit payments	–	–	–	2	2
Exchange differences	–	–	–	2	2
Net asset/(liability) at 31 December	**96**	**17**	**6**	**–52**	**67**

Change in the defined benefit obligation is as follows:

(CHF million)	CH	UK	USA	Other	Total
2024					
Opening present value of the defined benefit obligation	400	111	139	125	775
Current service cost	6	–	–	5	11
Interest cost	5	6	8	4	23
Plan participants' contributions	4	–	–	1	5
Past service cost	–2	–	–	–	–2
Settlements	–	–	–20	–	–20
Actual net benefit payments	–37	–6	–9	–8	–60
Actual taxes paid	–	–	–	–1	–1
(Gains)/losses due to changes in financial assumptions	19	–13	–5	2	3
Experience differences	11	–2	–1	2	10
Exchange rate (gains)/losses	1	5	9	–1	14
Defined benefit obligation at 31 December	**407**	**101**	**121**	**129**	**758**

(CHF million)	CH	UK	USA	Other	Total
2023					
Opening present value of the defined benefit obligation	362	115	153	120	750
Current service cost	5	–	–	6	11
Interest cost	7	5	7	4	23
Plan participants' contributions	5	–	–	1	6
Past service cost	–	–	–	1	1
Actual net benefit payments	–20	–6	–10	–7	–43
(Gains)/losses due to changes in demographic assumptions	–	–2	–	–	–2
(Gains)/losses due to changes in financial assumptions	31	3	2	6	42
Experience differences	10	1	1	3	15
Exchange rate (gains)/losses	–	–5	–14	–9	–28
Defined benefit obligation at 31 December	**400**	**111**	**139**	**125**	**775**

Change in fair value of plan assets is as follows:

(CHF million)	CH	UK	USA	Other	Total
2024					
Opening fair value of plan assets	496	128	145	75	844
Interest income on plan assets	7	6	7	3	23
Return on plan assets excluding amounts included in net interest income	30	–14	–8	–	8
Actual employer contributions	6	–	–	9	15
Actual plan participants' contributions	4	–	–	1	5
Actual net benefit payments	–37	–6	–9	–8	–60
Actual taxes paid	–	–	–	–1	–1
Settlements	–	–	–16	–	–16
Exchange differences	–	6	10	–2	14
Fair value of plan assets at 31 December	**506**	**120**	**129**	**77**	**832**

(CHF million)	CH	UK	USA	Other	Total
2023					
Opening fair value of plan assets	494	134	156	77	861
Interest income on plan assets	10	6	8	3	27
Return on plan assets excluding amounts included in net interest income	1	–	6	–2	5
Actual employer contributions	6	–	–	10	16
Actual plan participants' contributions	5	–	–	1	6
Actual net benefit payments	–20	–6	–10	–7	–43
Actual administrative expenses paid	–	–1	–1	–	–2
Exchange differences	–	–5	–14	–7	–26
Fair value of plan assets at 31 December	**496**	**128**	**145**	**75**	**844**

There are no reimbursement rights included in plan assets. The actual return on plan assets was a gain of CHF 31 million (2023: gain of CHF 32 million).

The major categories of plan assets at the balance sheet date are as follows:

(CHF million)	CH	UK	USA	Other	Total
2024					
Cash and cash equivalents	17	3	–	13	33
Equity securities	150	12	–	–	162
Debt securities	69	129	129	–	327
Assets held by insurance company	–	–	–	25	25
Properties	227	–	–	–	227
Investment funds	33	–	–	–	33
Other	10	–24	–	39	25
Total plan assets at 31 December	**506**	**120**	**129**	**77**	**832**

(CHF million)	CH	UK	USA	Other	Total
2023					
Cash and cash equivalents	16	14	–	12	42
Equity securities	138	24	–	–	162
Debt securities	78	88	145	2	313
Assets held by insurance company	3	–	–	22	25
Properties	226	–	–	–	226
Investment funds	32	–	–	–	32
Other	3	2	–	39	44
Total plan assets at 31 December	**496**	**128**	**145**	**75**	**844**

In 2024 and 2023, the Group did not occupy any property that was included in the plan assets.

Properties are rented at fair market rental rates. There are no SGS SA shares or any other financial securities used by the Group included in the plan assets.

The plan assets are primarily held within instruments with quoted market prices in an active market, with the exception of the property and insurance policy holdings.

The investment strategy in Switzerland is to invest, within the statutory and legal requirements, in a diversified portfolio with the aim of generating long-term returns, which will enable the board of the foundation to grow the accounts of the members of the pension fund, whilst taking on the lowest possible risk in order to do so.

In the USA, the pension plan target policy is determined both quantitatively and qualitatively by assessing the risk tolerance level and return requirements of the plan, as determined by the Investment Committee. In 2023 the investment portfolio asset was shifted to 100% Liability Driven Investment as the company decided to freeze the plan effective 31 December 2022. In the UK, the trustees review the investment strategy of the scheme and the plan on a regular basis to ensure that they remain appropriate. The last review for both the scheme and plan was recently undertaken and is in the process of being implemented.

Actuarial assumptions vary according to local prevailing economic and social conditions. The principal weighted average actuarial assumptions used in determining the cost of benefits for both 2024 and 2023 are as follows:

(Weighted average %)	CH	UK	USA	Other
2024				
Discount rate	1.0	5.5	5.5	3.5
Mortality assumption	LPP 2020, CMI 2019 1.25%	SPA03M103%/ F99% CMI 2023 1.25%	PRI 2012 MP 2021	
Salary progression rate	1.5	2.6	–	3.1
Future increase for pension in payments	–	3.1	–	0.3
Healthcare cost trend assumed for the next year	–	–	6.4	–
Ultimate trend rate	–	–	4.5	–
Year that the rate reaches the ultimate trend rate			2030	

(Weighted average %)	CH	UK	USA	Other
2023				
Discount rate	1.4	4.5	5.1	4.2
Mortality assumption	LPP 2020, CMI 2019 1.25%	SPA03M103%/ F99% CMI 2022 1.25%	PRI 2012 MP 2021	–
Salary progression rate	1.7	2.5	–	3.1
Future increase for pension in payments	–	3.0	–	0.4
Healthcare cost trend assumed for the next year	–	–	6.4	–
Ultimate trend rate	–	–	4.5	–
Year that the rate reaches the ultimate trend rate			2030	

The weighted average rate for each assumption used to measure the benefits obligation is also shown above. The assumptions used to determine the end-of-year benefits obligation are also used to calculate the following year's cost.

In Switzerland, a decrease in the discount rate of 0.5% per annum would, all other things being equal, increase the obligation by CHF 26 million; a 0.5% increase in assumed salary would increase the obligation by CHF 1 million; and a one-year increase in members' life expectancy would increase the obligation by approximately CHF 10 million.

In the USA, a decrease in the discount rate of 0.5% per annum would, all other things being equal, increase the obligation by CHF 6 million; a 0.5% increase in assumed salary would not impact the obligation; and a one-year increase in members' life expectancy would increase the obligation by approximately CHF 2 million.

In the UK, a decrease in the discount rate of 0.5% per annum would, all other things being equal, increase the obligation by CHF 6 million; a 0.5% increase in assumed salary would not impact the obligation; and a one-year increase in members' life expectancy would increase the obligation by approximately CHF 3 million.

These sensitivities have been calculated to show the movement in the defined benefit obligation in isolation and assume no other changes in market conditions at the accounting date. This is unlikely in practice; for example, a change in discount rate is unlikely to occur without any movement in the value of the assets held by the plans.

The amount recognized as an expense in respect of defined contribution plans during 2024 was CHF 87 million (2023: CHF 80 million).

24. Provisions

(CHF million)	Legal and warranty claims on services rendered	Demobilization and reorganization	Other provisions	Total
At 1 January 2024	**36**	**47**	**49**	**132**
Charge to income statement	22	67	18	107
Release to income statement	–4	–6	–4	–14
Payments	–14	–35	–3	–52
Exchange differences	–	1	–1	–
At 31 December 2024	**40**	**74**	**59**	**173**

Analyzed as:	**2024**	2023
Current liabilities	72	41
Non-current liabilities	101	91
Total	**173**	**132**

A number of Group companies are subject to litigation and other claims arising out of the normal conduct of their business that can be best viewed as claims on services rendered. The claim provision represents the sum of estimates of amounts payable on identified claims and of losses incurred but not yet reported. They therefore reflect estimates of the future payments required to settle both reported and unreported claims. In the opinion of management, based on all currently available information, the provisions adequately reflect the Group's exposure to legal and warranty claims on services rendered. The ultimate outcome of these matters is not expected to materially affect the Group's financial position, operational results or cash flows.

Demobilization and reorganization provisions relate to present legal or constructive obligations of the Group towards third parties, such as termination payments to employees upon leaving the Group, which in some jurisdictions are a legal obligation. For specific long-term contracts, typically with two to five years' duration, the Group is required to dismantle infrastructure and terminate the services of personnel upon completion of the contract. These demobilization costs are provided for during the life of the contract. Experience has shown that these contracts may be either extended or terminated earlier than expected.

Other provisions include present legal or constructive obligations towards tax authorities for indirect tax exposure as well as other provisions towards third parties.

25. Trade and other payables

(CHF million)	**2024**	2023
Trade payables	310	335
Other payables	314	299
Total	**624**	**634**

Trade accounts and other payables principally comprise amounts outstanding for trade purchases and ongoing operating costs. At 31 December 2024 and 2023, the fair value of the Group's trade accounts and other payables approximates their carrying value.

26. Contingent liabilities

In the normal course of business, the Group and its subsidiaries are parties to various lawsuits and claims. Management does not expect that the outcome of any of these legal proceedings will have a material adverse effect on the Group's financial position, operational results or cash flows.

Guarantees and performance bonds

(CHF million)	**2024**	2023
Guarantees	199	186
Performance bonds	188	191
Total	**387**	**377**

The Group has issued unconditional guarantees of CHF 199 million (2023: CHF 186 million), as well as performance bonds and bid bonds of CHF 188 million (2023: CHF 191 million) to commercial customers on behalf of its subsidiaries. Management believes the likelihood that a material payment will be required under these guarantees is remote.

27. Equity compensation plans

Selected employees of the SGS Group are eligible to participate in equity compensation plans.

Grants to members of the Board of Directors

In 2024, a total of 6 242 restricted shares were granted to members of the Board of Directors, in settlement of part of their remuneration for the mandate from the 2024 AGM to the 2025 AGM. The restricted shares are blocked for a period of three years from the grant date, until May 2027. The value at grant date of the restricted shares granted was CHF 514 840 (defined as the average closing price of the share during a 20-day period following the payment of the dividends after the Annual General Meeting 2024).

Grants to members of the Executive Committee

In 2024, a total of 82 831 Performance Share Units (PSUs) under the long-term incentive plan 2024-2026 were granted to members of the Executive Committee. The PSUs vest after a three-year performance period 2024-2026, in March 2027, subject to performance conditions and to continuity of employment of the beneficiaries during the vesting period. The value at grant date of the PSUs granted, being defined as the average closing price of the share during a 20-day period preceding the grant date, was CHF 6 852 609.

More information on the long-term incentive plan for members of the Executive Committee in disclosed the SGS Remuneration report on pages 54 to 77.

In 2024, a total of 26 914 restricted shares were granted to members of the Executive Committee, in settlement of 50% of the annual incentive related to the 2023 performance. The restricted shares are blocked for a period of three years from the grant date, until May 2027. The value at grant date of the restricted shares granted, being defined as the average closing price of the share during a 20-day period following the payment of the dividends after the 2024 Annual general Meeting, was CHF 2 219 867.

50% of the Annual Incentive related to the 2024 performance of the Executive Committee members will be settled in restricted shares. The grant of the restricted shares will be done after the 2025 Annual General Meeting; the total number of restricted shares to be granted will be calculated dividing 50% of the annual Incentive amount by the average closing price of the share during a 20-day period following the payment of the dividends after the Annual General Meeting 2025, rounded up to the nearest integer. The restricted shares will be blocked for a period of three years from the grant date, until May 2028.

More information on the Short-Term Incentive for the members of the Executive Committee in disclosed the SGS Remuneration report on pages 54 to 77.

Grants to other employees

In 2024, a total of 176 740 Performance Share Units (PSUs) under the long-term incentive plan 2024-2026 were granted to selected senior managers. The PSUs vest after a three-year performance period, 2024-2026, in March 2027, subject to performance conditions and to continuity of employment of the beneficiaries during the vesting period. The value at grant date of the PSUs granted, being defined as the average closing price of the share during a 20-day period preceding the grant date, was CHF 14 621 700.

In 2024, a total of 83 288 Restricted Share Units (RSUs) were granted to selected key employees under the restricted share units plan 2024. The RSUs vest three years after the grant date. The value at grant date of the RSUs granted, being defined as the average closing price of the share during a 20-day period preceding the grant date, was CHF 6 890 416.

Performance share unit (PSU) and restricted share unit (RSU) plans

Description	Vesting period from	Units outstanding at 31 December 2023	Granted	Forfeited	Vested	**Units outstanding at 31 December 2024**
SGS-PSU-21	February 24	355 125	–	–249 993	–105 132	–
SGS-PSU-22	February 25	206 750	–	–42 196	–654	163 900
SGS-PSU-23	March 26	286 561	–	–79 089	–462	207 010
SGS-PSU-24	March 27	–	259 571	–5 909	–80	253 582
SGS-RSU-21	April 24	39 325	–	–650	–38 675	–
SGS-RSU-22	April 25	66 350	–	–6 450	–150	59 750
SGS-RSU-23	April 26	86 950	–	–8 297	–39	78 614
SGS-RSU-24	March 27	–	83 288	–1 586	–	81 702
Total		**1 041 061**	**342 859**	**–394 170**	**–145 192**	**844 558**

The Group does not issue new shares to grant employees in relation to the equity-based compensation plans but uses treasury shares, acquired through share buyback programs.

In total, as of 31 December 2024, the equity overhang, defined as the total number of unvested share units (844 558 units) divided by the total number of outstanding shares (189 503 259 shares) amounted to 0.45%.

The Company's burn rate, defined as the number of equities granted (restricted shares and share units) granted in 2024 (376 015 units) divided by the total number of outstanding shares, was 0.20%.

The Group recognized during the year a total expense of CHF 21 million (2023: CHF 27 million) in relation to equity compensation plans.

Shares available (required) for future plans:

	Total
At 1 January 2023	**–17 856**
At 1 January 2023 restated after stock-split	**–446 400**
Granted SGS-RSU-23 plan	–89 475
Granted SGS-PSU-23 plan	–289 509
Shares for PSU forfeited	36 633
Shares for RSU forfeited	8 680
Shares used for Restricted Shares plan as settlement of Short-Term Incentive	–33 780
At 31 December 2023	**–813 851**
Repurchased shares	561 008
Granted SGS-RSU-24 plan	–83 288
Granted SGS-PSU-24 plan	–259 571
Shares for PSU forfeited	377 187
Shares for RSU forfeited	16 983
Shares used for Restricted Shares plan as settlement of Short-Term Incentive	–33 156
At 31 December 2024	**–234 688**

At 31 December the Group had the following shares available to satisfy various programs:

	2024 Total	2023 Total
Number of shares held	609 870	227 210
Shares allocated for 2021 RSU plan	–	–39 325
Shares allocated for 2021 PSU plan	–	–355 125
Shares allocated for 2022 RSU plan	–59 750	–66 350
Shares allocated for 2022 PSU plan	–163 900	–206 750
Shares allocated for 2023 RSU plan	–78 614	–86 950
Shares allocated for 2023 PSU plan	–207 010	–286 561
Shares allocated for 2024 RSU plan	–81 702	–
Shares allocated for 2024 PSU plan	–253 582	–
Shares required for future equity compensation plans at 31 December	**–234 688**	**–813 851**

28. Related-party transactions

Transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed.

Compensation to Directors and members of the Executive Committee

The remuneration of Directors and members of the Executive Committee during the year was as follows:

(CHF million)	**2024**	2023
Short-term benefits	20	15
Post-employment benefits	1	1
Share-based payments[1]	11	12
Total	**32**	**28**

1. 2024 represents the value at grant of restricted share units and performance share units granted in 2024 while 2023 represents the value at grant of restricted share units and performance share units granted in 2023.

The remuneration of Directors and members of the Executive Committee is determined by the Remuneration Committee. Additional information is disclosed in the SGS Remuneration report.

During 2024 and 2023, no member of the Board of Directors or of the Executive Committee had a personal interest in any business transactions of the Group.

The Executive Committee participates in the equity compensation plans as disclosed in note 27.

The total compensation, including social charges, received by the Board of Directors amounted to CHF 2 654 000 (2023: CHF 2 820 000).

The total compensation (cash and shares/options), including social charges, received by the Executive Committee amounted to CHF 29 542 000 (2023: CHF 24 678 000).

Loans to members of governing bodies
As at 31 December 2024, no loan, credit or outstanding advance was due to the Group from members or former members of its governing bodies (unchanged from previous year).

Transactions with other related parties
In 2024 and 2023, the Group did not engage in any activities that generated sales to other related parties.

During 2024 and 2023, no related trade receivable balances remained unpaid, nor were any expenses recognized for bad or doubtful debts owed by these related parties.

29. Significant shareholders

As at 31 December 2024, Groupe Bruxelles Lambert (acting directly and through Serena SARL, URDAC and FINPAR X) held 19.13% (December 2023: 19.31%), UBS Fund Management (Switzerland) AG held 6.32% (December 2023: 3.03%) and BlackRock Inc. held 5.21% (December 2023: 5.18%) of the share capital and voting rights of the Company. At the same date, the Group held 0.32% of the share capital of the Company (December 2023: 1.64%).

30. Approval of financial statements

The Board of Directors is responsible for the preparation and presentation of the financial statements. These financial statements were authorized for issue by the Board of Directors on 10 February 2025, and will be submitted for approval on 26 March 2025 during the Annual General Meeting.

31. Subsequent events

On 8 January 2025, SGS completed the acquisition of Aster Global Environmental Solutions, Inc., an industry-leading company focused on validation and verification of greenhouse gas (GHG) emissions and offsets, as well as forestry, ecosystem, and corporate and social responsibility services based in the USA. The acquisition is effective from 1 January 2025.

On 15 January 2025, SGS completed the acquisition of Stella Operazioni Doganal, an independent customs operations and consulting company based in Italy. The acquisition is effective from 1 January 2025.

On 20 January 2025, SGS completed the acquisition of RTI Laboratories, a leading provider of environmental and materials testing services based in Detroit, Michigan, USA. The acquisition is effective from 1 February 2025.

3. SGS SA financial statements

Income statement

For the years ended 31 December

(CHF million)	Notes	**2024**	2023
Dividends from subsidiaries		328	646
Total operating income		**328**	**646**
Other operating expenses		–13	–6
Total operating expenses		**–13**	**–6**
Operating result		**315**	**640**
Financial income	6	110	98
Exchange gain, net		–	1
Financial expenses	6	–79	–79
Financial result		**31**	**20**
Extraordinary losses	7	–53	–26
Profit before taxes		**293**	**634**
Taxes		–11	–8
Profit for the period		**282**	**626**

Statement of financial position at 31 December

(Before appropriation of available retained earnings)

(CHF million)	Notes	2024	2023
Assets			
Current assets			
Cash and cash equivalents		15	419
Derivative assets		3	18
Amounts due from subsidiaries		375	449
Other receivables and prepayments		6	6
Total current assets		**399**	**892**
Non-current assets			
Loans to subsidiaries		2 021	1 667
Other financial assets		4	4
Other assets		1	2
Investments in subsidiaries		1 824	2 003
Total non-current assets		**3 850**	**3 676**
Total assets		**4 249**	**4 568**
Shareholders' equity and liabilities			
Current liabilities			
Bank overdraft		–	8
Derivative liabilities		13	14
Trade and other payables		8	1
Amounts due to subsidiaries		404	625
Corporate bonds	3	375	250
Accrued expenses		13	12
Total current liabilities		**813**	**910**
Non-current liabilities			
Amounts due to subsidiaries		702	570
Corporate bonds	3	1 950	2 325
Total non-current liabilities		**2 652**	**2 895**
Shareholders' equity			
Share capital	4 and 5	8	7
Legal reserve	4 and 5	34	34
Retained earnings	4 and 5	797	951
Treasury shares	4 and 5	–55	–250
Reserve for treasury shares held by a subsidiary	4 and 5	–	21
Total shareholders' equity		**784**	**763**
Total shareholders' equity and liabilities		**4 249**	**4 568**

Notes

SGS SA ('the Company') is the ultimate parent company of the SGS Group which owns and finances, either directly or indirectly, its subsidiaries and joint ventures throughout the world. The head office is located in Geneva, Switzerland.

The average number of employees in 2024 is less than 10 people for this company (2023: less than 10).

1. Significant accounting policies

The financial statements are prepared in accordance with accounting principles required by Swiss law (32nd chapter of the Swiss Code of Obligations).

Investments in subsidiaries

Investments in subsidiaries are valued individually at acquisition cost less an adjustment for impairment where required.

Foreign currencies

Balance sheet items denominated in foreign currencies are converted into Swiss Francs at year-end exchange rates with the exception of investments in subsidiaries which are valued at the historical exchange rate.

Foreign currency transactions are translated using the actual exchange rates prevailing during the year. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of assets and liabilities denominated in foreign currencies are recognized in the income statement.

Derivatives

The Company uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Company does not hold or issue derivative financial instruments for trading purposes. Derivatives are accounted for on a mark-to-market basis.

Derivative financial instruments are initially recognized at fair value and subsequently remeasured at fair value through the income statement (FVTPL). The fair value of forward exchange contracts is determined with reference to market prices at the balance sheet date.

Dividends from subsidiaries

Dividends are treated as an appropriation of profit in the year in which they are ratified at the Annual General Meeting and subsequently paid, rather than as an appropriation of profit in the year to which they relate or for which they are proposed by the Board of Directors.

As a result, dividends are recognized as an income in the year in which they are received, on a cash basis. Dividends are recorded in the currency defined for each affiliate and converted at spot rate in the income statement.

Bonds

Bonds are recorded at nominal value.

2. Subsidiaries

The list of principal Group subsidiaries appears in the annual report on pages 144 to 145.

In 2020, the Company acquired 80% of the capital of Ryobi Geotechnique Pte Ltd in Singapore. The share purchase agreement includes an option to acquire the remaining 20% of Ryobi Geotechnique Pte Ltd in 2026.

In 2024, the Company acquired 67.6% of the capital of CertX based in Switzerland. The share purchase agreement includes an option to acquire the remaining 32.4% of CertX in 2028.

3. Corporate bonds

The Company made the following bond issuances:

Date of issue	Face value in CHF million	Coupon in %	Year of maturity	Issue price in %	Redemption price in %
29.10.2018	225	0.750	2025	100.068	100.000
05.09.2022	150	1.250	2025	100.000	100.000
Short-term bonds	**375**				
08.05.2015	225	0.875	2030	100.245	100.000
03.03.2017	375	0.550	2026	100.153	100.000
29.10.2018	175	1.250	2028	101.157	100.000
06.05.2020	325	0.950	2026	100.182	100.000
05.09.2022	350	1.700	2029	100.197	100.000
17.11.2023	240	2.000	2027	100.038	100.000
17.11.2023	260	2.300	2031	100.127	100.000
Long-term bonds	**1 950**				

As at 31 December 2024, two bonds in the above table are classified as short-term liabilities as the due date is less than a year.

The Company has listed all bonds on the SIX Swiss Exchange.

