

SGS
Investor Days
2022



Sustainability solutions at SGS

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Our purpose



Our CSR performance supports our solutions

Better governance

- **88% of customers satisfied** with SGS service
- **New 2023 procurement strategy**
- 26 sites have adopted the **World Class Services** methodology

Better society

- **29.1% women** in senior leadership positions
- **Lost Time Incident Rate and Total Recordable Incident Rate decreased by 26% and 19%** since 2018
- **CHF 0.96 million** invested in **communities** around the world

Better planet

- Committed to **Business Ambition for 1.5C** and to Net-Zero
- **97% electricity** from renewable sources
- **49% decrease** in total greenhouse gas emissions against a 2014 baseline

Our corporate sustainability leadership

Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA

A leader of the **DJSI World and Europe**, and among top performers for the **eight consecutive year** with ranking in **top 10%** of Professional Services Industry and **well over 2x the sector average**



Low risk rating driven by our **strong management of material ESG issues**



AAA rating, the **highest ESG rating** awarded by MSCI, for the **second consecutive year**



Prime distinction rating as recognition for excellence in management of ESG aspects among **over 200** companies in same sector



Platinum medal, the **highest recognition** awarded by EcoVadis, for the **third consecutive year**



FTSE4Good

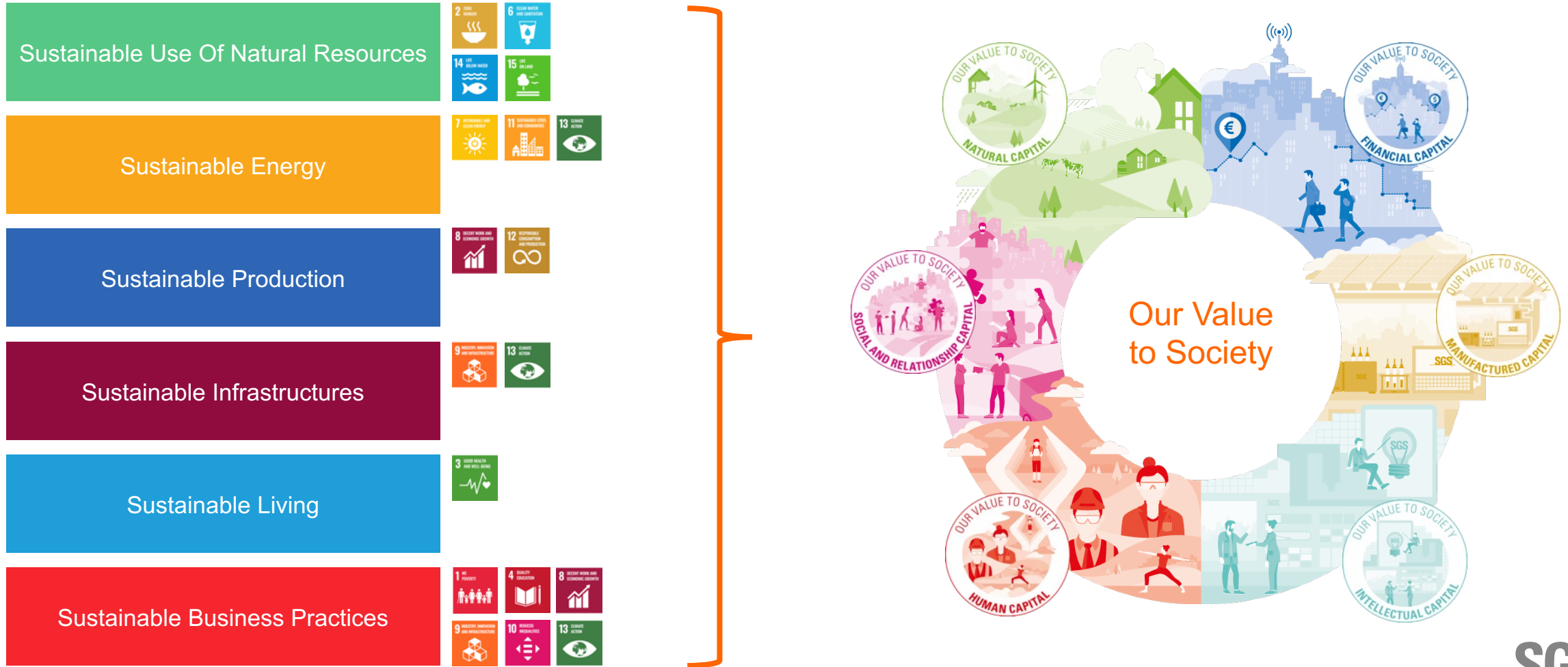
Inclusion in the **FTSE4Good index** for the **fourth consecutive year** for our strong **commitment to sustainable practices**