4. Total equity

(CHF million)	Share capital	Legal reserve	Reserve for treasury shares held by a subsidiary	Treasury shares	Retained earnings	Total
Balance at 1 January 2023	**7**	**34**	**29**	**–250**	**907**	**727**
Dividends paid	–	–	–	–	–590	–590
Decrease in the reserve for treasury shares	–	–	–8	–	8	–
Profit for the year	–	–	–	–	626	626
Balance at 31 December 2023	**7**	**34**	**21**	**–250**	**951**	**763**
Capital increase from scrip dividend[1]	1	–	–	–	–	1
Dividends paid[1]	–	–	–	–	–207	–207
Decrease in the reserve for treasury shares	–	–	–21	–	21	–
Cancellation of treasury shares[2]	–	–	–	250	–250	–
Movement on treasury shares	–	–	–	–55	–	–55
Profit for the year	–	–	–	–	282	282
Balance at 31 December 2024	**8**	**34**	**–**	**–55**	**797**	**784**

1. On 22 April 2024, SGS announced that 64.87% of the dividend for the financial year 2023 was elected to be paid in the form of new SGS shares, while the remaining 35.13% was to be paid out in cash. On 25 April 2024, the 2023 dividend, totalling CHF 590 million, was distributed as follows:
   – CHF 207 million in cash
   – CHF 383 million in new shares. 4 964 934 new SGS shares were created, generating an increase of share capital of CHF 0.2 million.
2. On 30 August 2024, 2 837 475 shares were cancelled (CHF 250 million).

5. Share capital

	Shares in circulation	Treasury shares	Total shares issued	Total share capital CHF (million)
Balance at 1 January 2023	**7 369 054**	**125 978**	**7 495 032**	**7**
Treasury shares released into circulation	1 964	–1 964	–	–
Balance at 12 April 2023 before share split	**7 371 018**	**124 014**	**7 495 032**	**7**
Share split 25-1	176 904 432	2 976 336	179 880 768	–
Balance at 12 April 2023 after share split	**184 275 450**	**3 100 350**	**187 375 800**	**7**
Treasury shares released into circulation	35 665	–35 665	–	–
Balance at 31 December 2023	**184 311 115**	**3 064 685**	**187 375 800**	**7**
Treasury shares released into circulation	178 348	–178 348	–	–
Treasury shares purchased for equity compensation plans	–561 008	561 008	–	–
New shares issued from scrip dividend	4 964 934	–	4 964 934	1
Cancellation of treasury shares	–	–2 837 475	–2 837 475	–
Balance at 31 December 2024	**188 893 389**	**609 870**	**189 503 259**	**8**

Issued share capital

The company's Annual General Meeting held on 26 March 2024 had offered its shareholders the possibility to receive the 2023 dividend in cash or in new SGS shares. The scrip dividend take-up rate was 64.87% which led to the creation of 4 964 934 new shares, delivered on 25 April 2024.

As at 31 December 2024, the Company has a share capital of CHF 7 580 130 (2023: CHF 7 495 032) fully paid-in and divided into 189 503 259 (2023: 187 375 800) registered shares of a par value of CHF 0.04 (2023: CHF 0.04). All shares, other than treasury shares, participate equally in the dividends declared by the Company and have equal voting rights.

On 28 March 2023, the Annual General Assembly approved a 25-1 stock split that went into effect on 12 April 2023. This split increased the number of shares issued, from 7 495 032 to 187 375 800, and reduced the nominal value per share, from CHF 1 to CHF 0.04.

Treasury shares

On 31 December 2024, SGS SA held 609 870 treasury shares directly. All shares from the affiliate company were transferred to SGS SA.

In 2024, 178 348 shares were released into circulation, 561 008 were repurchased and 2 827 475 were cancelled.

On 31 December 2023, SGS SA held 3 064 685 treasury shares, thereof 2 837 475 directly and 227 210 through an affiliate company.

In 2023, 84 765 shares were released into circulation.

6. Financial income and financial expenses

(CHF million)	2024	2023
Interest income third party	3	5
Interest income Group	106	93
Other financial income	1	–
Financial income	**110**	**98**
Interest expenses third party	–42	–31
Interest expenses Group	–35	–41
Other financial expenses	–2	–7
Financial expenses	**–79**	**–79**

7. Extraordinary losses

The extraordinary losses are composed of impairment on investments in subsidiaries of CHF –46 million (2023: CHF –27 million) and on loans to subsidiaries of CHF –7 million (2023: CHF 1 million).

8. Guarantees and comfort letters

(CHF million)	2024 issued	2024 utilized	2023 issued	2023 utilized
Guarantees	3 164	1 143	3 105	1 467
Performance bonds	72	45	68	38
Total	**3 236**	**1 188**	**3 173**	**1 505**

The Company has unconditionally guaranteed or provided comfort to financial institutions providing credit facilities (loans and guarantee bonds) to its subsidiaries. In addition, it has issued performance bonds to commercial customers on behalf of its subsidiaries.

The Company is part of a VAT Group with other group companies in Switzerland.

9. Remuneration

9.1. Remuneration awarded to the Board of Directors

This section appears in the SGS Remuneration report paragraph 6 in the annual report on pages 65 to 69.

9.2. Remuneration awarded to the Executive Committee members

This section appears in the SGS Remuneration report paragraph 7 in the annual report on pages 70 to 77.

10. Shares and options held by members of governing bodies

10.1. Shares and options held by members of the Board of Directors

The following table shows the shares held by members of the Board of Directors as at 31 December 2024:

Name	Shares
C. Grieder	16 712
J. Riedl	1 238
P. Cheung	1 732
K. Sorenson	3 946
I. Gallienne	1 713
S. Atiya	4 032
T. Hartmann	1 688
J. Vergis	1 732

The following table shows the shares held by members of the Board of Directors as at 31 December 2023:

Name	Shares
C. Grieder	14 128
S.R. du Pasquier	2 257
J. Riedl	607
P. Cheung	1 082
K. Sorenson	3 207
I. Gallienne	1 082
S. Atiya	3 382
T. Hartmann	1 082
J. Vergis	1 082

10.2. Shares and options held by Executives

The following table shows the shares and restricted shares held by Executive Committee members as at 31 December 2024:

Name	Corporate responsibility	Restricted shares	Shares
G. Picaud	Chief Executive Officer	192	920
T. Abasov	Head of Eastern Europe, Middle East and Africa	5 001	22 964
S. Du	Head of Asia Pacific	4 211	3 668
D. Govender	Head of North America	4 653	13 651
E. Jokubauskas	Head of Industries & Environment and Natural Resources	–	2 504
C. Ly Wa Hoi	Head of Connectivity & Products and Health & Nutrition	3 982	7 644
J. McDonald	Head of Business Assurance	5 356	10 023
R. Navazo	Head of Latin America	–	–
M. Oesch	Group General Counsel	–	–
D. Plaza	Chief Information Officer	–	–
M. Reid	Head of Europe	4 590	40 416
J. Roberts	Chief People Officer	–	–
M. Vlatchkova	Chief Financial Officer	–	–

The following table shows the shares and restricted shares held by former senior management as at 31 December 2023:

Name	Corporate responsibility	Restricted shares	Shares
F. Ng	Chief Executive Officer	14 726	95 000
G. Picaud	Chief Financial Officer (from 1 December 2023)	–	500
O. Merkt	General Counsel and Chief Compliance Officer	3 001	8 750

Details of the various plans are explained in the SGS Remuneration report.

11. Significant shareholders

As at 31 December 2024, Groupe Bruxelles Lambert (acting directly and through Serena SARL, URDAC and FINPAR X) held 19.13% (December 2023: 19.31%), UBS Fund Management (Switzerland) AG held 6.32% (December 2023: 3.03%) and BlackRock Inc. held 5.21% (December 2023: 5.18%) of the share capital and voting rights of the Company.

At the same date, the SGS Group held 0.32% of the share capital of the Company (December 2023: 1.64%).

12. Approval of financial statements and subsequent events

The Board of Directors is responsible for the preparation and presentation of the financial statements. These financial statements were authorized for issue by the Board of Directors on 10 February 2025 and will be submitted for approval by the Annual General Meeting to be held on 26 March 2025.

Proposal of the Board of Directors for the appropriation of available retained earnings

(CHF)	2024	2023
Profit for the year	282 329 483	625 502 400
Balance brought forward from previous years	701 175 157	657 434 309
Dividend distributed[1]	–207 576 155	–589 608 000
Movement on Treasury Shares	–54 396 478	–
(Transfer to)/Reversal from the reserve for treasury shares	21 042 758	7 846 448
Total retained earnings available for appropriation	**742 574 765**	**701 175 157**

1. No dividend is paid on own shares held directly or indirectly by the Company.

Distribution to shareholders

The SGS Board of Directors will recommend to the Annual General Meeting (to be held on 26 March 2025) the approval of an optional scrip dividend of CHF 3.20 per share (CHF 604 million), subject to the approval of a capital increase, where shareholders can elect to receive the dividend in the form of shares or in cash. Shares will be sourced from the issuance of new shares in the proposed capital increase. The shares will be delivered at a discount, and the share dividend will be a tax- and cost-effective option for shareholders.

Depending on the choices of the shareholders the above total amount of retained earnings will be reduced:

- By CHF 3.20 for each share for which a cash dividend is paid in (no dividends are paid on treasury shares)
- By CHF 0.04 for each dividend share

The remaining amount will constitute the balance being carried forward.

4. Historical data

SGS Group – five-year statistical data consolidated income statements

For the years ended 31 December

(CHF million)	**2024**	2023	2022	2021	2020
Sales	**6 794**	**6 622**	**6 642**	**6 405**	**5 604**
Salaries and wages	–3 427	–3 316	–3 331	–3 180	–2 797
Subcontractors' expenses	–414	–400	–399	–385	–352
Depreciation, amortization and impairment	–476	–545	–521	–499	–517
Gain on business disposals	–	7	–	–	63
Other operating expenses	–1 573	–1 511	–1 493	–1 364	–1 206
Operating income (EBIT)	**904**	**857**	**898**	**977**	**795**
Financial income	34	29	20	16	12
Financial expenses	–94	–86	–71	–69	–66
Share of profit of associates and joint ventures	3	2	2	–	1
Profit before taxes	**847**	**802**	**849**	**924**	**742**
Taxes	–222	–205	–219	–269	–237
Profit for the year	**625**	**597**	**630**	**655**	**505**
Profit attributable to:					
Equity holders of SGS SA	581	553	588	613	480
Non-controlling interests	44	44	42	42	25
Operating income margins in %	**13**	**13**	**14**	**15**	**14**
Average number of Full Time Equivalents	**99 182**	**98 545**	**96 759**	**93 297**	**89 098**

SGS Group – five-year statistical data consolidated statements of financial position

At 31 December

(CHF million)	**2024**	2023	2022	2021	2020
Property, plant and equipment	837	823	907	925	872
Right-of-use assets	548	506	577	605	590
Goodwill	1 783	1 636	1 755	1 778	1 651
Other intangible assets	304	275	350	382	333
Investments in joint-ventures, associates and other	19	16	20	26	34
Deferred tax assets	213	185	153	164	161
Other non current-assets	199	191	125	173	154
Total non-current assets	**3 903**	**3 632**	**3 887**	**4 053**	**3 795**
Assets classified as held for sale	17	–	–	–	–
Inventories	55	57	59	59	57
Unbilled revenues and work in progress	247	223	210	175	160
Trade receivables	991	940	988	928	856
Other receivables and prepayments	217	213	223	204	188
Current tax assets	109	127	132	108	77
Marketable securities	–	–	–	–	9
Cash and cash equivalents	1 210	1 569	1 623	1 480	1 766
Total current assets	**2 846**	**3 129**	**3 235**	**2 954**	**3 113**
Total assets	**6 749**	**6 761**	**7 122**	**7 007**	**6 908**
Share capital	8	7	7	7	8
Reserves	844	723	954	1 118	1 282
Treasury shares	–55	–271	–279	–8	–230
Equity attributable to equity holders of SGS SA	**797**	**459**	**682**	**1 117**	**1 060**
Non-controlling interests	80	69	81	85	74
Total equity	**877**	**528**	**763**	**1 202**	**1 134**
Loans and other financial liabilities	2 700	3 040	2 833	2 889	2 390
Lease liabilities	409	384	442	481	470
Deferred tax liabilities	73	73	79	92	53
Defined benefit obligations	64	66	47	84	136
Provisions	101	91	96	90	88
Total non-current liabilities	**3 347**	**3 654**	**3 497**	**3 636**	**3 137**
Trade and other payables	624	634	671	687	658
Contract liabilities	261	221	228	221	189
Current tax liabilities	186	176	165	169	140
Loans and other financial liabilities	612	841	1 009	282	863
Lease liabilities	159	143	162	155	151
Provisions	72	41	58	60	85
Other creditors and accruals	611	523	569	595	551
Total current liabilities	**2 525**	**2 579**	**2 862**	**2 169**	**2 637**
Total liabilities	**5 872**	**6 233**	**6 359**	**5 805**	**5 774**
Total equity and liabilities	**6 749**	**6 761**	**7 122**	**7 007**	**6 908**

SGS Group – five-year statistical share data

(CHF unless indicated otherwise)	2024	2023	2022	2021	2020
Share information					
Registered shares					
Number of shares issued	189 503 259	187 375 800	7 495 032	7 495 032	7 565 732
Number of shares with dividend rights	188 893 389	184 311 115	7 369 054	7 491 672	7 469 238
Price					
High	98	94	3 076	3 059	2 843
Low	70	72	2 002	2 595	1 974
Year-end	91	73	2 150	3 047	2 670
Par value	0.04	0.04	1	1	1
Key figures by shares					
Equity attributable to equity holders of SGS SA per share in circulation at 31 December	4.22	2.49	92.56	149.20	141.91
Basic earnings per share[1]	3.10	3.00	78.86	81.91	64.05
Dividend per share ordinary	3.20	3.20	80.00	80.00	80.00
Total dividend per share	3.20	3.20	80.00	80.00	80.00
Dividends (CHF million)					
Ordinary[2]	604	590	590	599	598
Total	**604**	**590**	**590**	**599**	**598**

1. Calculation of the basic earnings per share (weighted average for the year) is disclosed in note 9 of SGS Group Results.
2. The SGS Board of Directors will recommend to the Annual General Meeting (to be held on 26 March 2025) the approval of an optional scrip dividend of CHF 3.20 per share (CHF 604 million), subject to the approval of a capital increase, where shareholders can elect to receive the dividend in the form of shares or in cash. Shares will be sourced from the issuance of new shares in the proposed capital increase. The shares will be delivered at a discount, and the share dividend will be a tax- and cost-effective option for shareholders.

SGS Group share information

Share transfer

SGS SA has no restrictions as to share ownership, except that registered shares acquired in a fiduciary capacity by third parties may not be registered in the shareholders' register, unless a special authorization has been granted by the Board of Directors.

Market capitalization

At the end of 2024 market capitalization was approximately CHF 17 167 million (2023: CHF 13 370 million). Shares are quoted on the SIX Swiss Exchange.

Credit rating

(as of publication date of Integrated Report)

Rating agency	Long-term rating	Short-term rating
Moody's Investor Services	A3, negative outlook	P-2

Closing prices for SGS and the Swiss market index (SMI) 2023-2024

5. List of significant subsidiaries

The disclosure of significant subsidiaries is limited to entities whose contribution to the Group consolidated financial statements in 2024 represent at least 0.5% of consolidated sales or 1% of consolidated assets as well as the material direct subsidiaries of SGS SA.

Country	Name and domicile	Issued capital currency	Issued capital amount	% held by Group	Direct/ indirect
Argentina	SGS Argentina S.A., Buenos-Aires	ARS	1 139 599 536	100	D
Australia	SGS Australia Pty. Ltd., Bentley	AUD	200 000	100	I
Australia	SGS Australia Holdings Pty. Ltd., Bentley	AUD	182 132 400	100	D
Belgium	SGS Belgium N.V., Antwerpen	EUR	35 995 380	100	I
Brazil	SGS do Brasil Ltda, Barueri-SP	BRL	648 683 068	100	D
Brazil	SGS Industrial – Instalaçaões, Testes e Comissionamentos Ltda, Barueri-SP	BRL	91 266 840	100	D
Canada	SGS Canada Inc., Mississauga	CAD	20 900 000	100	D
Chile	SGS Minerals S.A., Santiago de Chile	CLP	29 725 583 703	100	I
Chile	SGS Chile Limitada, Santiago de Chile	CLP	98 282 986 251	100	D
China	SGS-CSTC Standards Technical Services Co. Ltd., Beijing	USD	3 966 667	85	I
China	SGS-CSTC Standards Technical Services (Shanghai) Co., Ltd., Shanghai	CNY	180 000 000	85	I
China	SGS-CSTC Standards Technical Services (Tianjin) Co., Ltd., Tianjin	CNY	3 000 000	85	I
China	SGS-CSTC Standard Technical Services (Qingdao) Co., Ltd., Qingdao	CNY	20 000 000	85	I
Colombia	SGS Colombia S.A.S., Bogota	COP	135 546 166 036	100	D
France	SGS France SAS, Arcueil	EUR	3 976 579	100	I
Germany	SGS Institut Fresenius GmbH, Taunusstein	EUR	7 490 100	100	I
Germany	SGS Germany GmbH, Hamburg	EUR	1 210 000	100	I
Germany	SGS Analytics Germany GmbH, Fellbach	EUR	255 000	100	I
Germany	SGS-TÜV Saar GmbH, Sulzbach	EUR	750 000	74.9	I
Great Britain	SGS United Kingdom Limited, Ellesmere Port	GBP	8 000 000	100	I
Great britain	SGS Quay Pharmaceuticals Ltd, Deeside	GBP	107 647	100	I
Hong kong	SGS Hong Kong Limited, Hong Kong	HKD	200 000	100	D
India	SGS India Private Ltd., Mumbai	INR	960 000	100	D
Italy	SGS Italia S.p.A., Milan	EUR	2 500 000	100	D
Japan	SGS Japan Inc., Yokohama	JPY	100 000 000	100	D
Malaysia	SGS (Malaysia) Sdn. Bhd., Kuala Lumpur	RM	500 000	100	D
Mexico	SGS de Mexico, S.A. de C.V., Mexico	MXN	281 370 828	100	D
Netherlands	SGS Nederland B.V., Spijkenisse	EUR	250 000	100	I
Netherlands	SGS Brightsight BV, Delft	EUR	245 100	100	I
New Zealand	SGS New Zealand Limited, Auckland-Onehunga	NZD	12 022 190	100	D
Peru	SGS del Perú S.A.C., Lima	PEN	91 901 082	100	D
Poland	SGS Polska Sp.z o.o., Warsaw	PLN	28 217 200	100	D
Russia	AO SGS Vostok Limited, Moscow	RUB	18 000 000	100	D
Saudi Arabia	SGS Inspection Services Saudi Arabia Ltd., Jeddah	SAR	1 000 000	75	D

Country	Name and domicile	Issued capital currency	Issued capital amount	% held by Group	Direct/ indirect
Singapore	Ryobi Geothechnique International Pte Ltd., Singapore	SGD	1 500 000	80	D
Singapore	SGS Testing and Control Services Singapore Pte Ltd., Singapore	SGD	20 100 000	100	D
South Africa	SGS South Africa (Proprietary) Limited, Johannesburg	ZAR	1 007 279 500	100	I
South Africa	SGS Technical Services (PTY) Ltd, Johannesburg	ZAR	775 279 000	100	D
South Korea	SGS Korea Co., Ltd., Seoul	KRW	15 617 540 000	100	D
Spain	SGS Tecnos, S.A., Sociedad Unipersonal, Madrid	EUR	92 072 034	100	I
Spain	SGS Española de Control, S.A.U., Madrid	EUR	240 000	100	I
Spain	General de Servicios ITV, S.A.U., Madrid	EUR	4 753 483	100	I
Sweden	SGS Analytics Sweden AB, Linköping	SEK	1 018 250	100	I
Switzerland	SGS Société Générale de Surveillance SA, Geneva	CHF	100 000	100	D
Taiwan	SGS Taiwan Limited, Taipei	TWD	62 000 000	100	I
Thailand	SGS (Thailand) Limited, Bangkok	THB	20 000 000	99.99	D
Turkey	SGS Supervise Gözetme Etüd Kontrol Servisleri AS, Istanbul	TRY	6 550 000	100	I
Ukraine	SGS Ukraine, Foreign Enterprise, Odessa	USD	400 000	100	D
United Arab Emirates	SGS Gulf Limited Jebel Ali Free Zone – Dubai Branch	–	–	–	–
United States	SGS North America Inc., Wilmington	USD	73 701 996	100	I
United States	Maine Pointe, LLC, Duxbury	USD	–	100	I
Vietnam	SGS Vietnam Ltd., Ho Chi Minh City	USD	288 000	100	D

6. Alternative performance measures

Glossary

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The following document presents and defines the Group's alternative performance measures (APMs), not defined by IFRS which are used to evaluate financial and operational performance. Where relevant, a reconciliation to the information included in the Group IFRS consolidated financial statements is presented. Management deems these performance measures as a useful source of information when taking decisions and managing the operations. These alternative performance measures are disclosed in the integrated report, the half year report, the quarter reports and other external communications to investors, and are available following this link:

www.sgs.com/en/investors/reports

Constant currency

The constant currency calculation is used in order to assess the period over period evolution of financial indicators without the currency impact. SGS calculates constant currency measures by translating the current year numbers at prior year average exchange rates (except for currencies with a devaluation of above 50% between the two comparable periods, for which the current year average rate is applied to the prior year baseline).

Organic sales growth

Organic sales growth is used by management to evaluate the evolution of existing operations, excluding the changes in scope (impacts of business acquisitions and divestments) and currency fluctuations. This provides a 'like-for-like' comparison with the previous period in constant scope and constant currency, enabling deeper understanding of the business dynamics which contribute to the evolution of sales from one period to another.

- Scope: the results from acquisitions are excluded for the 12 months following the date of a business combination, while results generated by a divested unit are excluded for the 12 months prior to the divestiture
- Currency fluctuations: sales at constant currency are calculated by translating current year numbers at prior year average exchange rates (except for currencies with a devaluation of above 50% between the two comparable periods, for which the current year average rate is applied to the prior year baseline)

Organic sales are then divided by the prior period sales to derive the organic growth percentage.

A numerical reconciliation of this APM is included below:

(CHF million)		
Sales 2023	6 622	
Growth in value and in %		
Organic	**494**	**7.5%**
Scope	**–6**	**–0.1%**
Acquisitions	23	0.3%
Disposals	–29	–0.4%
Sales 2024 at constant currency	7 110	
Currency impact	**–316**	**–4.8%**
Sales 2024	**6 794**	**2.6%**

Adjusted operating income

The adjusted operating income is provided to assess the underlying financial and operational performance of the Group by business line excluding the influence of items not directly attributable to operational performance. Adjusted operating income represents the operating income excluding:

- Amortization and impairment expenses on intangibles arising as a result of acquisitions
- Impairment expenses on goodwill
- Restructuring costs including impairment charges arising from the execution of restructuring plans
- Gains and losses from business disposals
- Acquisition- and divestment-related expenses including transaction and integration costs
- Other non-recurring items may include non-operational items such as certain regulatory, compliance and legal costs and certain asset write-downs/impairments

(CHF million)	**2024**	2023
Operating income	**904**	**857**
Amortization and impairment of acquired intangibles	30	55
Restructuring costs	82	21
Goodwill impairment	–	18
Gain on business disposals	–	–7
Transaction and integration costs	12	5
Other non-recurring items	12	22
Adjusted operating income	**1 040**	**971**

Adjusted operating income margin

The adjusted operating income margin is the adjusted operating income as a percentage of sales.

(CHF million)	**2024**	2023
Adjusted operating income	1 040	971
Sales	6 794	6 622
Adjusted operating income margin	**15.3%**	**14.7%**

Earnings before interest, tax, depreciation and amortization (EBITDA)

EBITDA is an important performance measure as it depicts the underlying performance of the Group before tax and excluding non-cash charges of depreciation and amortization. It is a measure commonly used by the investment community.

EBITDA is defined as operating income before depreciation, amortization and impairment. It includes restructuring costs.

(CHF million)	**2024**	2023
Operating income	**904**	**857**
Depreciation, amortization and impairment	476	545
EBITDA	**1 380**	**1 402**

Adjusted earnings before interest, tax, depreciation and amortization (adjusted EBITDA)

Adjusted EBITDA is the EBITDA adjusted for non-recurring items and those adjustments made for adjusted operating income as defined above.

(CHF million)	2024	2023
Operating income	**904**	**857**
Depreciation, amortization and impairment	476	545
EBITDA	**1 380**	**1 402**
Restructuring costs[1]	76	18
Gain on business disposals	–	–7
Transaction and integration costs	12	5
Other non-recurring items[2]	10	6
Adjusted EBITDA	**1 478**	**1 424**

1. Restructuring costs excluding impairment of fixed and intangible assets.
2. Other non-recurring items excluding impairment of fixed and intangible assets.

Adjusted profit attributable to shareholders

Adjusted profit attributable to equity holders of SGS SA is the profit attributable to equity holders excluding:

- Amortization and impairment expenses on intangibles arising as a result of acquisitions
- Impairment expenses on goodwill
- Restructuring costs, which consist of termination costs as well as impairment charges arising from the implementation of restructuring plans
- Gains and losses from sale of businesses
- Acquisition- and divestment-related expenses including integration costs
- Other non-recurring items may include non-operational items such as certain regulatory, compliance and legal costs and certain asset write-downs/impairments
- The tax effect of all the elements mentioned above
- The non-controlling interests' effect of all the elements mentioned above except for the impairment of goodwill

(CHF million)	2024	2023
Profit attributable to equity holders of SGS SA	**581**	**553**
Amortization and impairment of acquired intangibles	30	55
Restructuring costs	82	21
Goodwill impairment	–	18
Gain on business disposals	–	–7
Transaction and integration costs	12	5
Other non-recurring items	12	22
Tax impact	–26	–21
Portion attributable to non-controlling interests	–2	–1
Adjusted profit attributable to equity holders of SGS SA	**689**	**645**

Adjusted basic earnings per share (adjusted basic EPS)

While basic EPS reflects the earnings from operations for each share of SGS SA, adjusted basic EPS is the 'adjusted profit attributable to equity holders' (see above) divided by the average number of shares outstanding during the reporting period.

(CHF million)	2024	2023
Adjusted profit attributable to equity holders of SGS SA	**689**	**645**
Weighted average number of shares (million)	188	184
Adjusted basic earnings per share (CHF)	**3.67**	**3.49**

Adjusted diluted earnings per share (adjusted diluted EPS)

While basic EPS reflects the earnings from operations for each share of SGS SA, adjusted diluted EPS is the 'adjusted profit attributable to equity holders' (see above) divided by the diluted weighted average number of shares outstanding during the reporting period.

(CHF million)	2024	2023
Adjusted profit attributable to equity holders of SGS SA	**689**	**645**
Diluted weighted average number of shares (million)	188	185
Adjusted diluted earnings per share (CHF)	**3.66**	**3.48**

Profit attributable to shareholders before restructuring costs

Profit attributable to equity holders of SGS SA before restructuring costs is the profit attributable to equity holders excluding:

- Restructuring costs, which consist of termination costs as well as impairment charges arising from the implementation of restructuring plans
- The tax effect of the elements mentioned above
- The non-controlling interests' effect of the elements mentioned above

(CHF million)	2024	2023
Profit attributable to equity holders of SGS SA	**581**	**553**
Restructuring costs	82	21
Tax impact	–16	–5
Portion attributable to non-controlling interests	–1	–
Profit attributable to equity holders of SGS SA before restructuring costs	**646**	**569**

Basic earnings per share before restructuring costs

While basic EPS reflects the earnings from operations for each share of SGS SA, basic EPS before restructuring costs is the 'profit attributable to equity holders before restructuring costs' (see above) divided by the average number of shares outstanding during the reporting period.

(CHF million)	2024	2023
Profit attributable to equity holders of SGS SA before restructuring costs	**646**	**569**
Weighted average number of shares (million)	188	184
Basic earnings per share before restructuring costs (CHF)	**3.45**	**3.09**

Diluted earnings per share before restructuring costs

While basic EPS reflects the earnings from operations for each share of SGS SA, diluted EPS before restructuring costs is the 'profit attributable to equity holders before restructuring costs' (see above) divided by the diluted weighted average number of shares outstanding during the reporting period.

(CHF million)	2024	2023
Profit attributable to equity holders of SGS SA before restructuring costs	**646**	**569**
Diluted weighted average number of shares (million)	188	185
Diluted earnings per share before restructuring costs (CHF)	**3.44**	**3.08**

Free cash flow

The free cash flow is deemed an important measure by management as it demonstrates the ability to generate cash after the investment in assets necessary to support the existing operating activities. In 2023, management embedded financial interests paid and financial interests received in the free cash flow calculation. It includes the cash effects of restructuring costs, and is calculated as follows based on amounts disclosed in the consolidated cash flow statement.

(CHF million)	2024	2023
Cash flow from operating activities	**1 224**	**1 123**
Purchase of property, plant and equipment and other intangible assets	–251	–298
Disposal of property, plant and equipment and other intangible assets	12	15
Lease payments	–176	–178
Interests paid	–98	–82
Interests received	37	24
Free cash flow	**748**	**604**

Cash conversion

Cash conversion ratio provides management with a measurement of the Group's ability to convert operational results into cash. The ratio is calculated by comparing the free cash flow to the EBITDA (operating income before depreciation, amortization and impairment) minus lease payments.

(CHF million)	2024	2023
EBITDA	**1 380**	**1 402**
Lease payments	–176	–178
EBITDA minus lease payments	**1 204**	**1 224**
Free cash flow	748	604
Cash conversion	**62%**	**49%**

Return on invested capital (ROIC)

Return on invested capital is a measure of performance that combines profitability and capital efficiency. Management is closely following this APM in order to evaluate capital allocation. ROIC is defined as net operating income after tax for the year divided by invested capital. Invested capital is the sum of the total equity, the net debt (as defined above), lease liabilities, long-term loan receivable and the net derivative position. The invested capital is adjusted for the timing of cash outflows of acquisitions.

The return on invested capital is calculated as follows, and amounts are reconciled to the consolidated statement of financial position as well as the consolidated income statement:

(CHF million)	2024	2023
Operating income	904	857
Share of profit of associates and JV	3	2
Group effective tax rate	26%	26%
Net operating income after tax for the last 12 months	**671**	**636**
Invested capital	**2 850**	**2 827**
Total equity	877	528
Net debt	2 670	2 839
Lease liabilities	–568	–527
Long-term loan receivables	–5	–4
Net derivatives liability (asset)	10	–9
Adjustment for timing of acquisitions	–134	–
ROIC	**24%**	**22%**

Net debt

Net debt represents the net level of financial debt contracted by SGS with external parties. In 2023, management included lease liabilities in the calculation.

Amounts can be found in the consolidated statement of financial position and the computation is as follows:

(CHF million)	2024	2023
Cash and marketable securities	**1 210**	**1 569**
Cash and cash equivalents	1 210	1 569
Loans and other financial liabilities	**3 880**	**4 408**
Non-current loans and other financial liabilities	2 700	3 040
Current loans and other financial liabilities	612	841
Non-current lease liabilities	409	384
Current lease liabilities	159	143
Net debt	**2 670**	**2 839**

Leverage

Leverage is used by management to monitor and measure the Group's ability to repay its debt from profit earned. Leverage is calculated as net debt divided by adjusted EBITDA. Amounts can be found in the alternative performance measures.

(CHF million)	2024	2023
Net debt	2 670	2 839
Adjusted EBITDA	1 478	1 424
Leverage	**1.8**	**2.0**

Non-financial statements

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1. General information

1.1. General basis for preparation of the sustainability statement

Scope and boundaries

Scope
The scope of the sustainability information contained in the non-financial statement covers all regions and business lines of the Group for the period 1 January to 31 December 2024. A list of SGS affiliates can be found on pages 144-145 of this report.

We have identified and prioritized the most material impacts on our business and across our value chain. This integrated annual report includes performance data for our direct operations and, when relevant and available, information about our upstream and downstream value chain.

Consolidation approach
We follow the financial control approach, which means we account for 100% of the KPIs from operations over which we have control. We do not account for KPIs from operations in which we own an interest but not a financial control.

Reliability of the information
We do not include a KPI in our accounting or reporting if we do not have reliable information about it. This omission is noted in the report. As an example, we currently do not account for district heating and refrigerants in our total carbon dioxide (CO_2) emissions.

Omissions
Whenever a piece of information is omitted due to being classified or sensitive information, this is indicated in a footnote.

Data collection process

Most of our data is collected locally through centralized software, and then reviewed and consolidated in a centralized manner. The remaining data is gathered directly from global functions. Frequency of the data collection varies depending on the type of indicators. In general, the Group has established three reporting periods: second-quarter, third-quarter and full-year.

External assurance

External assurance of the sustainability performance indicators and the non-financial performance indicators is an important part of our approach, and our sustainability reporting has been independently assured since 2011. Since 2021, PricewaterhouseCoopers SA (PwC) has provided independent limited assurance over certain sustainability metrics, indicated within this report on pages 197-199. PwC's assurance report describes the work undertaken and their conclusion for the reporting period to 31 December 2024. Documents relating to independent external assurance in the years prior to 2023 are available on our website.

1.2. Disclosures in relation to specific circumstances

Time horizons

Unless stated otherwise, the time horizons applied are the following:

- Short-term: current reporting year
- Medium-term: from the end of the short-term reporting period up to four years (until the end of our Strategy 27)
- Long-term: more than five years

Value chain estimations

Scope 3 emissions have been estimated by applying different emission factors to each Scope 3 category:

- Purchased goods and services and capital goods: extended input-output analysis methodology based on spends
- Fuel and energy-related activities: average data method, using real consumption data and average emission factors
- Waste generated in operations: quantity of waste generated attributed an emission factor per type and management method
- Business travel: distance-based method. Number of tickets purchased, and estimation of average distance traveled per train fare and air fare (intercontinental or domestic). Emissions factors are then applied
- Employee commuting: distance-based method. Calculations based on a sample survey performed among all employees to determine distance and means of transport. Emission factors are then applied

We are constantly working to improve the accuracy of this information. For instance, for the Scope 3 category, 'Purchased goods and services', we are working towards gathering supplier specific data. For the 'Business travel' category, we are working to centralize travel data through travel agencies directly.

Sources of estimation and outcome uncertainty

Uncertainties can arise depending on the quality of the data calculated for the value chain (such as GHG emissions) or when projections are based on uncertain assumptions.

Our reporting approach is explained further in our Basis of reporting available at sgs.com. Where GRI or SASB standards do not provide a methodology for a sustainability performance indicator, or their methodology is not appropriate, we apply the methodology provided in our Basis of reporting.

Changes in preparation or presentation of sustainability information

The Group has started aligning with the requirements of the Corporate Sustainability Reporting Directive (CSRD). As such, this statement has been modified compared to previous years to adapt the content and the structure to the requirements set out in the European Sustainability Reporting Standards (ESRS).

In 2024, there were no material changes in the preparation of the information.

Reporting errors in prior periods

In this statement, we present our historical and current performance over a three-year period. Sometimes historical data may differ from that included in previous reports due to the availability of more accurate data or improved data gathering and/or reporting. Variations lower than 5% are usually considered not material. Significant modifications to data from previous years, however, are noted in the report when they initially appear, with an explanation of the reasons.

Disclosures stemming from reporting frameworks

We have published sustainability information at SGS for more than 10 years, and since 2015, we have integrated sustainability content into our integrated annual report.

Since 2013, our non-financial information has been developed using the guidelines for the AA1000 AccountAbility Principles Standard and the standards of the Global Reporting Initiative (GRI). We also align our reporting with the Sustainability Accounting Standard Board for the Professional & Commercial Services Industry (SASB).

Since 2023, the Group also reports against the requirements of Article 964b of the Swiss Code of Obligations.

For more information
Section 6 References

1.3. Governance

The role of the Board of Directors and the Executive Committee

The content of this section is addressed in the Corporate Governance report page 39.

The Sustainability Committee of the Board and the Executive Committee receive periodic information about SGS sustainability programs and initiatives. New regulations or requirements are analyzed during the regular meetings to assess their potential impact on SGS operations, supply chain and services. Specific analysis sessions are organized on demand depending on the level of complexity of a given topic, and additional training needs are constantly evaluated. In 2024, we launched specific training for Board and Executive Committee members. The course includes general sustainability content linked to the most material topics for SGS, such as integrity, climate change or labor practices.

During 2024, the following topics were discussed within the Board of Directors and its committees:

- Sustainability roadmap
- ESG ratings and reporting
- Sustainable supply chain
- Diversity and inclusion
- Sustainability training and awareness
- Sustainability services offering (IMPACT NOW for sustainability)

During 2024, the following topics were discussed within the Executive Committee:

- Implementation of Strategy 27
- Sustainability services offering (IMPACT NOW for sustainability)
- Sustainability KPIs progress
- ESG reporting

Integration of sustainability-related performance in incentive schemes

The content of this section is addressed in the Remuneration report page 63.

Risk management and internal controls over sustainability reporting

Sustainability data is reported in accordance with the Group reporting deadline and in compliance with the instructions provided in the Group Sustainability Manual.

The Minimum Control Standards explains the risks and controls associated with sustainability reporting. See section '12. Internal control', on page 51 of the Corporate Governance report.

1.4. Strategy

Strategy, business model and value chain

The business model and Strategy 27 are explained in the section 'How we create value' of the management report. Sustainability KPIs are embedded in the pillar 'Strong financial and ESG profile' of Strategy 27 through four key targets:

- Make material progress towards our 2030 target to reduce 28% of our Scope 3 emissions
- Have at least one-third of leadership positions held by women
- Deliver 7 million hours of training per year to employees, clients and communities
- Achieve a customer satisfaction score of 93%

Our Sustainability Ambitions 2030 cover our entire value chain and set targets to 2027 and 2030 in three key areas: Environment, Society and Governance.

	2027	2030
Environment		
As part of our roadmap to achieve our SBTi targets, we commit to:	• Maintain our decreasing trend towards 46.2% reduction in Scope 1 and 2 emissions • Make material progress towards our 2030 target to reduce 28% of our Scope 3 emissions • Further align with IFRS-S2 disclosure recommendations about climate-related risks and opportunities (previously, TCFD initiative)	SGS is committed to reducing absolute Scope 1 and Scope 2 GHG emissions 46.2% by 2030 from a 2019 base year. SGS is also committed to reducing absolute Scope 3 GHG emissions 28% by 2030 from a 2019 base year
Social		
Diversity and Equal Opportunity	• At least one-third of leadership positions held by women	• Strive towards an equitable representation of genders at CEO-3
Health and Safety	• Maintain our Total Recordable Incident Rate (TRIR) and Lost Time Incident Rate (LTIR) below 0.31 and 0.21 respectively • Increase year-on-year the number of HSE certifications for the main operational sites (ISO 45001 and ISO 14001) • Increase the number of behavioral-based safety observations every year by 5%	• Reduce our TRIR by 30% and LTIR by 20% and HSE certify the main operational sites (integrated ISO 45001 and ISO 14001 certification) • Achieve 100 000 observations, within the behavioral-based safety observation program
Knowledge and Engagement	• 7 million hours of training per year to employees, clients and communities • Improve year on year our employee engagement and manager support scores	• Continuously improve the capabilities and know-how of our employees and strive to be the employer with the highest level of employee engagement in the industry
Human Rights	• Ensure and protect human rights respect throughout our operations and supply chain	• Ensure and protect human rights respect throughout our operations and supply chain
Community Donations	• Increase by 50% our positive impact on our communities through employee volunteering	• Double our positive impact on our local communities through employee volunteering
Governance		
Brand	• Achieve a customer satisfaction score of 93%	• Achieve a customer satisfaction score of 95%
Integrity	• Ensure 100% of employees are trained on our Integrity Principles on an annual basis	• 100% of our employees trained on our Integrity Principles on an annual basis
Supply Chain	• 70% of our goods and services spend under procurement Scope to come from suppliers who have signed our Code of Conduct or committed to standards comparable to SGS's within their own policy • 50% of SGS strategic suppliers in extra-large, large and medium affiliates, as per our procurement policy, will have completed our sustainability self-assessment questionnaire • 85% of requests for proposals will be online and include the relevant SGS sustainability criteria, enabling comparison and selection of suppliers	• Cover at least 90% of our expenditure with suppliers that have agreed with our Code of Conduct Principles and continue developing our human rights due diligence program to avoid violations across our supply chain • 100% of our Requests for Proposal (RfP) will be online and will include the relevant SGS sustainability criteria, enabling comparison and selection of suppliers • Partner with relevant suppliers to transform the products and services we purchase into more sustainable ones, while elevating the sustainability agenda of our strategic suppliers' operations striving towards their carbon neutrality in 2030

Interests and views of stakeholders

Maintaining continuous dialogue with stakeholders is critical to our long-term success. These valuable insights enable us to align our initiatives to stakeholder requirements and are a key input for our annual materiality assessment. Interests and views of the stakeholders are shared with both the Executive Committee and the Board of Directors when necessary for their information and decision making.

The table below explains why these groups of stakeholders are important for us, how we engage with them and the key topics we have discussed with them during 2024.

Stakeholder group	Why we engage	How we engage	Key topics discussed
Upstream			
Investors and shareholders	Investors are vital to our ongoing success and growth. We constantly review market analysis, and aim to be assessed as both a sound investment and a sustainable business.	• Annual General Meeting • Capital Markets Event • Meetings with investors and analysts • Answers to analyst questions	• Strategy 27 • Company performance • Capital allocation • Execution of action plans • ESG credentials
Suppliers	Engaging with suppliers is key to ensuring a smooth supply chain, boosting innovation and strengthening sustainability in our business.	• Supplier self-assessment program • Sustainability criteria in sourcing events • Supplier Code of Conduct commitment	• Sustainability requirements to our suppliers • Supplier plans to reduce CO_2 emissions and their impact on our business • Human rights and ethics
Operations			
Employees	Our people are essential to our business. Discussing performance and providing training and opportunities helps to develop the potential of our talent and keep employees motivated and engaged.	• Global employee engagement program • SGS intranet portal and internal social network • Line manager direct engagement • Leadership town halls	• Strategy 27 • Training, development and recognition • Diversity and inclusion • Health, safety and well-being • Sustainability awareness
Subcontractors	Our subcontractors play a key role in our day-to-day operations. They complement the skills of our employees and provide local knowledge and expertise in different regions, helping SGS meet the varied requirements of different countries and cultures.	• Direct communication with business managers and procurement teams	• Health and safety – training and development • Quality of service • Sustainability in the supply chain
Downstream			
Customers	Customers are at the heart of everything we do. It is important to understand whether we achieve our goals to make their businesses more efficient, profitable and sustainable.	• One-to-one meetings • SGS-hosted conferences, seminars and webinars • Customer surveys • Knowledge and educational resources • Customer portal • Online and social media engagement	• Quality of services • SGS employees' attitude, expertise and responsiveness • Quick turnaround times • Sustainability services
Communities	The sustainability of our communities and the planet is critical to our success. We engage with our communities to continually evaluate whether our sustainability ambitions are fit for purpose and meeting their targeted impact.	• Multiple community projects across the network	• Community donations and volunteering programs • Human rights and ethical labor practices • Sustainable business practices
Consumers	Our services ensure that consumers trust the products they buy. Understanding our end consumers tells us whether our services support SGS's reputation for delivering confidence and assurance.	• Certification and product labeling • Direct marketing and communication with certain B2C products	• Product safety and quality • Ethical behavior

1.5 Impacts, risks and opportunities

Description of the process to identify and assess material impacts, risks and opportunities

The process to identify and assess material impacts, risks and opportunities involves numerous stakeholders, both internal and external.

The analysis has considered all activities and geographies where the Group operates.

During the first stages of the analysis, interviews, surveys and desktop research were conducted among the stakeholders to gain a better understanding of their views and interests. This also included the impacts, risks and opportunities they perceived that SGS is facing today or will face in the medium and long term. This consultation process included employees and employee representatives, sustainability ambassadors of the network, suppliers and key experts of the procurement team, customers and internal marketing managers per business line, shareholders and investors, external sustainability experts, the Executive Committee and the Board of Directors.

This process has helped us shape the universe of material topics that should be included in the expert analysis. We considered the list of sustainability topics covered by the ESRS together with the material topics identified in the first stage of the analysis.

For each of these material topics, a group of internal experts identified:

Impact materiality:

- Impacts that the Company may have on the environment or on society. This includes an analysis of:
  - Nature: positive or negative
  - Type: actual or potential
  - Severity: the combination of magnitude and extent of the impact together with the reversibility (only for negative impacts)
  - Probability: only for potential impacts

Financial materiality:

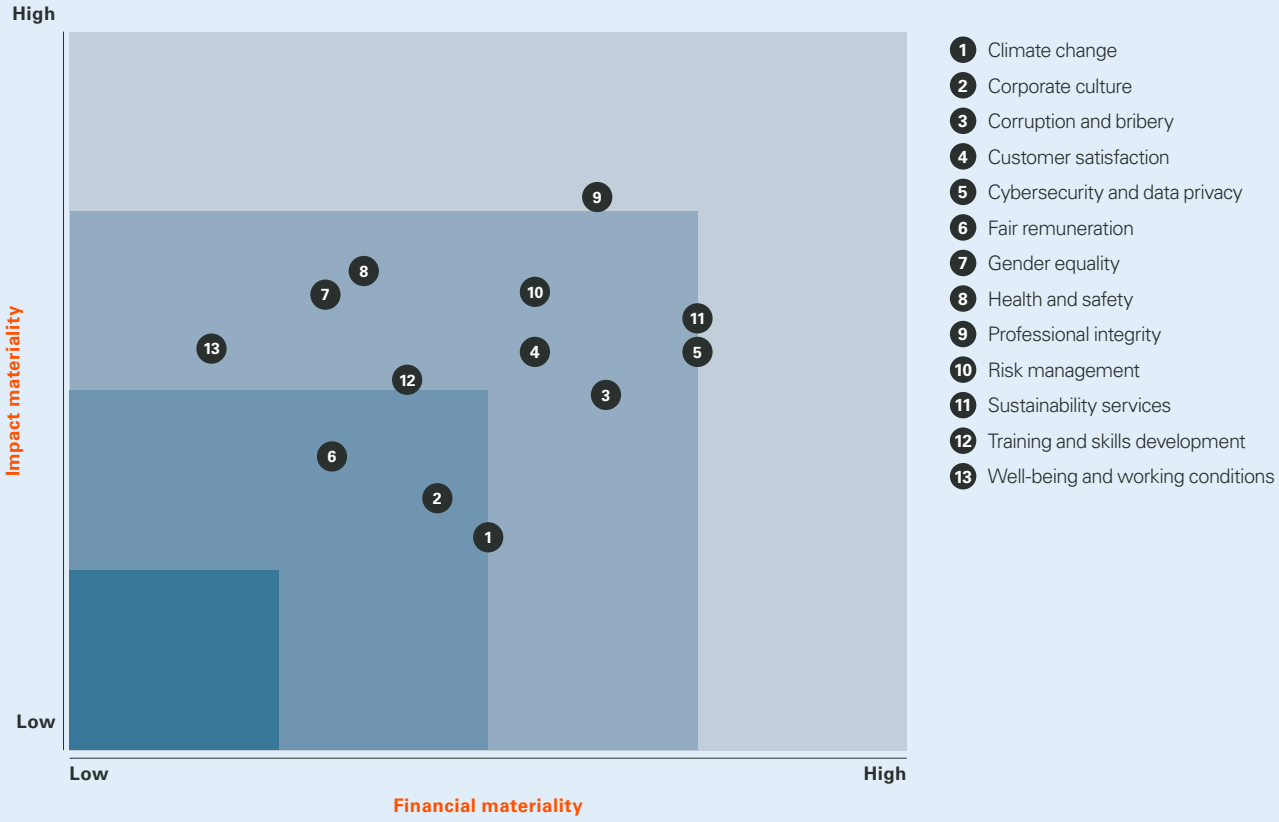
- Risks that the Company may face and that could have a negative financial effect on financial position, financial performance and cash flows. Risks identified through the Group's annual risk assessment and through our climate risk assessment were also incorporated into the analysis and linked to each of the topics previously identified
- Opportunities that the Company may capture and that could have a positive financial effect on financial position, financial performance and cash flows

The results were presented to the CEO and the Sustainability Committee of the Board of Directors for approval.

This statement covers the topics deemed material as per the double materiality assessment and other pieces of information requested by third parties.

The result of the analysis of impacts, risks and opportunities is presented in the following double materiality matrix:

Double materiality matrix



Impacts

Impacts are identified in several ways:

- Reviewing SGS operations, activities and processes
- Engaging with different functions across the organization
- Analyzing the market, competitors and megatrends
- Conducting stakeholder analysis and engaging with them to identify their concerns, priorities and expectations

In 2024, this analysis resulted in the following impacts:

Impact description	Position in the value chain	Material topic	Actions taken by the Group
Value and trust creation to our clients, stakeholders and society through our services	Upstream Operations Downstream	• Corporate culture • Customer satisfaction	**See section 4 and 5.1**
Cybersecurity and data privacy measures to protect and prevent data leaks of our clients and business partners	Upstream Operations Downstream	• Cybersecurity and data privacy	**See section 5.2**
Adequate risk management processes	Operations	• Risk management	**See section '11. Risk management' of the Corporate Governance report**
ESG services portfolio to support our clients in the sustainability transition	Downstream	• Sustainability services	**See section 'Strategy 27' of the Management report**
Adequate whistle-blower mechanisms and prevention of corruption and bribery	Upstream Operations Downstream	• Protection of whistle-blowers • Incidents of corruption	**See section 4**
Adequate and fair remuneration	Operations	• Adequate wages • Gender equality and equal pay for work of equal value	**See section 3**
Inclusive and diverse workforce	Operations	• Diversity	**See section 3**
Health and safety measures to protect people working at our sites and consumers and end-users	Operations	• Health and safety	**See section 3**
Protection against violence and harassment in the workplace	Operations	• Measures against violence and harassment in the workplace	**See section 3**
Good working conditions to guarantee employee well-being, satisfaction and work-life balance	Operations	• Secure employment • Work-life balance	**See section 3**
Talent development programs to upskill our workforce and guarantee an adequate service quality	Operations Downstream	• Training and skills development • Customer satisfaction	**See section 3 and 5.1**
Policies to manage climate change mitigation and adaptation and measures to achieve our decarbonization targets	Upstream Operations Downstream	• Policies related to climate change mitigation and adaptation • Carbon emissions	**See section 2**
Long-term and sustainable relationship with our suppliers	Upstream Operations	• Management of relationships with suppliers • Sustainable supply chain	**See section 4**

Resilience of the business model and strategy to material impacts

We are constantly adapting our business model and operations in order to mitigate our negative impacts on the environment, our employees and the rest of our stakeholders. Regarding our negative environmental impacts, we are working towards meeting our science-based targets, as outlined in our Net-Zero Transition Plan. We have identified several decarbonization levers and are exploring ways to minimize our impact through energy efficiency projects, transition to a greener fleet and other methods (see section 2). On the other hand, regarding our impacts on our employees, we have a clear strategy to ensure employee well-being and satisfaction (see section 3).

Risks

Risk assessment and risk identification within the double materiality assessment are currently performed separately, but the results of these two processes have a very high level of alignment. Most risks identified in the risk assessment were included in the double materiality analysis, except for those of a purely financial nature. We are working towards a full integration of both processes in the coming years.

Risk category	Risk title	Material topic	Summary of potential consequences	Mitigation measures taken by the Group
External				
Economy and Sovereign	Loss of revenue due to decrease in service demand/economy	• Customer satisfaction	• Target organic growth not fully achieved	• The new IMPACT NOW for sustainability offering was launched to capitalize on the expanding sustainability megatrend • Continued development of our Digital Trust services, targeting growing sectors and industries • Ongoing strengthening presence in North America and Europe through both organic growth and acquisitions
	Lack of capital availability to grow the business	• Corporate culture	• Target organic growth not fully achieved • Stagnation or decline in market share in certain strategic business units	• Stricter financial discipline enforced on CAPEX, working capital, and M&A management • New Free Cash Flow KPI introduced as part of the management incentive plan • Successful implementation of a scrip dividend, with the dividend policy to be aligned with earnings levels moving forward
	Price pressure	• Corporate culture	• Target profitability increase not fully achieved	• The Renew restructuring program has been fully implemented to align SGS's capacity and cost structure with market demand • Procurement savings initiatives have been accelerated to offset rising costs and enhance profitability
Customer Needs	Loss of revenue due to insufficient adaptation to changes in customer demand	• Sustainability services • Customer satisfaction	• Loss of customers resulting from an inability to meet demand due to insufficient capacity or inadequate sales forecast planning • Market share stagnation or decrease in some strategic business units	• Management structure realigned to focus on local customers for locally managed operations and global key account management for globally driven businesses, enhancing customer proximity and improving sales forecast accuracy and proactivity • Preserve or develop a global footprint for strategic activities, enabling laboratory backup and cross-country collaboration • Expansion of Global Business Services to enhance operational excellence and reduce TAT KPIs
Hostile Civil or Political Environment Risks	Business disruption, harm to personnel or property from any form of civil strife	• Health and safety	• Increase in crime, particularly criminal damage and looting • The personal security of employees at risk, and disruption to transport infrastructure adversely affecting business operations • In extreme cases, SGS facilities may be forced to cease operations or even close down	• Increased country Managing Director's awareness of this risk, especially via the efforts of business continuity initiatives, in order to improve preparedness and responsiveness • Work from home initiatives improving resilience for those activities that do not demand presence on site • Better physical and procedural security controls to protect premises
Cyberattack	Cyberattacks	• Cybersecurity and data privacy	• Compromise on critical data, disruption of operations, and erosion of customer trust and SGS reputation	• Continuous strengthening of cybersecurity defenses, including firewalls, identity & access management, and intrusion detection systems. Maintaining the current 24/7 monitoring levels of the Security Operations Center and Digital Forensic & Incident Response services

Risk category	Risk title	Material topic	Summary of potential consequences	Mitigation measures taken by the Group
Business ethics				
Bribery and Corruption	Bribery and corruption	• Corporate culture • Incidents of corruption	• Fines, loss of business and reputational damage	• Robust compliance framework, featuring comprehensive policies and processes on Third-Party Due Diligence, Anti-Corruption and Conflicts of Interest • Prevention: fostering a culture of integrity based on our Code of Integrity, reinforced through systematic and recurring training for all employees • Detection: Compliance Committee dedicated to ensuring ethical conduct and strict adherence to the Code of Integrity across all company operations and activities
Information Technology				
Access	Ineffective access controls resulting in security breach and business disruption	• Cybersecurity and data privacy	• Unauthorized access to sensitive information and disturbance of operational activities	• Robust access management solutions to prevent lateral movements and privilege escalation • Regular audits of access permissions and enforcement of least-privilege principles
Human Capital				
Talent Management	Lack of succession planning of key personnel	• Training and skills development	• Negative effect on business continuity and operational excellence • Key positions potentially remaining vacant for extended periods, causing unprepared successors, inefficiencies and potential loss of competitive advantage	• Succession planning program and talent review process ensure a strong pipeline for critical roles by integrating these practices into daily leadership activities, fostering proactive talent management and organizational resilience. These efforts are supported by mySGS to streamline and enhance the effectiveness of this process
	Inefficient performance management	• Training and skills development	• Misaligned employee behaviors and eroded engagement due to unclear or unrealistic goals • Employee disengagement, resulting in lower productivity and unfulfilled KPIs, which can negatively impact organizational performance	• Driving high performance through proactive goal-setting, regular feedback, and alignment of individual and organizational goals. Accountability and process efficiency supported by implemented technologies
	Lack of qualified and competent employees	• Training and skills development • Customer satisfaction	• Reduced customer satisfaction and reputational damage due to an insufficient pool of qualified employees • Missed business opportunities, decreased productivity, and weakened organizational competitiveness resulting from a lack of qualified talent	• SGS Campus is an established SGS online learning platform, and it is integrated with MySGS to lay the foundation for progress tracking and targeted development outcomes • Strengthened leadership through access to courses from leading business schools, coupled with the planned launch of a new Leadership Program in 2025 aligned with Strategy 27 • The 'Career Conversation' framework facilitating the alignment of employee aspirations with organizational goals through actionable plans, supported by tools for follow-up and tracking

Resilience of the business model and strategy to material risks

Risk identification and assessment are a key input into the strategy and business model. Risks are evaluated annually following the risk assessment process, and mitigating actions at both global and local level are identified for the top risks. The implementation of these mitigating actions is monitored regularly and, when necessary, the strategy is reviewed and adapted.

Opportunities

Opportunities are identified through the strategic reflection process performed annually. One of the key drivers is the analysis of the megatrends that shape the markets in which we operate. We have identified four megatrends:

- Powerful sustainability transition: our clients must comply with several new regulations, but beyond the law, they are also pushed to adopt even more sustainable practices by their own customers and stakeholders
- Innovation in digital capabilities and new technologies: the continuous growth of digital technology, which creates a strong demand for the tech industry in data integrity and in digital trust
- Nearshoring of supply chains
- Increasing regulation and public awareness

The analysis of these megatrends together with the Group's strategic priorities has resulted in the following opportunities:

Opportunity	Position in the value chain	Material topic	Actions taken by the Group
Increasing demand for sustainability services	Downstream	• Sustainability services	**See section 'Strategy 27' of the Management report** In 2024, we launched IMPACT NOW for sustainability a new strategy that consolidates SGS's sustainability solutions under four pillars: climate, circularity, nature and ESG assurance.
Increasing demand for data integrity and digital trust services	Downstream	• Cybersecurity and data privacy	**See section 'Strategy 27' of the Management report** We are strengthening our leadership in cybersecurity and AI trust with new acquisitions that enable us to lead in the cybersecurity market.
Customer satisfaction and quality of service	Operations Downstream	• Customer satisfaction	**See section 5.1**
Highly qualified professionals to deliver high- quality services	Operations Downstream	• Training and skills development	**See section 3**
Increasing concern about sustainability risks in the value chain	Upstream	• Management of relationships with suppliers • Sustainable supply chain	**See section 4**
Building trust across our clients and business partners	Operations	• Corporate culture	**See section 4**

Resilience of the business model and strategy to take advantage of material opportunities:

Our Strategy 27 was specifically designed to capture the opportunities derived from megatrends, change in customer behavior and regulation. Our pillars 'Sustainability transition' and 'Digital acceleration' are linked to the most material topics for the Company, 'Sustainability services' and 'Cybersecurity and data privacy'. Our global reach and diversified operations constitute a competitive advantage and positions SGS as a key and reliable partner for our customers.

2. Environmental topics

2.1. Climate change

Governance

Climate governance and integration of climate-related performance in incentive schemes is explained in the Remuneration report, page 63.

Strategy

In 2022, we received approval for a Net-Zero target. Aligned with the 1.5°C objective from the Paris Agreement, we have committed to reach Net-Zero GHG emissions across our entire value chain by 2050. To achieve this objective, we have approved near- and long-term science-based emissions reduction targets with the SBTi:

Near-term targets:

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

Long-term targets:

- We commit to reduce absolute Scope 1, 2 and 3 GHG emissions by 90% by 2050 from a 2019 base year

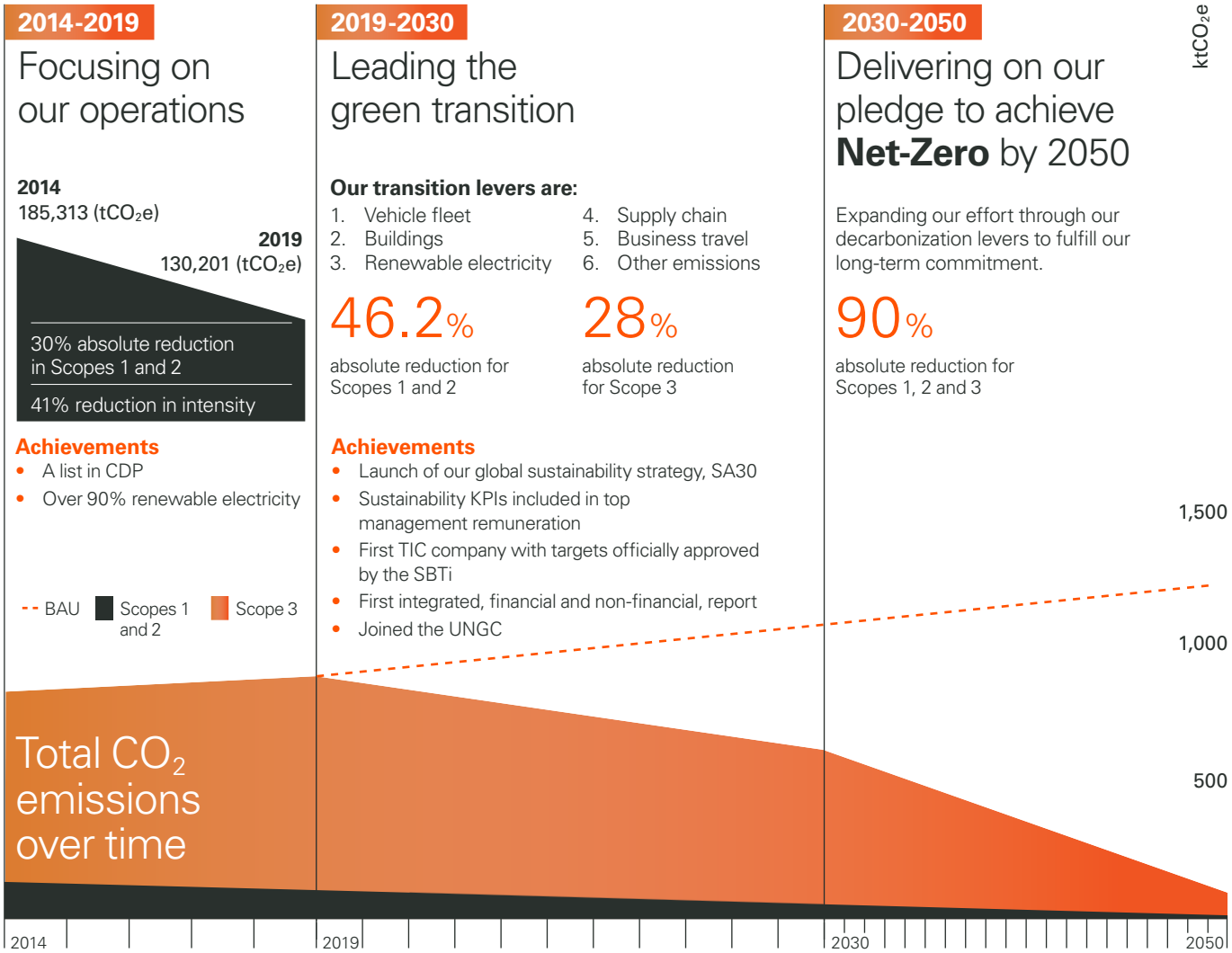
Our direct emissions reduction will be prioritized, and all residual emissions will be neutralized in line with SBTi criteria before reaching Net-Zero emissions by 2050.

These targets were determined following the absolute contraction approach, as there is no sectoral pathway that applies to the TIC industry. Given the Covid pandemic, we consider 2019 to be the most representative year in terms of business activity, and this was set as the baseline for our targets.

In 2024, we presented our Net-Zero Transition Plan, which outlines a roadmap to reduce our emissions through various decarbonization levers and initiatives that cover our entire value chain.

We will reach our 2030 targets by implementing various decarbonization levers and initiatives, while also expanding our efforts to fulfil our commitment to achieving Net-Zero emissions by 2050.

The transition plan has been presented to the Executive Committee and approved by the CEO.



Our decarbonization levers and their contribution towards emissions reduction are presented below:

Lever	Description	Key actions planned
Vehicle fleet	Around 70% of our operational emissions are linked to our vehicle fleet. This mainly comprises passenger cars, light commercial vehicles and pick-ups used for the purpose of transporting samples and personnel to inspection sites. This category represents our major source of locked-in emissions. However, most vehicles are leased with leasing conditions under three years. When possible, we are trying to transition to low carbon technologies in our contracts with leasing companies.	• Greener fleet • Reduced emissions • Sustainable mobility • Streamlined routes
Buildings	Around 30% of our operational emissions are associated with our portfolio of buildings, which includes mainly leased offices and laboratory spaces. While managing actions in rented buildings poses challenges in terms of control and implementation, it is crucial to adopt practices that enhance the efficiency of our operations. This category also represents our second major source of locked-in emissions. Through our Energy Efficiency in Buildings (EEB) program we identify the most energy and GHG emissions intensive buildings and implement specific actions to reduce their impact on climate.	• Optimized office space • Energy efficiency • Energy source diversification • Awareness
Renewable electricity	We are investing in on-site electricity generation, mainly through solar photovoltaic installations, along with green tariffs offered by suppliers. However, there are limitations to the scalability of these approaches, and, consequently, we are also directing investments towards energy attribute certificates (EACs).	• On-site generation • Green tariffs • EACs • PPAs
Supply chain	Within Scope 3, categories 3.1 and 3.2 encompass emissions resulting from purchased goods and services and capital goods, respectively. This source of emissions primarily originates from our supply chain, comprising the largest share of our carbon footprint, nearly 70% of the total.	• Comprehensive data • Engagement with suppliers
Business travel	Within Scope 3, category 3.6 encompasses emissions resulting from long-distance business trips via flights or trains, excluding short-distance trips using taxis or short-term rentals. Business travel emissions play a crucial role in our sustainability strategy.	• Green travel policy • Integration into mobility strategy • Technology adoption
Other emissions	Within Scope 3, in addition to the emissions associated with the aforementioned supply chain and business travel, it is crucial to consider other categories.	• Mobility strategy • Reduction and recuperation initiatives

As part of our Strategy 27, we have set ambitious targets based on our unique ability to respond to the megatrends driving growth in the TIC industry. One of these is the 'powerful sustainability transition', which encompasses higher demand from environmental, social and governance (ESG) regulation and societal expectations. Our transition plan is fully embedded in our strategy and key climate-related indicators are included in Strategy 27.

Progress in the implementation of the transition plan in 2024

We have communicated our global commitment to each region and affiliate. In this context, the global target related to our operations has been cascaded down to regions and affiliates by using a multi-criteria methodology that considers their weight, intensity and trend. Affiliates are implementing their local action plans, focused on their major contribution, whether this is building or vehicles, aiming to achieve their designated targets.

By lever, we have made the following progress:

Vehicle fleet

Through the adoption of local targets and development of emissions reduction plans, affiliates are diligently identifying and implementing initiatives in electrification and other areas related to vehicles.

These efforts include the adoption of more sustainable fuels, smart fleet management and provision of efficient driving training. In addition, our vehicle emissions policy allows the transition away from traditional combustion engines to more environmentally sustainable alternatives.

Buildings

The 930 buildings currently in our EEB program account for 90% of our electricity and 89% of our non-transport fuel consumption. Similar to the approach taken with regard to vehicles, through the adoption of local targets and development of emissions reduction plans, affiliates are establishing predetermined actions concerning buildings to address consumption and subsequently reduce emissions. Local teams consistently receive data visualization and additional supportive tools to enhance the effectiveness of their initiatives.

In the implementation of energy efficiency and awareness measures, laboratories are one of our major focus areas. For example, our laboratory in Ringaskiddy, Cork, Ireland, has achieved platinum certification from My Green Lab, highlighting our commitment to delivering advanced analytical services while minimizing environmental impact.

Renewable electricity

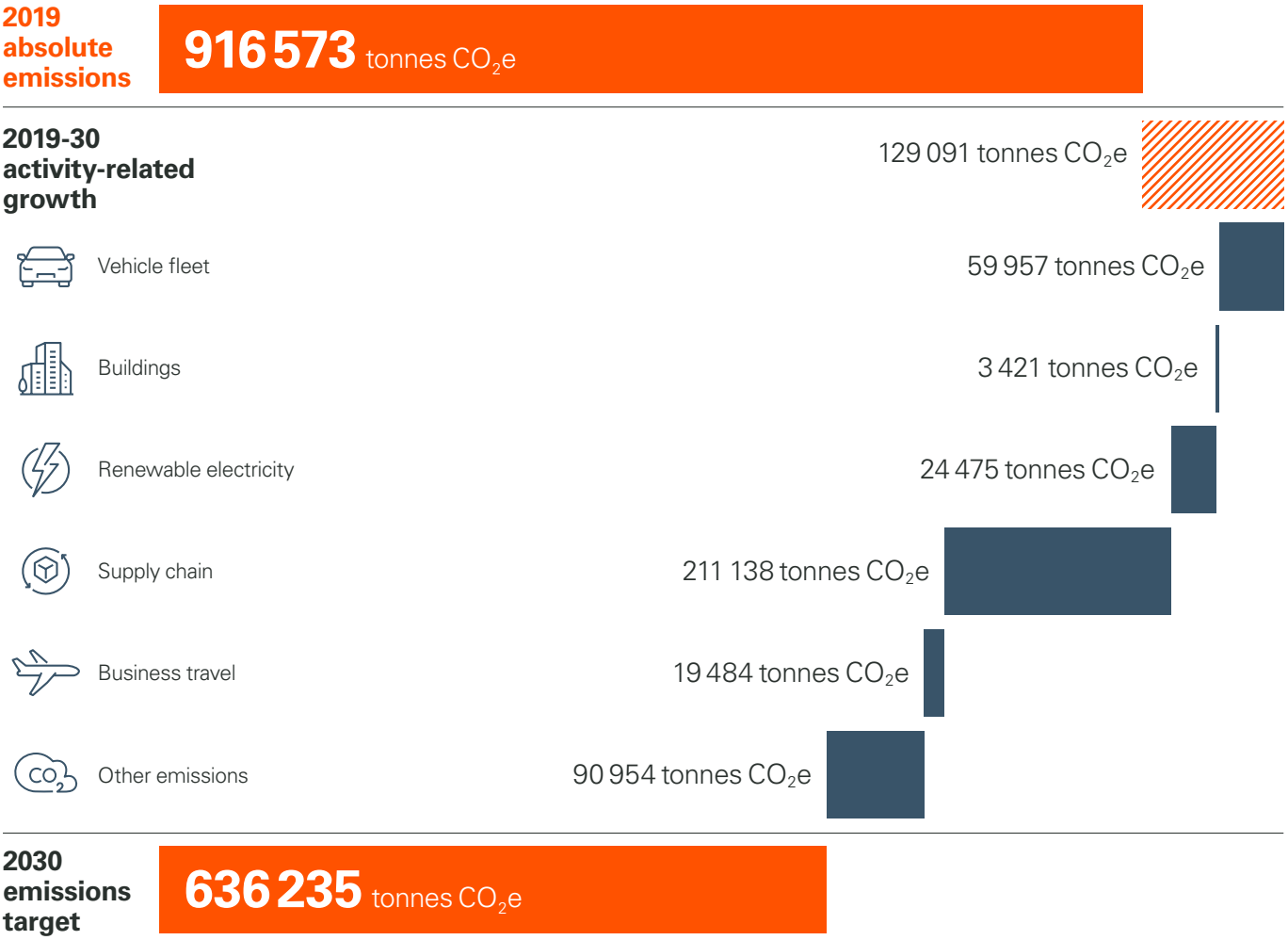
We have increased our on-site renewable electricity production by 182% in 2024 and the local procurement of green tariffs. In addition, we buy EACs up to 97% of our electricity consumption.

Supply chain and other emissions

We are working to improve the accuracy of the supply chain data and launched engagement initiatives with suppliers. Regarding the rest of Scope 3 categories, we are working on specific action plans to address each of them individually.

Roadmap to 2030

Reduction of emissions among decarbonization levers



Our commitment to reducing emissions also covers our expected growth, estimated based on 2014-2019 trend.

Management of impacts, risks and opportunities

Identification and assessment of material climate-related impacts, risks and opportunities

Climatic risks and opportunities are identified through various channels:

- Climatic scenario analysis: through climatic analysis models, market trends, upcoming regulations and megatrends
- Our operations: they are up to date with market changes that can result in risks and/or opportunities
- Business continuity team: analyzes, anticipates and prepares the organization for potential business disruption, which includes extreme weather events

Identified climatic risks include upstream and downstream activities across the supply chains for all our stakeholders, which are input into our risk intelligence tool for evaluation.

In addition to identifying and evaluating potential risks, our operations and functions at local, regional and global levels are required to explain the associated mitigation programs, in order to define the residual risks. These residual risks are then evaluated against SGS risk appetite and risk tolerance level.

The heads of each of our business lines consider climatic risks when defining the strategy of the business line and in their financial planning. In most cases, where a portion of the business could be disrupted due to market or regulatory changes, this includes diversifying into other services or geographies, and investing where new opportunities are likely to appear or where there may be an increase in demand for an existing service.

These risks and opportunities are prioritized depending on this assessment.

Main risks and opportunities related to climate change:

Risk category & risk		Impact description	Mitigation	Time horizon and geography
Regulatory	**Increased compliance costs**	Higher operational costs to comply with climate-related legislation (e.g. EU Taxonomy, adoption of climate reporting requirements, etc.).	We take a proactive approach and adopt best-in-class practices towards climate change mitigation and adaptation.	Short term Global
	Failing to adapt to new low carbon technologies	Not adopting low carbon technologies (such as low carbon vehicles, energy efficiency measures for our buildings or renewable energy generation) would reduce our competitiveness and affect our reputation.	Our climate change mitigation strategy ensures that we continuously innovate. For example, through our Energy Efficiency in Buildings (EEB) program, or our vehicle emissions policy.	Medium term Global
Technology	**Shifts in service demand**	Market changes due to climate change can have a significant impact on client demand for SGS services, either directly or indirectly.	We are diversifying our market segment to increase revenues from markets that will be developing because of climate change. Key to this are our sustainability services, a wide range of services that help organizations to implement better and more efficient processes, address stakeholder concerns, address risks and accomplish their sustainability goals. The impact of this mitigation measure is displayed as an opportunity below, under 'Main climate-related opportunities.'	Medium term Global
Market	**Climate reputation**	Failing to address appropriately our impact on climate change, or to comply with climate regulations, would impact the value of our brand and imply the loss of clients.	Our sustainability team ensures that our approach to addressing climate change is best-in-class and credible. Our sustainability and legal teams ensure that we stay up to date with legislation and comply with all regulations.	Long term Global
Reputation	**Extreme weather**	Extreme weather conditions, such as cyclones, hurricanes or floods, can affect our business performance and continuity, by forcing us to close sites, disrupting our logistics, etc.	We have business continuity guidelines and a global emergency management standard which our affiliates must implement at local level. This ensures that 100% of our revenues, as well as any new operations, are protected against extreme weather conditions. Business continuity programs across SGS define roles and responsibilities in case of crisis and provide guidelines and Group procedures to organize a coordinated response in case of emergencies.	Short, medium and long term Global
Acute physical	**Increase in mean temperatures**	Higher mean temperatures result in higher energy consumption and usage of refrigerant gases, which translate into CO_2 emissions.	Through our EEB program, we implement measures to optimize energy consumption in our facilities. Our energy efficiency in buildings program covers our entire operations, ensuring that 100% of our revenues, as well as any new operations, are protected against the increase in mean temperatures. We are also working on reducing the fugitive emissions of refrigerant gases.	Short, medium and long term Global
Chronic physical	**Rising sea levels**	Our coastal facilities could be impacted, requiring relocation.	Given that rising sea levels are a slow phenomenon, we continually assess when it will be necessary to move affected facilities.	Long term Global
Opportunity category & opportunity		**Impact description**	**Strategy to maximize the opportunity**	**Time horizon and geography**
Technology	**New and more affordable low carbon technologies**	Increased demand for low carbon technologies is resulting in new technologies appearing, being developed faster and being made more affordable, in most cases.	Adopting these technologies will help us implement our climate change mitigation strategy, also reducing costs associated with energy and carbon.	Medium term Global
	Cost savings associated with climate strategy implementation	Reducing the energy that we consume in our buildings, as well as the amount of employee travel, will reduce not only our carbon emissions but also the associated costs (such as the cost of energy).	Reducing our carbon emissions and energy consumption through our climate change mitigation strategy (including, amongst others, our EEB program and our vehicle emissions policy).	Short, medium and long term Global
Market	**Shifts in service demand**	Market changes due to climate change can have a significant impact on client demand for SGS services, either directly or indirectly.	We capture climate opportunities by engaging in mandatory and voluntary carbon markets, ensuring compliance with regulations like the Carbon Border Adjustment Mechanism (CBAM). We deliver actionable, results-driven solutions that empower clients to measure, reduce, verify and report greenhouse gas emissions across their organizations, products and projects, while providing expertise through their energy transition journeys.	Short, medium and long term Global

Scenario analysis

As part of our climatic risk and opportunity management process, we conduct scenario analysis to improve our strategic resilience and explore climate vulnerabilities that might impact our business.

Scenarios applied:

Scenario	Temperature rise	Transition risks	Physical risks	Rationale
RCP 2.6/IEA STEPS [1]	1.5-2°C	✓	✓	All climate commitments made by governments for 2030 targets and longer-term Net-Zero and other pledges will be met.
RCP 4.5/IEA APS [2]	2-3°C	✓		More conservative benchmark for the future, because it does not take for granted that governments will reach all announced goals.
RCP 8.5 [3]	>4°C		✓	Only current climate policies are implemented. Paris Agreement targets are not met. It is an extrapolation of what could happen if no additional measures were taken.

1. International Energy Agency Stated Policies Scenario.
2. International Energy Agency Announced Pledges Scenario.
3. Representative Concentration Pathway.

Transition risks

As transition risks and opportunities are those expected to have the largest impact on Group operations, we have quantified the estimated financial impact of:

- Cost savings associated with climate strategy implementation (opportunity)
- Shifts in service demand (risk and opportunity)

The estimated values presented in the table below represent the total discounted value of future revenues and costs driven by transition risks and opportunities, for the period from 2023 to 2050, using a weighted average discount rate of 7.4%.

The calculated financial impact on SGS is denominated in Swiss Francs (CHF). Where financial projections were denominated in another currency, these have been converted to CHF by using forward exchange rates from Oxford Economics.

Where projections were made in real terms, inflation expectations for Switzerland were considered, taken from Oxford Economics.

		IEA STEPS 2050 [1]		IEA APS 2050 [2]		
		Gross financial impact (CHF million)	Net financial impact (CHF million)	Gross financial impact (CHF million)	Net financial impact (CHF million)	Strategy to mitigate risk and maximize opportunity
Risk category & risk	**Market** Shifts in service demand	-6	-6	-140	-140	We are diversifying our market segment to increase revenues from markets that will be developing because of climate change. Key to this is our IMPACT NOW for Sustainability offering that helps organizations to implement better and more efficient processes, address stakeholder concerns, address risks and accomplish their sustainability goals.
Opportunity category & opportunity	**Technology** Cost savings associated to climate strategy implementation	0	525	0	510	We are reducing our carbon emissions and energy consumption through our climate change mitigation strategy (including, amongst others, our Energy Efficiency in Buildings program and our vehicle emissions policy).
	Market Shifts in service demand	419	577	656	944	Through our IMPACT NOW for Sustainability service portfolio, we are capturing climate opportunities by engaging in mandatory and voluntary carbon markets, ensuring compliance with regulations like the Carbon Border Adjustment Mechanism (CBAM). We deliver actionable, results-driven solutions that empower clients to measure, reduce, verify and report greenhouse gas (GHG) emissions across their organizations, products and projects, while providing expertise through their energy transition journeys.

1. International Energy Agency Stated Policies Scenario.
2. International Energy Agency Announced Pledges Scenario.

Physical risks

In 2023, we performed a physical risk assessment considering our top 80 key owned buildings, including offices, laboratories and warehouses scattered around the world. The results of this assessment will help us identify key assets highly exposed and vulnerable to physical risks, as well as their respective hazard(s) of concern.

The analysis was limited to the property value itself, and therefore, no capital equipment (within the building) was considered. We have assessed the exposure and vulnerability assessment of direct physical risks (direct damage caused to the assets), and therefore, indirect physical risks were not considered (e.g. the loss of worker productivity due to high temperatures).

The climate risk assessment was conducted by analyzing:

a) Hazards: probability of occurrence of a hazardous event at a given intensity

b) Exposure: number of assets present in a given location potentially affected by the selected hazard, and

c) Vulnerability: expected value loss of the asset, should an event of a specific intensity occur

Overview of the results based on the scenario with most severe physical impacts (RCP 8.5):

- Europe is the region with the highest exposure, primarily driven by floods (fluvial, pluvial and tidal), as well as wind and high temperatures, to a lower extent. Finland, Belgium and the Netherlands will be the countries most impacted
- North America is the region with the second highest exposure, mainly driven by pluvial and fluvial flooding
- Latin America is the region with the third highest exposure, driven by floods (fluvial and pluvial) in Brazil and Colombia
- Asia Pacific is the region with the fourth highest exposure, driven by floods (all types), as well as wind and high temperatures
- Africa Middle East is the region least exposed to hazards, which will be driven by fire and high temperatures

Resilience strategy

To enhance our resilience, SGS's framework aims to minimize climatic risks and maximize climatic opportunities.

To minimize risks, for each identified risk in which the gross risk level is unacceptable (i.e. the risk can have a significant impact on business revenues, profit margin, business continuity, reputation or operations), mitigation programs are defined in order to manage them and bring the residual risk level to an acceptable level.

In addition, our global business continuity strategy aims to enable us to respond to any disruption efficiently and effectively, while minimizing the impact on our operations in terms of our sites, processes and service delivery.

Finally, each business line takes into consideration identified risks and the results of our scenario analysis to define our business strategies and ensure that we anticipate any market or regulatory changes and that we also exploit any new opportunities.

Our resilience strategy also includes the programs that we have in place to reduce our CO_2 emissions and our dependency on energy. Some examples are our Energy Efficiency in Buildings program and our vehicle emissions policy.

Policies related to climate change mitigation and adaptation

In 2024, we approved our climate change policy. This policy outlines our commitment and targets related to climate change mitigation and adaptation. It applies to SGS Group and all its affiliates and it's available at sgs.com.

Actions and resources in relation to climate change policies

We have made large green investments in line with our mission to create a Net-Zero future. Achieving a balanced and effective use of capital and operating expenditure is our main goal in the decarbonization process. By carrying out their plans for reducing emissions, affiliates are assiduously investing considerable effort and complementing local expenditures in order to satisfy their allocated responsibilities and help achieve global goals.

At a global level, our financial commitment associated with decarbonizing our operations is principally motivated by a focus on operational excellence and the adoption of renewable electricity. In this context, under the umbrella of our EEB program, in 2024, we dedicated a Global CAPEX of CHF 3 million to facilitate the implementation of projects designed to expedite the reduction of our energy consumption and electrification. These investments are strategically designed to impact all our operations and geographical areas, incorporating established technologies with proven returns on investment.

We also regularly allocate annual sums to make sure that the electricity we use comes from renewable sources. This pledge does not change, especially in light of the projected rise in electricity usage brought on by the electrification of cars and buildings. To decarbonize our supply chain, we are investing primarily in getting reliable and insightful data from our suppliers. We also take great care to ensure that our investment plans match our long-term goal of Net-Zero emissions. This all-encompassing strategy guarantees that every financial commitment we make has a substantial contribution to both the global imperative to combat climate change and our wider sustainability goals.

2.2 Metrics and targets

Energy consumption and mix

	2024	2023[1]	2022
Total energy consumption (MWh)	**941 484**	**941 852**	**947 571**
Total energy consumption by use (MWh)			
Vehicle fuels energy	290 581	305 208	310 792
Non-transport fuels energy	153 584	141 353	149 182
Total electricity	497 319	495 290	487 597
Standard electricity[2]	14 234	12 109	15 541
Renewable electricity[3]	483 085	483 181	472 056
Total fuel consumption by source (MWh)			
Coal and coal products	–	–	–
Crude oil and petroleum products	42 858	46 715	52 483
Natural gas	110 725	94 638	96 698
Others	1	–	–
Total energy production (MWh)			
Non-renewable energy production	–	–	–
Renewable energy production	11 241	3 981	2 312
Total renewable electricity (% of total electricity consumption)	97	98	97
Energy intensity per sales[4] (MWh/CHF million)	138.6	142.2	154.6
Energy intensity per average FTE[5] (MWh/FTE)	9.5	9.6	9.8
Electricity intensity per sales[4] (MWh/CHF million)	73.2	74.8	79.6
Electricity intensity per average FTE[5] (MWh/FTE)	5.0	5.0	5.0

1. Total energy consumption for 2023 was updated based on improved data accuracy, with a net change of 7,065 MWh: a 6,342 MWh decrease in vehicle fuels, a 658 MWh increase in non-transport fuels, and a 616 MWh decrease in total electricity (685 MWh less in standard electricity and 69 MWh more in renewable electricity). As a result of these changes, percentage renewable electricity has increased by 0.6 percentage points, energy intensity per sales has decreased by 0.8 MWh/CHF million and electricity intensity per sales has decreased by 0.1 MWh/CHF million.
2. Electricity bought from a non renewable tariff linked to Energy Attribute Certificates.
3. Electricity bought from local zero emissions sources of production and through Energy Attribute Certificates.
4. Being the denominator the sales on a constant currency basis. Energy consumption within the organization.
5. Being the denominator the average FTEs (see table 'Average number of employees by geographical area' on p. 98). Energy consumption within the organization.

Gross Scopes 1, 2, 3 and Total GHG emissions

	Retrospective				Milestones and target years	
	Base year	Comparative	N	%N/N-1		
	2019	2023[1]	**2024**		2030	2050
Scope 1 GHG emissions[2]						
Gross Scope 1 GHG emissions (tCO_2eq)	113 443	103 387	101 320	–2%	61 033	11 344
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	0%	0%	0%		0%	0%
Scope 2 GHG emissions[3]					–	–
Gross location-based Scope 2 GHG emissions (tCO_2eq)	215 752	224 813	219 073	–3%	116 075	21 575
Gross market-based Scope 2 GHG emissions (tCO_2eq)[4]	16 758	7 128	8 117	14%	9 016	1 676
Significant scope 3 GHG emissions					–	–
Total gross indirect (Scope 3) GHG emissions (tCO_2eq)	786 370	812 049	794 581	–2%	423 067	78 637
1 Purchased goods and services	441 064	498 086	486 821	–2%	237 292	44 106
2 Capital goods	137 633	127 168	116 856	–8%	74 047	13 763
3 Fuel and energy related activities (not included in Scope 1 and Scope 2)	76 354	72 932	69 430	–5%	41 078	7 635
4 Upstream transportation and distribution	–	–	–		–	–
5 Waste generated in operations	10 531	19 045	20 715	9%	5 666	1 053
6 Business travel	29 647	23 003	21 876	–5%	15 950	2 965
7 Employee commuting	91 142	71 815	78 884	10%	49 034	9 114
8 Upstream leased assets	–	–	–		–	–
9 Downstream transportation and distribution	–	–	–		–	–
10 Processing of sold products	–	–	–		–	–
11 Use of sold products	–	–	–		–	–
12 End-of-life treatment of sold products	–	–	–		–	–
13 Downstream leased assets	–	–	–		–	–
14 Franchises	–	–	–		–	–
15 Investments	–	–	–		–	–
Total GHG emissions						
Total GHG emissions (location-based) (tCO_2eq)	1 115 566	1 140 249	1 114 974	–2%	600 174	111 557
Total GHG emissions (market-based) (tCO_2eq)	916 572	922 563	904 018	–2%	493 115	91 657
Emissions intensity						
Scope 1+2 intensity per sales market-based[2,3,4,5] (tCO_2eq/CHF million)	21.7	16.7	16.1	–3%		
Scope 1+2 intensity per average FTE market-based[2,3,4,6] (tCO_2eq/FTE)	1.4	1.1	1.1	–2%		
Scope 3 intensity per sales[7] (tCO_2eq/CHF million)	131.3	122.6	117.0	–5%		

1. Emissions in 2023 were updated based on corrected energy consumption figures, leading to a decrease of 1,374 tCO_2eq in Scope 1 emissions, 223 tCO_2eq in location-based Scope 2 emissions and 141 tCO_2eq in market-based Scope 2 emissions. As a result, Total GHG emissions (location-based) have decreased by 1,596 tCO_2eq, Total GHG emissions (market-based) have decreased by 1,515 tCO_2eq and Scope 1+2 intensity per sales (market-based) has decreased by 0.2 tCO_2e /CHF million. See Table 'Energy consumption and mix'.
2. Refrigerant gas emissions are not included in this figure.
3. District heating emissions are not included in this figure.
4. 97% of total electricity consumption is sourced from renewable energy: 69% I-RECs, 16.5% guarantees of origin, 13% RECs, 1% REGOs, and 0.5% other country-specific certificates.
5. Being the numerator the total scope 1 + 2 market-based GHG emissions and the denominator the sales on a constant currency basis.
6. Being the numerator the total scope 1 + 2 market-based GHG emissions and the denominator the average FTEs (see table 'Average number of employees by geographical area' on p. 98).
7. Being the numerator the total scope 3 GHG emissions and the denominator the sales on a constant currency basis.

We no longer finance GHG mitigation (avoidance and removal) projects through carbon credits and we have yet not implemented carbon-pricing mechanisms.

Regarding the Scope 3 categories reported as zero in the table above:

- Category 4 'Upstream transportation and distribution' emissions are included in the emission factors used in Scope 3.1 and 3.2
- Categories 9 to 13 do not apply as SGS does not sell manufactured products
- Category 14 'Franchises' does not apply as SGS does not use franchises to operate
- Category 15 'Investments' does not apply as SGS does not provide financial services

Other environmental indicators

Water and waste management

While our water consumption and waste impact is relatively small compared to other industries, we monitor our impact and reduce our resources' footprint.

	2024	2023	2022
Water purchased (m^3)	2 070 130	2 051 434	1 985 965
Water use/average FTE[1] (m^3/FTE)	20.9	20.8	20.5
Weight of waste generated (metric tons)	85 139	70 348	78 560
Weight of hazardous waste generated (metric tons)	24 251	15 020	16 217
SGS offices and labs	18 001	8 598	10 829
Client samples	6 250	6 422	5 388
Weight of non-hazardous waste generated (metric tons)	60 888	55 328	62 343
SGS offices and labs	32 998	29 448	36 558
Client samples	27 890	25 880	25 785
Weight of waste recovered (metric tons)	24 655	22 616	24 783
Weight of hazardous waste recovered (metric tons)	5 151	5 643	5 107
SGS offices and labs	2 501	2 792	2 343
Client samples	2 649	2 851	2 764
Weight of non-hazardous waste recovered (metric tons)	19 505	16 973	19 676
SGS offices and labs	8 479	8 018	8 943
Client samples	11 026	8 955	10 733
Environmental incidents (# of environmental incidents including significant spills)	35	29	26

1. See table "Average number of employees by geographical area" on p. 98.

3. Social topics

3.1. Interests and views of stakeholders

The interests and views of stakeholders can have a significant impact on our strategy and business model. We have several channels of communication with our employees (see section 1.4) and we constantly encourage them to provide their opinions and ideas.

3.2. Impact, risk and opportunities management

Policies related to own workforce

Our Group policies cover all of our affiliates and state our commitments and the minimum requirements that all affiliates must comply with. At the local level, affiliates develop their own policies based on local regulation and needs. In all cases, local law, regulations, any applicable work agreement and any more stringent local/regional SGS policies prevail over the provisions of Group policies.

One of the most relevant Group policies is the human rights policy. Our commitment to respecting human rights is grounded in our SGS Code of Integrity and our SGS business principles, and reflected in our human rights policy, supplier code of conduct and other relevant policies. To bring our human rights commitment to life, we follow the principles of the United Nations Global Compact (UNGC) and United Nations Guiding Principles (UNGPs) on business and human rights.

Furthermore, we employ a wide range of controls to assess, prevent and mitigate risks of human rights violations and more general labor rights violations across our operations.

Our enterprise risk management framework incorporates relevant human rights issues and brings accountability and responsibility for risk management close to our operations. In addition, we have integrated controls, specifically targeting human rights related risks in our Group-wide internal control framework. These controls include, but are not limited to, compliance with minimum wage requirements, overtime rules, changes to pay, and collective agreements.

To further mitigate any adverse human rights impact, SGS applies the four-eyes principle in a rigorous manner to all employment-related decisions. All employment contracts and any changes in an employee's general conditions require at least two levels of approval and the validation of a human resources professional.

In our continuous effort to integrate human rights considerations throughout our operations, we have developed a Human Rights Due Diligence Checklist, tailored for use during future social compliance audits within our own operations. This initiative helps us manage operational risks more effectively, uphold our responsible business practices, and foster positive engagement with our stakeholders.

SGS has put in place several policies, procedures and plans to prevent and reduce the risk of having a negative impact on human rights as part of our ongoing commitment to upholding such rights. All policies, programs and plans aimed at preventing and mitigating human rights risks apply to all SGS employees and all offices and laboratories operated by SGS. These policies include the following aspects:

Diversity in the recruitment process

To ensure that we are increasing the diversity of our hiring, we train our recruiters on recruitment best practices and talent acquisition, and our managers in recruitment, interviewing and diversity best practices. We are also measuring the gender diversity of our applicants.

SGS has a standardized recruitment process. The process includes the use of interview scorecards to standardize the evaluation of our candidates in the interview process. The proper and consistent use of interview scorecards helps us to remove potential interview bias, create a quantitative standard for candidate evaluation, and make better hiring decisions. Furthermore, SGS designed a gender bias toolkit to help us prevent using gender-biased wording in job adverts. Gender-biased words can be viewed as discriminatory towards male or female candidates and could discourage people from applying to work for SGS.

In enhancing our recruitment practices, we have increased the use of AI predictive analytics. By integrating AI tools, we are able to analyze a wide array of candidate data without prejudice, effectively removing unconscious biases from the hiring process. The utilization of AI in our recruitment strategy reinforces our dedication to promoting diversity by ensuring that hiring decisions are based on merit and potential, regardless of the candidate's background.

Fair and competitive remuneration

SGS is committed to providing fair and competitive remuneration packages in all the markets in which we operate. Our approach ensures a fair and competitive remuneration package by utilizing a globally recognized job architecture methodology throughout the SGS Group. This methodology evaluates each job based on its contribution to our business success as well as the knowledge, qualification, skills and experience required to perform the job. It allows us to benchmark our remuneration packages against local market practices, using data collected from salary surveys conducted by reputable professional service providers.

Salary adjustments are a reflection of the employee's contribution to our business success as well as external factors such as local legislation and collective bargaining agreements where applicable.

The deployment of our new human capital management system, mySGS, has significantly enhanced our ability to manage and evaluate global job architecture effectively. With mySGS, we have centralized job data, including job grades. This enables us to conduct comprehensive data analysis, such as gender pay gap analysis. It provides immediate insight into pay disparities, which we can address promptly through corrective measures. This level of analysis and proactive management ensures our remuneration packages remain fair and competitive, while reinforcing our commitment to equal pay for work of equal value across the SGS Group.

In adherence to our anti-discrimination and dignity at work policy, we continue to ensure that every employment-related decision, including compensation, benefits, recognition and promotions is based solely on an individual's qualification, performance and behavior or other legitimate business considerations without discrimination. We rigorously respect minimum wages defined by the local regulations and comply with all the mandatory requirements defined by local legislation or binding collective bargaining agreements with regards to wages and their evolution.

No cash policy

SGS recognizes that cash-based wage payments are not only inefficient for employers, but also risky and disempowering for workers. We therefore follow the recommendations of the International Labour Organization and the UN-based Better Than Cash Alliance to shift wage payments from cash to digital, in order to promote respect for workers' rights, broaden financial inclusion and make payments safer and more transparent. Our Group policies require wages to be paid digitally and not through cash or cheques.

Education and employability

SGS promotes the right to education by offering continuous learning opportunities to all our employees. Our employee online learning portal offers a large portfolio of learning opportunities, ranging from technical knowledge to interpersonal and management skills. It enables our employees to fully customize their individual learning path to their needs.

We believe that helping our employees embrace a lifelong learning mindset will empower them to increase their employability and help them be more resilient to life challenges. The recent integration of an auto-translation tool into SGS Campus allows for course materials to be translated into 72 languages, significantly increasing the accessibility and reach of these resources. This enhancement ensures employees worldwide can engage with learning in their native language, promoting inclusivity and fostering a learning environment that accommodates a diverse workforce.

Anti-discrimination and dignity at work

As stated in our anti-discrimination and dignity at work policy, SGS does not tolerate any discriminatory practices, harassment or bullying, in particular based on age, civil partnership, disability, ethnicity, family status, gender, gender identity, ideological views, marital status, nationality, political affiliation, pregnancy, religion, sexual orientation, social origin or any other status that is protected as a matter of local law. We encourage our employees to act immediately and speak up if they encounter discrimination. At SGS, there is no place for any form of discrimination.

Facilitating the freedom of expression and opinion

At SGS, we are dedicated to fostering an atmosphere where people can freely engage in dialogue, offer ideas and voice their opinions without worrying about facing consequences. We place a high priority on open communication. To foster sharing, cooperation and engagement, we are dedicated to fostering an open and sincere relationship with our employees, as stated in our business principle on leadership. To enable our employees to share their honest feedback anonymously and to help us understand how our employees feel about working for SGS, we conduct regular employee engagement surveys.

Bonded labor, child labor and forced labor

SGS does not engage in bonded labor, child labor or forced labor. As an inspection, verification, testing and certification company, it is in the nature of our business to employ workers with a certain level of occupational qualifications (e.g. inspectors, auditors, office workers, laboratory personnel). In our own operations, many of our activities are therefore considered inherently low-to-medium risk for bonded labor, child labor or forced labor.

Health and safety (H&S)

Our health, safety & environment policy statement and the SGS Rules for Life sets the foundations of our H&S management system. Our H&S management system covers all personnel, including employees, clients, contractors and visitors, at SGS locations or locations operated by SGS. It defines the criteria to be met to comply with our own requirements and with local laws and regulations. To ensure compliance, we audit regions and countries centrally, while local H&S managers audit our laboratories, offices and facilities. The audit results go into our performance reports, along with incidents and hazards information captured in the system.

All site managers are expected to perform risk assessments and develop associated action plans. Employees have the right to stop work at any time, without reprisal, if they consider there to be a health, safety or environmental risk. To ensure early detection of potential ill health, we conduct pre-employment and periodic health surveillance on our workforce. Through appropriate case management, we support management and recovery from illness resulting from these exposures.

We promote initiatives to enhance the physical and mental well-being of our employees to ensure their fitness for work. This includes the provision of preventive health measures, such as vaccinations, and mental and physical health programs focused on awareness, support and resilience.

Each role at SGS requires specific H&S knowledge to support the safety and well-being of our employees. All employees are given training on site standard operating procedures, along with regular training sessions on Group H&S management systems and Rules for Life. We also operate a behavior-based safety peer-to-peer observation program.

Processes for engaging with own workers and workers' representatives about impacts

Works councils

One of SGS's primary communication channels with employee representatives is the European Works Council (EWC). The EWC serves as a formal platform where management informs and consults employees on significant business developments and decisions at a European level that could impact their employment or working conditions. The EWC representatives are selected based on the rules of each of the 25 European member countries, with each country represented by at least one delegate. Depending on the workforce size within a country, representation may increase to two or three members.

To facilitate regular and effective communication, the EWC elects five representatives to form a select committee, which serves as the primary contact for management throughout the year. The committee addresses mutual initiatives and issues requiring discussion. The selected committee and management typically meet in person once or twice a year, supplemented by ongoing communication via email or virtual meetings.

Additionally, an annual in-person meeting is held over three to four days, during which all 30 EWC representatives are invited. This meeting includes specialized training by external trainers to strengthen the representatives' understanding of European legislation and EWC rights. One full day is dedicated to meetings with SGS management, providing an opportunity to align SGS's strategic direction and overall performance.

The Head of Europe at SGS oversees this engagement, supported by the Head of HR Europe. Their leadership ensures that EWC representatives' feedback and insights are actively integrated into decision-making processes. This includes considerations in strategic areas such as acquisitions, divestments, reorganizations and structural changes.

To assess the effectiveness of this engagement, SGS conducts an annual evaluation following the week's meetings, gathering feedback from EWC members to inform improvements in our collaboration. In addition to formal meetings, informal sessions are held to foster open dialogue, enabling management and EWC representatives to continuously refine their approach and strengthen mutual understanding.

The EWC plays a vital role in shaping SGS' approach to workforce-related matters, offering invaluable perspectives that guide us in managing both the current and potential impacts on our employees.

Employee Voice & Engagement

Our Employee Voice & Engagement survey enables us to understand employees' perceptions on important topics such as Company strategy, workplace practices, workload management, recognition, health and safety (H&S), and sustainability. Last year, we introduced a new Employee Voice & Engagement platform with pulse surveys, allowing us to collect more frequent and focused insights, enhancing our responsiveness to employee feedback.

After each survey, we analyze strengths and areas of improvement. Tailored action plans are then developed and implemented at the country level, ensuring that feedback is addressed locally. Confidentiality is rigorously maintained. All responses remain anonymous and are aggregated for reporting.

This structured process supports continuous improvement in employee engagement, ensuring that managers can address priorities based on real-time feedback, fostering a collaborative and responsive workplace culture.

Performance reviews

Our formal performance review process occurs annually and is a key communication channel between employees and their managers. During these reviews, employees discuss their performance relative to set targets and establish new goals for the coming year. This process also allows employees to share any concerns or career development needs with their managers. We customize the performance review approach based on the role, employing methods such as management by objectives and agile conversations. Managers are encouraged to provide ongoing feedback throughout the year, ensuring continuous performance alignment and development.

Processes to remediate negative impacts and channels for own workers to raise concerns

Employees can raise concerns through multiple channels, including direct communication with their manager or team leader, contacting Human Resources, or using established reporting mechanisms such as the SGS Integrity Helpline. All reports will be handled with confidentiality, sensitivity, and in accordance with applicable laws and policies.

Any employee or third party can report violations through our Integrity Helpline. All the reports received are considered and evaluated. Based on the data received, we assess whether an investigation is needed or whether more information is required. Reported issues might be discarded only if the information provided was not sufficient or if the issue reported is not in the scope of the Code of Integrity.

We do not tolerate violations of the Code of Integrity. Violations of the SGS code will result in disciplinary action, including termination of employment and criminal prosecution for serious violations.

We recognize that, even with the best policies and practices, SGS may cause or contribute to an adverse impact that we have not foreseen or been able to prevent. When this occurs, SGS applies remediation actions to ensure that the people who were negatively affected receive an effective remedy. In line with the UNGPs, when an adverse impact is detected in our own operations, SGS is committed to taking transparent action to remedy the situation in a fair and equitable manner. Should the adverse impact be found in the supply chain, SGS will encourage its suppliers to respect human rights, either through the development and implementation of corrective action plans or through governance.

Taking action on material impacts on own workforce

Talent attraction and retention

SGS completed the second phase of the mySGS Global Human Capital Management (HCM) system implementation, integrating talent review, succession planning, goal setting, and performance management into a unified platform. This standardization enhances our ability to attract, retain and develop top talent while aligning individual goals with organizational objectives. Our efforts were recognized by Workday, who gave us the Rock Star award for the best large-scale global rollout.

We developed the 'Stay Conversation' and 'Career Conversation' frameworks to provide managers with tools for proactive engagement with employees on retention and career development. The 'Stay Conversation' helps managers address retention topics early, while the 'Career Conversation' offers a structured approach for discussing career aspirations, challenges and opportunities. The outcomes from these conversations will be translated into concrete actions and integrated into personalized development plans, ensuring systematic follow-up and execution.

To further support future growth, we established a dedicated talent pool for critical P&L positions, securing a strong leadership pipeline in alignment with our Strategy 27.

Training and skills development

We integrated SGS Campus, our dedicated online learning portal for employees, with mySGS, enhancing our talent development capabilities and creating a unified learning environment across the organization.

We launched a new online learning platform for leadership development, providing access to a wide range of courses from major business schools. This platform empowers employees to drive their own development at their own pace.

We have developed a new Leadership Program to support the implementation of Strategy 27, scheduled to launch in 2025. This program aims to equip leaders with the necessary skills to achieve our strategic goals.

We are also helping employees become more digital in their daily tasks. We organized nine sessions during 2024 covering different topics, specially focused on the use of productivity applications. In the future, we will focus on the basic processes that employees have in their daily work, like managing documents, planning and organization. This way, we can support people to become more productive and efficient in their daily work. In 2025, we plan to deliver training on the following areas: communication and collaboration, planning and prioritization, project management, time management, reporting, problem solving and decision making, and administrative tasks.

In addition to this, as part of our goal of delivering high-quality training to our employees, we have begun developing a comprehensive sustainability training framework. This framework includes a basic course for all employees, an intermediate course for those seeking specialization, a course for Top Management, and continued human rights training, which was already part of our curriculum. The courses include several topics such as climate change, integrity, diversity and human rights, with a key focus on SGS strategic priorities.

Performance reviews

In 2024, we designed a continuous performance management model that supports ongoing coaching and feedback between managers and employees. This model will be fully integrated into the 2025 performance management cycle.

We have implemented a new system to manage the performance reviews process integrated within mySGS. The process focuses on setting clear expectations, continuously monitoring progress, providing regular feedback, and offering coaching and support to develop employees' skills and capabilities.

The Employee Voice & Engagement survey

In 2024, we expanded the Employee Voice & Engagement survey, inviting more than 62,000 employees to participate, almost three times more than the previous year. The response rate was 76.6%, with an engagement score of 7.3.

We also created a pulse survey feature to provide more frequent and focused engagement insights, enhancing our ability to respond to employee feedback.

Diversity

SGS introduced its first Group diversity, equity and inclusion (DE&I) policy, establishing clear expectations for supporting DE&I at all levels. This policy, together with our updated sustainability business principle, underscores our commitment to creating a workplace that values diversity, promotes equity and empowers all employees.

The integration of HR-related processes into the mySGS HCM system has provided us with real-time visibility into workforce demographics and employment management across the Group. This enables us to proactively identify opportunities to enhance DE&I, and implement targeted actions to support a more inclusive workplace. Leveraging these insights, we are well positioned to cultivate a culture that values and empowers all employees.

Thanks to our commitment and efforts, we have been included in the FTSE Diversity & Inclusion Index for the second consecutive year. This index ranks over 15,000 companies globally and identifies the top 100 publicly traded companies with the most diverse and inclusive workplaces, as measured by 24 separate metrics across four key pillars: diversity, inclusion, people development, and news and controversies.

This Group commitment is reflected at the local level in several ways. For example, for the third consecutive year, SGS Spain, has been awarded the TOP DIVERSITY COMPANY certification, in the framework of the largest professional congress on diversity, equity and inclusion, the DEI SUMMIT, organized by the INTRAMA Foundation.

Health and safety

We have introduced several targeted training initiatives to enhance the skills and knowledge of our employees, ensuring they contribute effectively to a safer workplace. One of the key initiatives was the global onboarding scheme for H&S professionals, designed to provide new team members with a comprehensive understanding of our safety culture and policies. Additionally, we also implemented a new e-learning onboarding for all new employees and contractors, ensuring that safety remains a priority from day one. These training efforts have fostered greater engagement, collaboration and awareness across our global workforce, contributing significantly to a safer and healthier working environment.

Apart from training, we organize several awareness initiatives throughout the year:

- As part of our ongoing commitment to ensuring a safe workplace, this year Safety Month focused on preventing slips, trips and falls accidents. These incidents are common in many work environments (from offices to warehouses), and they represent the most common way of being injured at SGS. While everyone is at risk, certain groups are more vulnerable to STF accidents. Older adults, for instance, are at a higher risk due to potential mobility issues and weaker physical condition. In the workplace, employees who frequently navigate between different types of flooring, carry loads that obstruct their view or work in areas with poor lighting are also significantly exposed
- During Safety Month, the Global H&S Survey is launched to capture employees' perceptions and sentiments regarding H&S
- Each year, the collected data is thoroughly analyzed to pinpoint opportunities for improvement across global, regional, country, and business line levels. 2024 key highlights include:
  - 36,012 SGS employees participated in the Global H&S Survey across all five regions, line of businesses and functions
  - 93% of SGS employees feel protected against the risks associated with their jobs
  - 94% declared feeling empowered to stop the job when their or others' health and safety is at risk
- We also released a chemical awareness campaign called: Be Safe Be Chemsafe. The goal of this campaign was to raise awareness, reinforce safety practices, address the importance of health protection in the workplace and ensure emergency readiness

3.3. Metrics and targets

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Embedded in our Strategy 27 and as part of our Sustainability Ambitions 2030, we have set several targets linked to our social impacts, risks and opportunities. For more information see section 1.4.

Workforce metrics

Workforce breakdown

The total number of full-time equivalent employees (FTE) decreased to 99 483 as of December 2024. This was the result of the deployment of a leaner operating model, partly compensated by the successful relaunch of M&A program, bringing more than 500 new FTEs, and by the expansion in operational workforce, supporting the strong growth delivered.

Unless stated otherwise, workforce data only includes own employees. Currently, we do not consolidate centrally the data relative to workers who are not employees.

	2024	2023	2022
Number of FTEs[1] at year end (# FTEs)	**99 483**	99 589	98 152
Number of employees at year end (# employees)	**102 413**	103 193	101 860
Employees by gender (female) (% of total employees)	38	37	37
Employees by gender (male) (% of total employees)	62	63	63
Permanent workers (% of total employees)	93	92	92
Casual[2] workers (% of total employees)	7	8	8

1. Full-time equivalent employment is the number of full-time equivalent jobs, defined as total hours worked divided by average annual hours worked in full-time jobs.
2. Casual employees are those people who are engaged for short periods of time (man-day, job by job basis).

Number of employees by region at year end	**2024**	2023	2022
Asia Pacific	37 493	37 077	36 987
Europe	24 028	24 473	24 494
North America	5 896	5 778	5 839
Eastern Europe, Middle East and Africa	19 578	19 820	19 171
Latin America	15 418	16 045	15 369

Employees in management positions by gender	**2024**	2023	2022
Male (% of male employees over total management positions)	65.1	65.7	66.1
Female (% of female employees over total management positions)	34.9	34.3	33.9

Diversity

	2024	2023	2022
Employees by age – Under 30 years old (female) (# of employees by ranges of age)	10 853	11 146	10 995
Employees by age – Under 30 years old (male) (# of employees by ranges of age)	13 995	14 500	14 248
Employees by age – 30 to 50 years old (female) (# of employees by ranges of age)	23 163	22 753	22 255
Employees by age – 30 to 50 years old (male) (# of employees by ranges of age)	38 547	39 432	39 695
Employees by age – Over 50 years old (female) (# of employees by ranges of age)	4 812	4 611	4 394
Employees by age – Over 50 years old (male) (# of employees by ranges of age)	11 043	10 743	10 271
CEO-3 employees # of CEO-3 employees	1 240	1 299	1 235
CEO-3 by gender (female) 'Women in Leadership' (% of CEO-3 female employees)	**32**	**32**	**31**
CEO-3 by gender (male) (% of CEO-3 male employees)	68	68	69
Women in management positions in sales-generating functions (% of women over the total managers in sales-generating functions)	34.0	32.3	31.8
Women in STEM-related positions (% of women over the total STEM-related positions)	38.5	34.3	33.8

Nationality	**2024**	2023
Employees by top 5 nationalities[1](% of share in total workforce)		
Chinese	16.7	17.0
Indian	5.6	5.6
Spanish	4.7	4.5
German	3.6	3.7
Brazilian	3.5	3.7
Management workforce by top 5 nationalities[1] (% of share in total management workforce)		
Chinese	14.0	14.9
Indian	5.0	5.6
French	4.7	4.8
German	4.3	4.6
Brazilian	3.8	4.1

1. This data covers 97% of our employees as USA employees are not included in this breakdown.

Employee engagement

	2024	2023	2022
Employees invited to participate in the employee engagement survey (# of employees)	62 052	25 412	28 569
Response rate (%)	77	81	79
Engagement Index (2023 and 2024: average score out of 10; 2022: average score out of 100)	7.3	7.6	69
Actively engaged employees[1] (%)	74	79	64
Management support index[2] (2023 and 2024: average score out of 10; 2022: average score out of 100)	8.0	8.3	72

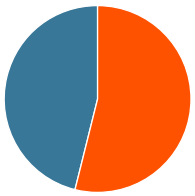
1. Employees that are Promoters and Passives (those that gave a score from 10 to 7) based on employee NPS.
2. Management support index (formerly, 'Manager effectiveness index' before the new Employee Voice & Engagement platform) is calculated based on the combination of the two questions of the engagement survey: 'My manager provides me with the support that I need to complete my work' and 'My manager communicates openly and honestly with me.'

Talent attraction and retention

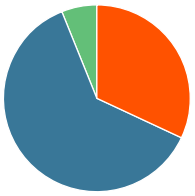
	2024	2023[1]	2022
New hires (# of employees)	28 337	27 288	28 430
Internal new hires (% of total new hires)	20.9	16.3	15.1
New hires (female) (% of internal hires)	46.1	45.8	50.3
New hires (male) (% of internal hires)	53.9	54.2	49.7
External new hires (% of total new hires)	79.1	83.7	84.9
New hires (female) (% of external hires)	35.2	36.1	36.8
New hires (male) (% of external hires)	64.8	63.9	63.2
Total number of employees who left the Company during the year (# of employees)	21 746	18 114	18 995
Voluntary turnover (% of permanent employees)	13.7	12.8	14.8
Total turnover (% of total permanent employees)	22.8	19.0	20.3
Total turnover female (% of total permanent female employees)	20.0	18.4	19.6
Total turnover male (% of total permanent male employees)	24.5	19.4	20.8

1. Total number of employees who left the Company in 2023 were updated based on improved data accuracy, with an increase of 124 employees who left. Voluntary turnover has increased 0.1 percentage points and total turnover has decrease 0.2 percentage points.

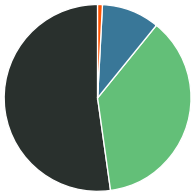
Internal new hires



Male	54%
Female	46%

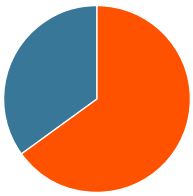


<30 years	32%
30-50 years	62%
>50 years	6%

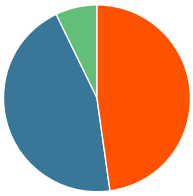


Top management	1%
Middle management	10%
Junior management	37%
Non-management positions	52%

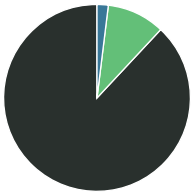
External new hires



Male	65%
Female	35%

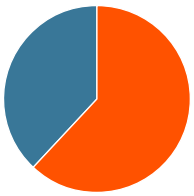


<30 years	48%
30-50 years	45%
>50 years	7%

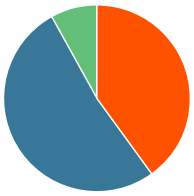


Top management	0%
Middle management	2%
Junior management	10%
Non-management positions	88%

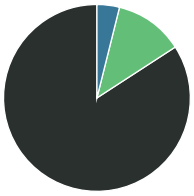
Voluntary leaves



Male	62%
Female	38%



<30 years	40%
30-50 years	52%
>50 years	8%



Top management	0%
Middle management	4%
Junior management	12%
Non-management positions	84%

Adequate wages and compensation

	2024	2023	2022
Mean gender pay gap[1] (% of difference between men and women employees)	1.3	3.0	2.4
Median gender pay gap[1] (% of difference between men and women employees)	–7.2	–4.7	–7.3
Mean bonus gap[1] (% of difference between men and women employees)	10.8	21.4	21.0
Median bonus gap[1] (% of difference between men and women employees)	0.0	–4.0	6.3
CEO and mean employee compensation ratio[2]	56.4	31.9	28.5

1. This data covers 98% of all SGS employees. 0% means no gap, negative percentage benefits women and positive percentage benefits men.
2. To make the ratio comparable, we have implemented cost of living adjustments using the Purchasing Power Parity conversion rates and it is calculated based only on base salary and bonuses (excluding pension funds and extra hours).

Inclusion of persons with disabilities

	2024	2023	2022
Employees with disabilities[1]	979	906	796
Employees with disabilities – female	482	434	369
Employees with disabilities – male	497	472	427
% of employees with disabilities	1.0	0.9	0.8

1. Employees with disabilities are recorded in the HR system according to the local regulation in each affiliate, which may vary between countries.

Training and skills development

	2024	2023[1]	2022
Training hours per FTE (# of hours per FTE)	61.4	61.1	54.7
Total training hours[2] (# of hours)	**6 092 636**	**6 016 570**	**5 296 680**
Management and leadership development training	81 122	110 575	80 972
Apprentice & trainee training programs	270 059	205 020	201 868
Technical training	970 146	832 438	872 340
Non-technical training	123 684	157 183	97 120
Health & safety training	3 432 614	3 423 056	2 937 914
Compliance training	911 257	1 071 096	757 649
Other training	303 754	217 201	348 818
Performance reviews (% of employees who have received performance reviews out of the total eligible)	88.3	79.2	84.5

1. Training hours in 2023 were updated based on improved data accuracy, with a decrease of 0.1 percentage points in Training hours per FTE and a decrease of 15,273 hours in Technical trainings.
2. We do not collect training hours data broken down by gender. We offer different types of training to our employees based on their needs and business demands and regardless of their gender.

Health and safety

	2024	2023	2022
Total Recordable Incident Rate (TRIR)[1] (occurrences per 200 000)	0.34	0.32	0.35
Number of recordable incidents[2] (# of incidents)	355	326	346
Lost Time Incident Rate (LTIR)[3] (occurrences per 200 000)	0.17	0.17	0.19
Fatalities (# of cases)	2	2	–
Sites certified to ISO 45001 and/or ISO 14001 standards (number of sites)	719	644	562
Sites dual certified to ISO 45001 and ISO 14001 standards (number of sites)	291	278	229
FTE covered by ISO45001 standard (number of FTE)	32 348	28 222	20 862
Percentage of FTE covered by ISO45001 standard (%)	32.5	28.3	21.3
FTE covered by ISO14001 standard (number of FTE)	31 574	26 204	18 195
Safety training hours (# of hours)	3 432 614	3 423 056	2 937 914
Health and safety training per employee (# of hours per FTE)	34.6	34.7	30.4
Total absence rate[4] (% of days of sickness absence plus days lost per incidents with lost time per total days worked)	2.07	1.92	2.22
Sickness absence rate (% of days of sickness absence per total days worked)	2.05	1.90	2.20
Work-related absence rate (% of days of days of lost time and restricted duty due to recordable incidents per total days worked)	0.02	0.02	0.02

1. Number of lost time, restricted duty, medical treatment incidents and fatalities per 200 000 hours worked.
2. Number of lost time, restricted duty, medical treatment incidents and fatalities.
3. Number of lost time incidents per 200 000 hours worked.
4. Days of sickness absence and restricted duty per total days worked.

Collective bargaining coverage and social dialogue and protection

	2024	2023	2022
Percentage of employees covered by collective bargaining agreements[1]	47	46	46

1. Employees covered by collective consultation/representation processes. The scope is limited to those affiliates where collective bargaining exists according to the International Labour Organization database for coverage rate.

Incidents, complaints and severe human rights impacts

	2024	2023	2022
Number of operations identified as having a significant risk of incidences of child labor, forced or compulsory labor, or where the right to exercise freedom of association may be violated	–	–	–
Total number of employees trained on our Human Rights Principles	85 628	88 885	79 893
Percentage of employees trained on our Human Rights Principles	83.6	86.1	78.4

1. "Helplines" means channels used by employees and external parties to report suspected violations of the Code of integrity and submitted online, by phone call.

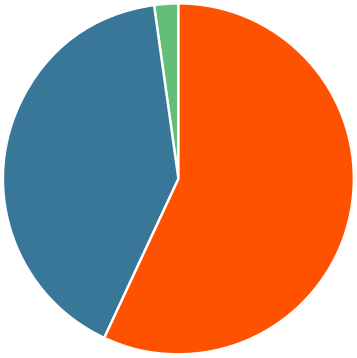
Community donations

We are committed to supporting the communities where we operate, and do so across three pillars: empowerment, education and environmental sustainability. Through our community program, we help to tackle global challenges such as poverty, equal opportunities, health, education, climate change and environmental degradation.

	2024	2023	2022
Community donations[1] (CHF thousands on constant currency basis)	1 473	1 722	1 850
Total community projects (# of projects)	528	595	526
Community hours (# of hours dedicated to community)	33 651	32 590	18 691

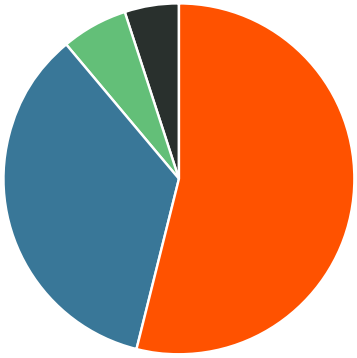
1. Community donations include: cash, donations in kind and volunteering hours.

Donation per type



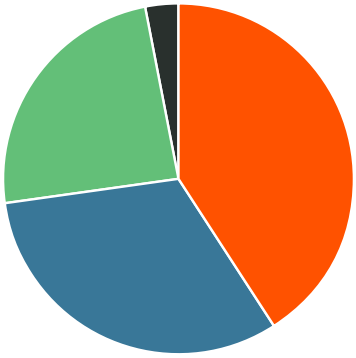
Community donation	**52%**
Occasional charitable donation	**46%**
Commercial initiative	**2%**

Donation per nature of contribution



Cash contribution	**54%**
Volunteering hours	**35%**
Management costs	**6%**
In-kind donation	**5%**

Donations per pillar



Empowerment	**44%**
Education	**35%**
Environmental sustainability	**17%**
Disaster relief	**4%**

4. Governance topics

4.1. Governance

The role of the administrative, supervisory and management bodies

The Board of Directors has the ultimate responsibility for the strategic direction, supervision and the control of the management of the Company and the Group.

Such responsibility includes, among others, respecting the Company's business principles, Code of Integrity and any other policies or procedures relevant to the ethical conduct of business as may be enacted from time to time, defining and approving the business principles, values and codes of conducts and setting the tone of the Group business culture.

In addition, the Audit Committee assists the Board in ensuring Group compliance with legal and regulatory requirements. The Audit Committee has the following attributions in relation to:

- Reviewing and discussing any fraud, whether or not material, that involves management or other employees who have a significant role in the Group's internal controls
- Reviewing major litigation or material legal matters involving the Company or the Group
- Reviewing reports on compliance matters, including on violations of the Code of Integrity, internal investigations, whistle-blower reporting procedures, information regarding due diligence of business partners, agents and suppliers, and other such matters brought to the attention of the Committee by the Chief Compliance Officer

Finally, the Board is responsible for maintaining an appropriate level of oversight on the Company's activities, ensuring compliance with applicable laws and internal and external rules and regulations.

In turn, the Executive Committee is entrusted with implementing the strategy, goals and objectives of the Company, maintaining the same tone from the top with regards to business culture and managing the day-to-day business operations of the Company.

The members of the Executive Committee and the Board have a deep level of understanding of the SGS compliance framework and requirements and are fully committed to conducting and promoting SGS's business in a highly ethical and sustainable manner.

Both the Chief Compliance Officer and the Head of Business Ethics have extensive experience in business ethics and compliance.

4.2. Impact, risk and opportunity management

Business conduct policies and corporate culture

Being trusted is a prerequisite of everything we do as a business. The SGS Code of Integrity applies to all employees, as well as affiliated companies, contractors, subcontractors, joint venture partners and agents.

The new edition of the SGS Code of Integrity was launched in May 2024. It formally introduces the responsibility of employees in management roles to ensure that their direct reports have been properly trained, fully understand the content of the training course and are able to comply with and apply the Code, and that they act with integrity. The revised version also highlights the rules on sanctions and trade controls, money laundering, and criminal and terrorism financing.

Key activities in 2024 related to business conduct include:

- New integrity assessments as a proactive and preventive measure to determine the control framework to prevent integrity risks across the SGS Group network
- Reporting of the locally investigated Code of Integrity violations to the global platform in order to collect accurate, centralized data
- Implementation of local channels in various affiliates to report suspected or known violations of the SGS Code of Integrity
- New global, regional and local learning offerings: live webinars, integrity minutes
- Implementation of a global framework to mitigate the sanctions risk. In this regard, there has been a substantial increase in the use of the sanctions advisory service

Grievance mechanisms

We communicate extensively throughout the Group on the different channels through which employees, external rightsholders and stakeholders can bring any breach of the Code of Integrity to our attention.

Our SGS integrity helpline is available 24/7 in multiple languages online and by phone and is offering a way to report concerns confidentially and anonymously. The SGS integrity helpline is operated by an independent service provider that specializes in dealing with compliance and ethics concerns. Communications made to this helpline are treated confidentially and are reported to the SGS compliance team, which protects the anonymity of the informant, where required.

SGS does not tolerate any form of retaliation or adverse consequences for having sought advice or reported any violations or risks of human rights violations. Retaliation against a rightsholder who has reported a violation in good faith will result in disciplinary action.

Animal welfare

At SGS, we are committed to minimizing animal testing by exploring other methods to ensure product safety and efficacy. In very limited cases, animal testing is still required by regulators, as there is no alternative way to assess specific risks.

Where regulations require animal testing, such as for environmental ecotoxicology risk assessments, we comply strictly with all legal standards while considering all viable alternatives first. We collaborate with industry partners to advance other testing methods and reduce reliance on animal tests wherever possible.

Training and awareness

Our foundational and annual mandatory training, Think Integrity, ensures that every employee understands the rules of the SGS Code of Integrity and the Integrity Helpline, as well as the principles, values and standards that guide our business operations. Real-world integrity dilemmas are presented through scenarios, allowing employees to navigate complex situations and make integrity-based decisions:

- **Target audience:** all employees and contractors
- **Frequency:** annual
- **Coverage:** includes Executive Committee members; Board members will be added shortly

The Compliance & Business Ethics Global Network facilitates ongoing regional webinar training sessions. These sessions provide targeted insights into the rules of the revised Code and address specific integrity challenges unique to each region:

- **Target audience:** regional
- **Frequency:** three sessions per quarter
- **Coverage:** all employees – non mandatory

We also conduct integrity sessions on the rules of the SGS Code of Integrity, which consist of micro learning, and are issued via email approximately on a monthly basis.

Several other initiatives are also accompanied by communication campaigns which may include videos, emails and information on several channels, articles on SGS's intranet, and even posts on social media, such as LinkedIn. Field and in-office material may also be launched with the campaign. These campaigns do not have a pre-established frequency.

In addition, senior management and leaders support and periodically communicate the importance of business ethics, compliance and integrity in their speeches, communication messages, town halls and meetings with their teams. They are responsible for acting as role models for the rest of our employees.

Employees in management roles must also ensure that all direct reports have been properly trained, fully understand the content of the training course, and are able to comply with and apply the Code. They must also ensure that employees under their supervision act with integrity and comply with the Code.

Employees in management roles are expected to be responsive to anyone who seeks guidance or raises concerns and to treat them seriously and in confidence.

Employees in management roles to whom suspected or known violations of the Code are reported must escalate them in accordance with the applicable SGS Group policies.

Management of relationships with suppliers and sustainable supply chain

We have a significant opportunity to extend our sustainability principles to many more businesses and employees beyond our own. As a responsible major purchaser, we ensure that goods and services are sourced sustainably and that our suppliers respect human rights.

Our Supplier Code of Conduct, updated in 2024, sets out the basis of our responsible sourcing approach. It defines not only the non-negotiable minimum standards that we ask our suppliers to respect when conducting business with SGS, but also the values which are shared throughout SGS, its various businesses and affiliates. Every supplier that wants to do business with SGS is required to sign the SGS Code of Conduct to ensure that they are aligned with our standards and commitments.

We have implemented the SGS self-assessment questionnaire (SAQ) for our key global and local suppliers operating in the top 25 countries. This is a strategic program that aims to identify potential sustainability risks in our supply chain, especially those concerning human rights and childhood protection, and take action to mitigate these risks, towards a full human right-protected partnering. This program is mandatory for all suppliers in scope to ensure that our current/potential partners comply with our standards. In 2024, we deployed the SGS SAQ program to our most strategic suppliers. This program ensures a sustainable supply chain by assessing our suppliers and creating a sustainability risk map. Based on this map, we collaborate with our suppliers, providing guidance and best practices from our new SGS Sustainability Guidebook to help mitigate high-impact issues in our supply chain. This represents our continuous commitment to fostering sustainable partnerships. Additionally, we have initiated a review of the program based on the results of the first phase, to optimize alignment with our goals.

We integrate social and environmental criteria in the selection of our suppliers since 2023. Since 2024, we have extended the number of social and environmental criteria in the selection of suppliers through our sourcing process. Besides requesting our participating suppliers to adhere to our Code of Conduct, we take other social and environmental factors into account in the evaluation of our suppliers, like child employment prohibitions, employee rights and anti-discrimination policies, environmental and H&S policies and management systems, and commitment to reduce carbon footprint.

Prevention and detection of corruption and bribery

There are various global (including the Integrity Helpline) and local channels that allow detection of corruption and bribery and through which SGS employees, and externals can report known or suspected violations of the SGS Code of Integrity, including those related to corruption.

The Compliance & Business Ethics function has direct communication channels into the Executive Committee and the Audit Committee.

The Chief Compliance Officer and the Global Head of Business Ethics regularly report to the Audit Committee, which is composed of members of the Board of Directors, on all business ethics, compliance and integrity related matters. The Chief Compliance Officer also has direct access to the Chairman of the Board.

Moreover, the Global Head of Business Ethics reports to the Executive Committee on the progress and status of the various SGS integrity program initiatives.

4.3. Metrics and targets

Compliance and integrity

	2024	2023	2022
Total number of integrity issues reported through integrity helplines[1]	512	450	374
Total number of breaches of the Code of Integrity identified through integrity helplines[1]	111	89	73

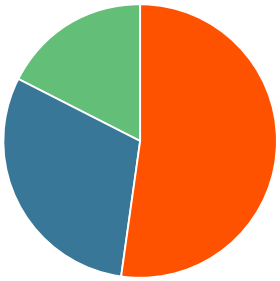
1. 'Helplines' means channels used by employees and external parties to report suspected violations of the Code of integrity and submitted online, by phone call, sent via fax, email or post.

Breakdown by type of breach[1]

Conducting business	44
Protecting assets	35
Acting with respect	21
Complying with laws	11

1. Breakdown based on the categories defined in the Code of Integrity. The following breaches are included: 7 cases of corruption and bribery (measures taken for these cases were terminations of employees and disciplinary actions), 1 case of discrimination (measure taken for this case was the termination of one employee) 1 case of data privacy and 15 cases of conflict of interest.

Breakdown by type of consequence[1]



Strict disciplinary actions by person[2]	87
Medium disciplinary actions by person[3]	50
Cases requiring corrective actions[4]	29

1. Consequences adopted during the reporting year. Some of these consequences may refer to breaches confirmed in previous years.
2. Termination with cause, without cause or by mutual agreement or resignation.
3. Financial sanction, suspension, written or verbal warnings or function demotion.
4. Process corrections, improvements, financial recovery actions, trainings or communications.

	2024	2023	2022
Percentage of employees signing the Code of Integrity	100	100	100
Percentage of employees trained on the Code of Integrity[1]	99.5	99.9	99.9
Percentage of operations analyzed for risks related to corruption	100	100	100.0
Public legal cases regarding corruption brought against the organization/employees	–	–	–

1. The calculation is based exclusively on permanent employees who completed the annual integrity training.

Political influence and lobbying activities

We do not provide any financial or in-kind support, given directly or indirectly, to political parties, their elected representatives or persons seeking political office. We support some industry associations, but the sum is not material, representing approximately 0.01% of our sales.

	2024	2023	2022
Lobbying, interest representation or similar (CHF)	–	–	–
Contributions to local, regional or national political campaigns, organizations or candidates (CHF)	–	–	–
Trade associations or tax-exempt groups (e.g. think tanks)[1] (CHF)	1 294 767	909 129	1 121 161
Other (e.g. spending related to ballot measures or referendums) (CHF)	–	–	–
Total contributions and other spending (CHF)	1 294 767	909 129	1 121 161
Contribution to industry associations as % of sales (% of sales)	0.01	0.01	0.02

1. The main associations we contributed to in 2024 were: Association of Professional Social Compliance Auditors: CHF 420,990; OT Technology Spain: CHF 131,307; Six Swiss Exchange: CHF 88,000; TIC Council: CHF 73,590; Energy Institute: CHF 65,870.

Sustainable procurement and supply chain

	2024	2023	2022
Spend analyzed for sustainability risks[1] (%)	100.0	100.0	100.0
Tier 1 Suppliers analyzed for sustainability risks[2] (% of total Tier 1 suppliers)	100.0	100.0	100.0
Number of local suppliers (% of total suppliers)	98.9	99.0	98.0
Number of global suppliers (% of total suppliers)	1.1	1.0	2.0
Spend of local suppliers (% of total spend)	90.2	89.0	84.0
Spend of global suppliers (% of total spend)	9.8	11.0	16.0
Spend by supra-region – Europe, Africa and Middle East (% of total spend)	44.0	43.0	46.0
Spend by supra-region – Asia Pacific (% of total spend)	32.0	35.0	34.0
Spend by supra-region – Americas (% of total spend)	24.0	22.0	20.0

1. Potential sustainability risks identified in the supply chain in 2022 assessment (as a % of spend): – Economic risk: low: 59%; medium: 40%; high: 1% – Social risk: low: 65%; medium: 35%; high: 0 – Environmental risk: low: 49%; medium: 49%; high: 2%.
2. Tier 1 suppliers within the scope of the SAQ.

Spend by category

In 2024, a new system to monitor procurement spend was implemented and we now have a more accurate spend categorization. Spend by category is presented as a percentage of total spend.

(% of total spend)	2024
Banks and financing	3
Car fleet	5
Insurances and pensions	5
Information technology and telecommunications	8
Laboratory	25
Logistics	4
Professional services	7
Real estate	17
Subcontracting	21
Travel	3
Other	2

5. Company-specific topics

5.1. Customer relationship and satisfaction

We expand and enhance our Voice of the Customer program every year to support our long-term customer satisfaction targets.

In an effort to obtain a more representative sample and thus gain greater visibility into our global customer experience, we have expanded the scope of countries participating in our Voice of the Customer survey.

Furthermore, we are making progress in integrating the various tools related to customer service (VOC, CRM, Mailing, etc.) to achieve better data quality and measurement, ensuring this information can be accessed from all relevant platforms.

We have developed internal training programs with the aim of increasing and enhancing communication with customers (a key area for improvement from prior surveys). We have also prepared and launched workshops at local level to facilitate the creation of action plans based on the results of the surveys. After implementing these and other actions we expect to significantly improve our customer experience and therefore our results in future surveys.

	2024	2023	2022
Customer satisfaction score (% score)	91[1]	91	85
Group sales covered by Voice of the Customer surveys[2] (% of total sales)	78	78	76
Countries participating in Voice of the Customer survey (# of countries)	34	27	27
Responses to Voice of the Customer surveys (# of responses)	32 588	26 140	19 000

1. In 2024, we adjusted the methodology to include the weight by operating segment.
2. 2023 data corrected in 2024.

5.2. Cybersecurity and data privacy

Information security and cybersecurity

IT security/cybersecurity governance

The Audit Committee supports the Board of Directors in discharging its duties in relation to financial reporting and internal controls. This includes specific IT security/cybersecurity risks. It receives regular reports on cybersecurity incidents and measures taken by management to address this risk.

We have implemented an information security management system (ISMS) certified under ISO/IEC 27001 since 2023, which ensures a structured and systematic approach to managing security risks. This system includes clear and defined governance mechanisms to oversee information security activities, aligned with international best practices.

We have also designated Board-level responsibilities for overseeing information security risks. This is achieved through a dedicated Information Security Committee, which annually reviews risks, controls, and progress in security. This committee is responsible for ensuring that the ISMS aligns with the organization's strategic and business objectives.

Additionally, the Risk Committee at the Board level also includes information security as a priority item on its agenda, enabling the integration of security risk management within the enterprise risk management framework.

The Company has appointed a Global Chief Information Security Officer (CISO) responsible for leading the information security program and reporting directly to the Board through the Security Committee. The CISO is accountable for implementing and maintaining the ISO/IEC 27001-certified ISMS, coordinating internal and external security audits, managing incident response, and ensuring security awareness across the organization.

This role is supported by six regional information security officers (RISO) and the Global Information Security (GIS) area, which provides SecOps, IAM, Vulnerability Management, and GRC services.

Additionally, the Chief Information Officer (CIO) works closely with the CISO to integrate security within the Company's technological and digital strategy, ensuring comprehensive cybersecurity coverage across all information systems.

David Plaza, CIO of SGS, has been appointed to the Executive Committee. In this role, he drives the implementation of a robust IT roadmap to support the goals of Strategy 27.

SGS has established robust governance mechanisms for information security, including an ISO/IEC 27001-certified ISMS, continuous oversight by the Board of Directors, and designated executive roles with clear responsibilities in security. This structure ensures that our security processes comply with international standards and are backed by strong governance and risk management policies.

IT security/cybersecurity policies

In 2024, policies were reviewed and updated to ensure all were aligned with ISO/IEC 27001, and we created an SGS Security white paper to document security strategies and standards.

SGS has a comprehensive information security policy framework that is accessible to all employees. This policy outlines our commitment to ensuring the security of our information assets and protecting stakeholder data.

The Company's policy includes a commitment to:

- Continuous investment in information security systems: we are committed to ongoing investment in advanced security technologies and solutions to enhance the resilience of our information security systems. This includes regular updates and upgrades to our security infrastructure in alignment with evolving cyber threats
- Integrity and protection of data: our policy prioritizes the integrity and confidentiality of all data handled by the Company. We have implemented robust data protection measures to prevent unauthorized access, data breaches and loss of sensitive information
- Monitoring and responsiveness to information security threats: we maintain a proactive approach to threat monitoring and incident response. We have a dedicated Security Operations Center (SecOps) that operates 24/7 to detect and respond to potential security incidents in real time
- Establishing individual responsibilities for information security for the entire workforce: our policy assigns clear security responsibilities to all employees, fostering a culture of security awareness and accountability. Regular training and awareness programs are conducted to ensure that everyone understands their role in protecting Company and customer information
- Applicable requirements designated for third parties (e.g. suppliers): we enforce strict security requirements for third-party vendors and suppliers, including regular assessments to ensure compliance with our security standards. These requirements are included in all contracts and are monitored continuously

Impacts, risks and opportunities management

SGS has a comprehensive information security management program (ISMP), which covers a wide range of security elements designed to protect our information assets and respond to potential security threats.

The Company's program includes:

- Escalation process to report incidents, vulnerabilities, or suspicious activities: we have established a clear and accessible process to report any security-related concerns, incidents, or suspicious activities. This process includes a dedicated hotline, an internal reporting tool and guidance on the immediate escalation of high-risk incidents
- Information security-related business continuity plans: we maintain robust business continuity and disaster recovery plans specifically tailored to address information security incidents. These plans are tested regularly to ensure readiness in the event of a cyberattack or data breach
- Information security vulnerability testing: we conduct regular vulnerability assessments and penetration testing to identify and mitigate potential security weaknesses. Our vulnerability management program is part of our commitment to continuous improvement in security
- Internal audits of the ISMSs: internal audits are conducted annually to evaluate the effectiveness of our ISMP, ensuring compliance with internal policies and industry standards. The audit results are reviewed by senior management and used to drive improvements in our security posture
- External certification of information security management: our ISMS is certified under ISO/IEC 27001, demonstrating our adherence to international best practices in information security management. This certification reflects our commitment to maintaining the highest standards in data protection and risk management

The ISO/IEC 27001 certification not only validates the strength of our ISMS but also provides us with a key competitive advantage in an environment where data protection is critical. This renewal ensures that we continue to operate with a rigorous and systematic approach to risk management, making sure that our internal processes not only comply with global regulations but are also secure and efficient.

For our clients, ISO/IEC 27001 is a guarantee that their information is protected against threats and vulnerabilities. This strengthens the trust in our ability to safeguard their most sensitive data, a core value that sets us apart and fosters lasting relationships built on security and transparency.

Moreover, by maintaining such high standards, we contribute to the sustainability of our business. Secure data management minimizes the risk of breaches, legal issues and reputational damage, which in turn ensures long-term business stability. Efficient security practices also support environmental sustainability by promoting digital processes, reducing paper consumption, and optimizing energy use in data storage and management systems.

- Information security awareness training: all employees undergo mandatory security awareness training, which includes modules on recognizing phishing, secure handling of data, and reporting suspicious activity. Training is conducted annually and supplemented with ongoing security communications and refreshers
- Monitoring of information security breaches: we have a dedicated SecOps that continuously monitors our environment for any security breaches or unusual activity
- Certification and compliance: we conducted NIS2 and IoT/OT security assessments to ensure compliance with current regulations
- Identity and Access Management (IAM): the deployment of passwordless authentication (Windows Hello) and the introduction of identity governance tool for financial users has significantly enhanced our access control mechanisms.
- We implement leading market solutions for identity threat detection and response to mitigate risks of identity attacks on servers and workstations, as well as identity governance tools
- Performance and recognition: leading BitSight security ratings for over a year, consistently maintaining a rating above 720 across all regions

Data privacy

SGS is committed to supporting the right of any individual to control their own personal information and to make decisions about it. Privacy is a fundamental human right and SGS has adopted an approach that protects the personal data of our customers, employees and third parties from the moment we collect it to the time we destroy it.

Data privacy is a key principle of our Code of Integrity. SGS respects the privacy and confidential nature of the personal information of any individual we interact with to the extent required for the effective operation of its business or for complying with legal requirements.

Our data privacy policy, upgraded in 2024, governs how we collect, use and manage the personal data of customers, employees and third parties. Moreover, we have developed a management framework to allow us to manage personal data in a manner that is consistent with the data privacy policy across all affiliates.

Aside from the policies, our data protection officers provide continuous advice, identify privacy risks, develop policies on specific issues and train employees on data privacy.

We also take data privacy into consideration from the outset when developing new services or processes. By following the privacy by design approach, we aim to avoid a 'collect first, ask questions later' approach to personal data. For those projects that entail data privacy concerns, our data protection officers work closely with the relevant business and IT security teams to undertake a data protection impact assessment, documenting both the potential risks to individuals and the measures being taken to minimize them.

In 2024, we have developed and deployed the SGS Data Privacy Controls Checklist. This checklist includes a comprehensive inventory of 13 privacy management categories and over 130 privacy management controls and activities, crafted to guide all SGS affiliates in meeting local privacy laws, while showcasing accountability in managing personal data and minimizing the risk of complaints. These controls will also serve as measurable benchmarks, enabling the tracking of data privacy compliance progress across SGS countries and regions.

We have also adopted and implemented retention rules within two critical global applications in HR and Sales and Marketing. This includes establishing clear retention periods, implementing storage guidelines to ensure local compliance, enhancing data quality and minimizing potential risks. Data retention is a critical aspect of modern data management, balancing our need for information access with legal, regulatory and business requirements. It supports the responsible management of increasing data volumes and strengthens the trust of our customers.

Finally, any individual who wants to exercise their privacy rights can do so by simply visiting our online privacy request form at www.sgs.com. We will not discriminate against individuals who choose to exercise any of their rights. Specifically, SGS will not deny goods or services, charge different prices or rates, or provide a different level of quality of services.

	2024	2023	2022
Number of complaints received from outside parties and substantiated by the organization (# of complaints)	1	–	–
Substantiated complaints concerning breaches of data customer policy (# of complaints)	–	–	–
Number of complaints from regulatory bodies (# of complaints)	–	–	–
Completion rate of data protection and privacy e-learning (% of people invited to the eLearning)	98	N/A[1]	N/A[1]

1. Data protection and privacy e-learning is a new course launched in 2024

5.3. Risk management

The content of this section is addressed in the Governance report pages 45 to 50.

5.4. Sustainability services

The content of this section is addressed in the Management report pages 2 and 21.

6. References

6.1. Glossary

The definitions and calculation methods of the indicators disclosed in the Non-financial statements are mostly based in Global Reporting Initiative (GRI) Standard and can be found in SGS Basis of reporting, available at sgs.com. Definitions for certain key indicators are explained as follows:

Customer satisfaction

Measurement of the level of customer satisfaction of the service SGS provides, collected through the global Voice of Customer program. The calculation method is based on the number of satisfied customers (rating of at 4 or 5, out of 5)/number of survey responses x 100. In 2024, we adjusted the methodology to include the weight by operating segment.

Training hours

Training hours include all training provided to employees internally or externally, in person or virtually. When specified, training hours also include training delivered to clients through the SGS Academy and training delivered to communities through the SGS Academy for the Community.

Women in leadership

Percentage of women managers up to level CEO-3. A manager is defined as an employee with a people-management responsibility and/or Profit & Loss responsibility and/or reports to an ExCo member, Managing Director or Business managers (except clerical jobs).

GHG emissions

Emissions of carbon dioxide equivalent (CO_2eq) to the atmosphere resulting from the company's operations and value chain. CO_2eq emissions are accounted based on the guidelines of the GHG Protocol.

Engagement index

Engagement is a measure of how committed to and enthusiastic employees are about their work and the organization. The index is the average engagement score given by survey respondents in response to 3 engagement questions:

- How likely is it that you would recommend SGS as a place to work?
- How likely is it that you would stay with SGS if you were offered the same job at another organization?
- Overall, how satisfied are you working at SGS?

It's calculated by averaging each employee's engagement score based on their answer to all the engagement questions and ranges between 0 to 10.

Number of experts

Based on SGS's job architecture, the level and grade of roles, this includes all those roles which require a technical background. It does not include roles in general management, administration, support functions or profiles requiring no technical qualifications.

Employees trained to the Code of Integrity

Number or percentage of permanent employees who have completed the annual mandatory integrity training.

6.2. GRI

SGS has reported the information cited in this GRI content index for the period 1 January 2024 to 31 December 2024 with reference to the GRI Standards.

GRI standard and disclosure		Reference	Reported performance	Assurance
GRI 2: General Disclosures 2021				
2-1	Organizational details	Page 90		AL
2-2	Entities included in the organization's sustainability reporting	Pages 144-145		AL
2-3	Reporting period, frequency and contact point	Pages 154 and 200		AL
2-4	Restatements of information	Page 157		AL
2-5	External assurance	Pages 154, 197-199		AL
2-6	Activities, value chain and other business relationships	Pages 10-11, 32-33, 184	– Spend by SGS category – Spend by SGS supra-region	AL
2-7	Employees	Page 176 Information regarding the total number of non-guaranteed hours employees, full-time employees and part-time employees including its breakdown by gender and by region is not disclosed.	– Number of employees at year end (# of employees) – Permanent workers (as a % of total employees) – Casual workers (as a % of total employees)	AL
2-9	Governance structure and composition	Pages 30-51		AL
2-10	Nomination and selection of the highest governance body	Page 34		AL
2-11	Chair of the highest governance body	Page 35		AL
2-12	Role of the highest governance body in overseeing the management of impacts	Page 39		AL
2-13	Delegation of responsibility for managing impacts	Page 39		AL
2-14	Role of the highest governance body in sustainability reporting	Page 39		AL
2-15	Conflicts of interest	Page 38		AL
2-16	Communication of critical concerns	Page 174 and 182-183	– Total number of substantiated breaches of the Code of Integrity received through integrity helplines and broken down by type of breach – Total number of integrity issues reported through integrity helplines	AL
2-17	Collective knowledge of the highest governance body	Page 155		AL
2-18	Evaluation of the performance of the highest governance body	Page 38		AL
2-19	Remuneration policies	Pages 52-79		AL
2-20	Process to determine remuneration	Pages 52-79		AL
2-21	Annual total compensation ratio	Pages 52-79 and 179	– CEO and mean employee compensation ratio	AL
2-22	Statement on sustainable development strategy	Pages 3-5		AL
2-23	Policy commitments	Page 11, 168, 172-173, 182-183		AL
2-24	Embedding policy commitments	Page 11, 168, 172-173, 182-183		AL
2-25	Processes to remediate negative impacts	Pages 163-168 and 174		AL
2-26	Mechanisms for seeking advice and raising concerns	Pages 174 and 182		AL
2-27	Compliance with laws and regulations	As indicated in our Code of Integrity, SGS complies with applicable laws in the countries where it does business. During 2024 the SGS Group was not condemned to any significant fines or penalties for non-compliance with any kind of laws and regulations.		AL
2-28	Membership associations	Pages 26 and 184	– Payments to trade associations or tax-exempt groups	AL

GRI standard and disclosure		Reference	Reported performance	Assurance
2-29	Approach to stakeholder engagement	Pages 157, 177 and 185	– Customer satisfaction score (as a % score) – Engagement index	AL
2-30	Collective bargaining agreements	Pages 173 and 180	– Percentage of employees covered by collective bargaining	AL
GRI 3: Material Topics 2021				
3-1	Process to determine material topics	Pages 158-162		AL
3-2	List of material topics	Pages 158-162		AL
3-3	Management of material topics	Pages 158-162		AL
GRI 201: Economic Performance 2016				
3-3	Management of material topics	Pages 82-85		
201-1	Direct economic value generated and distributed	– Total economic value generated: CHF 6 828 M (Revenue: CHF 6 794 M; Financial and other income: CHF 34 M) – Total economic value distributed: CHF 6 840 M (Salaries and wages: CHF 3 427 M; Subcontractors' expenses: CHF 414 M; Depreciation, amortization and impairment: CHF 476 M; Other operating expenses: CHF 1 534 M; Financial expenses: CHF 94 M; Dividends paid (expected): CHF 634 M; Income taxes CHF 222 Mio; Other taxes: CHF 38 M; Community contributions and charitable donations: CHF 1 M) – Total economic value retained: CHF -12 M	– Total economic value generated – Total economic value distributed – Total economic value retained	AL
201-2	Financial implications and other risks and opportunities due to climate change	Pages 165-168		
201-3	Defined benefit plan obligations and other retirement plans	Page 93-94 Only qualitative information is disclosed.		
201-4	Financial assistance received from government	SGS does not receive any significant financial assistance from governments, but we benefit from incentives in the form of grants from certain government schemes, such as energy-saving incentives. However, these benefits are of low value. This information is based on our global information gathering system. We are not aware of any significant incentives granted by governments or any financial aid granted to political parties at local level during 2024.		
GRI 202: Market Presence 2016				
3-3	Management of material topics	Page 172-173		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	The quantitative information breakdown is unavailable. We are currently evaluating alternative reporting options and expect to report in coming years.		
GRI 204: Procurement Practices 2016				
3-3	Management of material topics	Page 183		
204-1	Proportion of spending on local suppliers	Page 184	– Number of local suppliers (as a % of total suppliers) – Number of global suppliers (as a % of total suppliers) – Spend of local suppliers (as a % of total spend) – Spend of global suppliers (as a % of total spend)	AL
GRI 205: Anti-corruption 2016				
3-3	Management of material topics	Pages 182-183		
205-1	Operations assessed for risks related to corruption	Our non-financial macro risk assessment model analyzes economic, political, social and environmental risks across 220 geographies and includes our own employees, suppliers, indigenous people, migrant labor and local communities. The analysis of economic and political risks includes the following categories: government instability, policy instability, state failure, recession, inflation, currency depreciation, capital transfer, sovereign default, under-development, tax issues, corruption, infrastructural disruption, energy security, cybersecurity commitment, data protection and regulatory. Our most recent risk assessment was performed in 2022 and externally assured by PwC. The results of that assessment resulted in the following risk exposure: – Direct operations (as a % of sales): Low 58%; Medium 40%; High 2% – Supply chain (as a % of spend): Low 59%; Medium 40%; High 1%		

GRI standard and disclosure		Reference	Reported performance	Assurance
205-2	Communication and training about anti-corruption policies and procedures	Pages 182-183 Breakdown by gender and employee category is not reported.	– Percentage of employees trained to the Code of Integrity	AL
205-3	Confirmed incidents of corruption and actions taken	Page 183 In 2024, there were no public legal cases regarding corruption brought against the organization or its employees.	– Number and nature of confirmed incidents of corruption identified through corporate helplines	AL
GRI 206: Anti-competitive Behavior 2016				
3-3	Management of material topics	We are committed to using competitive and fair practices. As such, we do not engage in any understandings or agreements that may improperly influence markets, or discuss pricing, competitive bid processes, contractual terms, division of territories or customer and market allocations with competitors. We do not make disparaging or untruthful allegations regarding competitors, or endeavor to obtain confidential information about them using illegal or unethical means. Finally, our services and capabilities are never advertised in any way that could appear to be deceptive or misleading. We provide customers with detailed quotes and invoices so that they are informed about every aspect of our service, including pricing. Our Global Pricing Initiative, developed through expert review of pricing practices across the Group, ensures robust pricing processes and governance.		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	In 2024, we did not identify any legal actions related to anticompetitive behavior, antitrust and monopoly practices. This information is based on our global information gathering system based on incidents reported via the SGS integrity helplines. We are not aware of any significant incidents of this type at a local level during 2024.	– Number of legal actions pending or completed during the reporting period regarding anti-competitive behavior and violations of anti-trust and monopoly legislation in which the organization has been identified as a participant	AL
GRI 207: Tax 2019				
3-3	Management of material topics	Pages 100-101		
GRI 302: Energy 2016				
3-3	Management of material topics	Pages 163-165		
302-1	Energy consumption within the organization	Pages 163-165, 169 The information reported is limited to the total fuel and the total electricity consumption broken down by renewable and non-renewable electricity.	– Total energy consumption (MWh) – Total energy consumption by use (MWh) – Vehicle fuels energy (MWh) – Non-transport fuels energy (MWh) – Total electricity (MWh) – Standard electricity (MWh) – Renewable electricity (MWh) – Total energy production (MWh) – Non-renewable energy production (MWh) – Renewable energy production (MWh) – Total renewable electricity (As % of total electricity consumption)	AL
302-3	Energy intensity	Pages 163-165, 169	– Energy intensity per revenue (MWh/CHF million) – Energy intensity per FTE (MWh/FTE)	AL
302-4	Reduction of energy consumption	Page 169 Compared to 2023, our energy consumption has remained stable in 2024 (-0.04%).		AL
GRI 303: Water and Effluents 2018				
3-3	Management of material topics	Page 171		
303-5	Water consumption	Page 171		
GRI 304: Biodiversity 2016				
3-3	Management of material topics	Not applicable. Being a service based company, SGS does not have a significant impact on biodiversity.		
GRI 305: Emissions 2016				
3-3	Management of material topics	Page 163		
305-1	Direct (Scope 1) GHG emissions	Page 170	– Gross Scope 1 GHG emissions (tCO_2e)	AL
305-2	Energy indirect (Scope 2) GHG emissions	Page 170	– Gross location-based Scope 2 GHG emissions (tCO_2e) – Gross market-based Scope 2 GHG emissions3 (tCO_2e)	AL

GRI standard and disclosure		Reference	Reported performance	Assurance
305-3	Other indirect (Scope 3) GHG emissions	Page 170	– Total Gross indirect (Scope 3) GHG emissions (tCO_2e) – Purchased goods and services – Capital goods – Fuel and energy related activities (not included in Scope 1 and Scope 2) – Waste generated in operations – Business travel – Employee commuting	AL
305-4	GHG emissions intensity	Page 170	– Scope 1+2 intensity per sales market based (CO_2e tons/CHF million) – Scope 1+2 intensity per FTE market based (CO_2e tons/FTE) – Scope 3 intensity per sales (CO_2e tons/CHF million)	AL
305-5	Reduction of GHG emissions	Page 170	– Scope 1+2 emissions variation – Scope 3 emissions variation	AL
GRI 306: Waste 2020				
3-3	Management of material topics	Page 171		
306-3	(2020) Water generated	Page 171		
306-3	(2016) Significant spills	Page 171	– Environmental incidents (as # of environmental incidents including significant spills)	AL
306-4	Waste diverted from disposal	Page 171		
GRI 308: Supplier Environmental Assessment 2016				
3-3	Management of material topics	Page 183		
308-2	Negative environmental impacts in the supply chain and actions taken	Page 183 The information reported is limited to the number of suppliers assessed for environmental impacts. Our most recent risk assessment was performed in 2022 and externally assured by PwC.		
GRI 401: Employment 2016				
3-3	Management of material topics	Pages 172-175		
401-1	New employee hires and employee turnover	Page 178 Information not broken down by region.	– New hires (# of employees) – Total number of employees who left the Company during the year – Voluntary turnover (as a % of permanent employees) – Total turnover by gender (as a % of total permanent employees)	AL
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	We offer benefits such as healthcare plans and occupational pension plans to our employees considering their type of contract, in accordance with local market practices.		
401-3	Parental leave	Many of our affiliates provide paid maternity and paternity leave in excess of legally required minimum. For example, SGS in Switzerland offers 16 weeks of maternity leave paid at 100%. SGS in Australia offers 8 weeks of paid maternity leave in excess of the local legally required minimums and SGS in South Africa, offers 5 paid days while local regulation provides 3 paid days. We also provide different childcare facilities in many of our affiliates. Some of our offices count with special rooms equipped with armchairs and freezers dedicated to breastfeeding. We also offer our employees the possibility of flexible working arrangements such as flexible check-in and checkout, remote or part-time working to promote worklife balance. No quantitative information available.		
GRI 402: Labor/Management Relations 2016				
3-3	Management of material topics	We strictly adhere to tariff structures and arrangements negotiated with trade unions, while we also inform and consult employees on relevant business activities. We respect statutory minimum notice periods and give reasonable notice of any significant operational changes in line with local practices and labor markets. Our affiliates' communication and consultation processes are tailored to local needs. Organizational changes and relevant events that occur are formally communicated in compliance with the different regulations that apply both globally and locally as well as, when applicable, in accordance with what is established in the collective bargaining agreements of the Group's companies.		
402-1	Minimum notice periods regarding operational changes			AL

GRI standard and disclosure		Reference	Reported performance	Assurance
GRI 403: Occupational Health and Safety 2018				
3-3	Management of material topics	Pages 173-175		
403-1	Occupational health and safety management system	Page 173		AL
403-2	Hazard identification, risk assessment, and incident investigation	Page 173		AL
403-3	Occupational health services	Page 173		AL
403-4	Worker participation, consultation, and communication on occupational health and safety	Page 173		AL
403-5	Worker training on occupational health and safety	Page 175		AL
403-6	Promotion of worker health	Page 175		AL
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Pages 173-175		AL
403-8	Workers covered by an occupational health and safety management system	Page 180	– FTE covered by ISO 45001 standard (number of FTE)	AL
403-9	Work-related injuries	Page 180	– Total Recordable Incident Rate (TRIR) (occurrences per 200 000) – Lost Time Incident Rate (LTIR) (occurrences per 200 000) – Sickness absence rate (as a % of days of sickness absence per total days worked) – Total absence rate (as a % of days of sickness absence plus days lost per incidents with lost time per total days worked)	AL
403-10	Work-related ill health	Page 180 Information not broken down by gender and employee category.	– The number of fatalities as a result of work-related ill health	AL
GRI 404: Training and Education 2016				
3-3	Management of material topics	Page 174		
404-1	Average hours of training per year per employee	Page 179 Information not broken down by gender and employee category.	– Training ratio (As a % of total employment cost spent on training) – Percentage of employees trained on the Code of Integrity. – H&S training hours – % rate of completion of the data protection and privacy (e-learning)	AL
404-2	Programs for upgrading employee skills and transition assistance programs	Page 174		AL
404-3	Percentage of employees receiving regular performance and career development reviews	Page 179	– Performance reviews (as a % of employees eligible to performance review)	AL
GRI 405: Diversity and Equal Opportunity 2016				
3-3	Management of material topics	Page 175		
405-1	Diversity of governance bodies and employees	Pages 35-37, 42-43 The Board of Directors is composed of 8 members (5 men and 3 women) The Executive Committee is composed of 13 members (11 men and 2 women)	– Percentage of employees by gender – Percentage of managers by gender – Percentage of women in leadership positions (CEO-3) – Diversity on the Board and Executive Committee by gender, nationality and age	AL
405-2	Ratio of basic salary and remuneration of women to men	Page 179		

GRI standard and disclosure		Reference	Reported performance	Assurance
GRI 406: Non-discrimination 2016				
3-3	Management of material topics	Pages 172-173		
406-1	Incidents of discrimination and corrective actions taken	Page 183	– Total number of proven incidents of discrimination	AL
GRI 407: Freedom of Association and Collective Bargaining 2016				
3-3	Management of material topics	Page 173		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Our most recent risk assessment was performed in 2022 and externally assured by PwC.		
GRI 408: Child Labor 2016				
3-3	Management of material topics	Page 173		
408-1	Operations and suppliers at significant risk for incidents of child labor	Our most recent risk assessment was performed in 2022 and externally assured by PwC.		
GRI 409: Forced or Compulsory Labor 2016				
3-3	Management of material topics	Page 173		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Our most recent risk assessment was performed in 2022 and externally assured by PwC.		
GRI 413: Local Communities 2016				
3-3	Management of material topics	Page 181		
413-1	Operations with local community engagement, impact assessments, and development programs	Page 181 We have implemented such programs in 50% of our affiliates.	– Investment in community (CHF thousands) – Total community projects (# of projects) – Community hours (# of hours dedicated to community)	AL
GRI 414: Supplier Social Assessment 2016				
3-3	Management of material topics	Page 183		
414-2	Negative social impacts in the supply chain and actions taken	Page 183 The information reported is limited to the number of suppliers assessed for social impacts. Our most recent risk assessment was performed in 2022 and externally assured by PwC.		
GRI 415: Public Policy 2016				
3-3	Management of material topics	Page 184		
415-1	Political contributions	Page 184	– Contributions to local, regional or national political campaigns, organizations or candidates (CHF)	AL
GRI 417: Marketing and Labeling 2016				
3-3	Management of material topics	We provide customers with detailed quotes and invoices so that they are informed about every aspect of our service, including pricing. Our Global Pricing Initiative, developed through expert review of pricing practices across the Group, ensures robust pricing processes and governance.		
417-2	Incidents of non-compliance concerning product and service information and labeling	In 2024, we were not issued with any significant fines or penalties for non-compliance with regulations concerning product and service information and labelling.	– Total number of incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labeling.	AL
417-3	Incidents of non-compliance concerning marketing communications	In 2024, we were not issued with any significant fines or penalties for non-compliance with regulations concerning marketing communications.	– Total number of incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship.	AL
GRI 418: Customer Privacy 2016				
3-3	Management of material topics	Page 187		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 187 The total number of identified leaks, thefts, or losses of customer data is not reported.	– Number of complaints received from outside parties and substantiated by the organization (# of complaints) – Substantiated complaints concerning breaches of data customer policy (# of complaints) – Number of complaints from regulatory bodies (# of complaints)	AL

6.3. Sustainable Accounting Standards Board (SASB) framework alignment

The following tables illustrate how the Company's sustainability disclosures align with the SASB Disclosure Topics for the Professional & Commercial Services industry, and where specific information may be found.

Topic	Code	Accounting metric	Level of disclosure	Page number(s) and/or URL(s)
Data Security	SV-PS-230a.1	Description of approach to identifying and addressing data security risks	Disclosed	Pages 185-187
	SV-PS-230a.2	Description of policies and practices relating to collection, usage, and retention of customer information	Disclosed	Pages 185-187 See Privacy Policy at sgs.com
	SV-PS-230a.3	(1) Number of data breaches (2) Percentage involving customers' confidential business information (CBI) or personally identifiable information (PII) (3) Number of customers affected	Disclosed	Page 187
Workforce Diversity & Engagement	SV-PS-330a.1	Percentage of gender and racial/ethnic group representation for (1) Executive management, and (2) All other employees	Disclosed	Pages 35-37, 42-43 and 176
	SV-PS-330a.2	(1) Voluntary, and (2) Involuntary turnover rate for employees	Disclosed	Page 178
	SV-PS-330a.3	Employee engagement as a percentage	Disclosed	Page 177
Professional Integrity	SV-PS-510a.1	Description of approach to ensuring professional integrity	Disclosed	Pages 182-183 See Code of Integrity at sgs.com
	SV-PS-510a.2	Total amount of monetary losses as a result of legal proceedings associated with professional integrity	Disclosed	In 2024, we were not issued with any significant fines or penalties for noncompliance with regulations associated with professional integrity

Activity metrics

Activity metric	Code	Level of disclosure	Page number(s) and/or URL(s)
Number of employees by: (1) Full-time and part-time (2) Temporary, and (3) Contract	SV-PS-000.A	Partial[1]	Page 176
Employee hours worked; percentage billable	SV-PS-000.B	Not available[2]	–

1. FTEs, number of employees and percentage of casual and permanent workers are disclosed. We are working on reporting the requested breakdown in future reports.
2. We are working on reporting these figures in future reports.

6.4 Non-financial matters required by article 964b of the Swiss Code of Obligations

In compliance with the new Swiss rules on non-financial reporting (article 964b of the Swiss Code of Obligations), the Shareholders are invited to approve a report on non-financial matters. The Company publishes an integrated report, which covers a larger scope than what is strictly required by legislation. The vote of the shareholders is limited to the contents included in the following table.

Requirement	Sections in the Annual Report	Page number(s)	GRI Indicators
Description of the business model	Management Report: – How we create value	Pages 8 to 11	GRI 2-6
Description of the policies adopted in relation to the relevant matters and measures taken to implement these policies			
Environmental matters	Non-Financial Statements: – 2. Environmental topics	Pages 163-168	GRI 3-3 (Energy and Emissions) GRI 302-1, 303-3, 303-4, 305-1, 305-2, 305-3, 305-4, 305-5
Social and employee-related issues	Non-Financial Statements: – Management of relationships with suppliers and sustainable supply chain – Community donations	Pages 183, 185	GRI 3-3 (Procurement practices and Local communities) GRI 204-1, 413-1
Respect for human rights	Non-Financial Statements: – Policies related to own workforce – Processes for engaging with own workers and workers' representatives about impacts – Processes to remediate negative impacts and channels for own workers to raise concerns – Taking action on material impacts on own workforce	Pages 172-175	GRI 3-3 (Employment, Occupational Health and Safety, Training and Education) GRI 401-1, 403-1, 403-2, 403-3, 403-4, 403-6, 403-7, 404-1, 404-3
Combating corruption	Non-Financial Statements: – Business conduct policies and corporate culture – Prevention and detection of corruption and bribery	Pages 182-183	GRI 3-3 (Anti-corruption) GRI 205-2, 205-3
Description of the main risks related to the relevant matters and how the undertaking is dealing with these risks	Non-Financial Statements: – 1.5 Impacts, risks and opportunities	Pages 158-162	GRI 3-1, 3-2, 3-3
Main performance indicators	Non-Financial Statements: – 2.2 Metrics and targets – 3.3 Metrics and targets – 4.3 Metrics and targets – 5.1. Customer relationship and satisfaction	Pages 169, 170, 176-181, 183-186	GRI 302-1, 303-3, 303-4, 305-1, 305-2, 305-3, 305-4, 305-5, 403-8, 403-9, 403-10, 404-1, 404-3, 405-1, 406-1
References to national, European or international regulations	Non-Financial Statements: – 6.2. GRI – 6.3. Sustainable Accounting Standards Board (SASB) framework alignment	Page 155	N/A
Coverage of subsidiaries	Non-Financial Statements: – 1.1. General basis for preparation of the sustainability statement	Page 154	GRI 2-2

Shareholder information

Key dates and events

26 March 2025	Annual General Meeting of Shareholders (Geneva)
24 April 2025	Q1 2025 sales update (Virtual)
25 July 2025	Half year 2025 results (Virtual)
23 October 2025	Q3 2025 sales update (Virtual)
11 February 2026	Full year 2025 results (Zürich)

Stock listing information

Stock exchange trading	SIX Swiss Exchange
Common stock symbols	Bloomberg: SGSN.SW Reuters: SGSN.S Telekurs: SGSN ISIN: CH0002497458 Swiss security number: 249745

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When you need to be sure

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