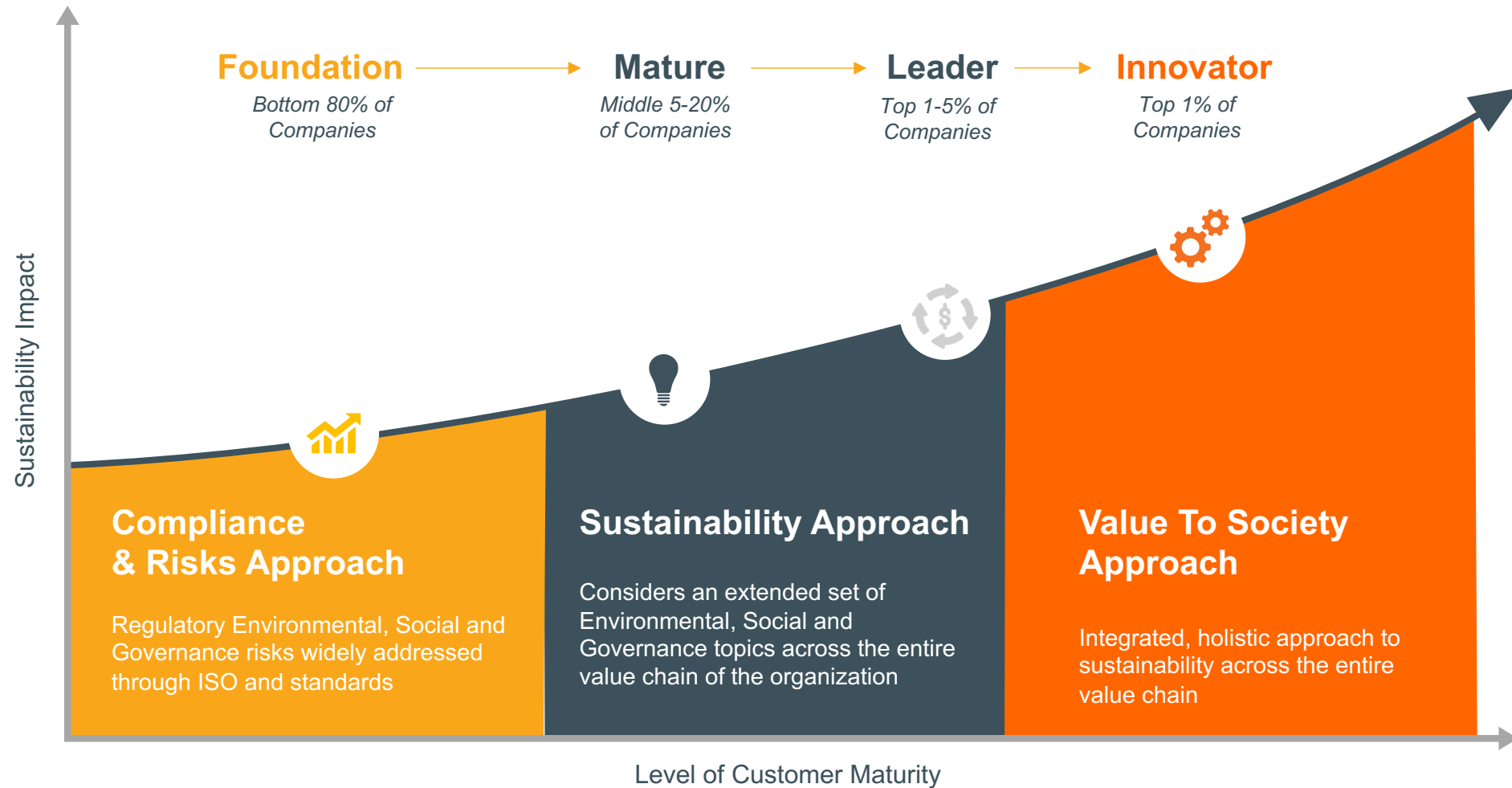
Leadership position achieved through score of **A-** in CDP's **highly technical climate change management assessment**

SGS Sustainability solutions framework

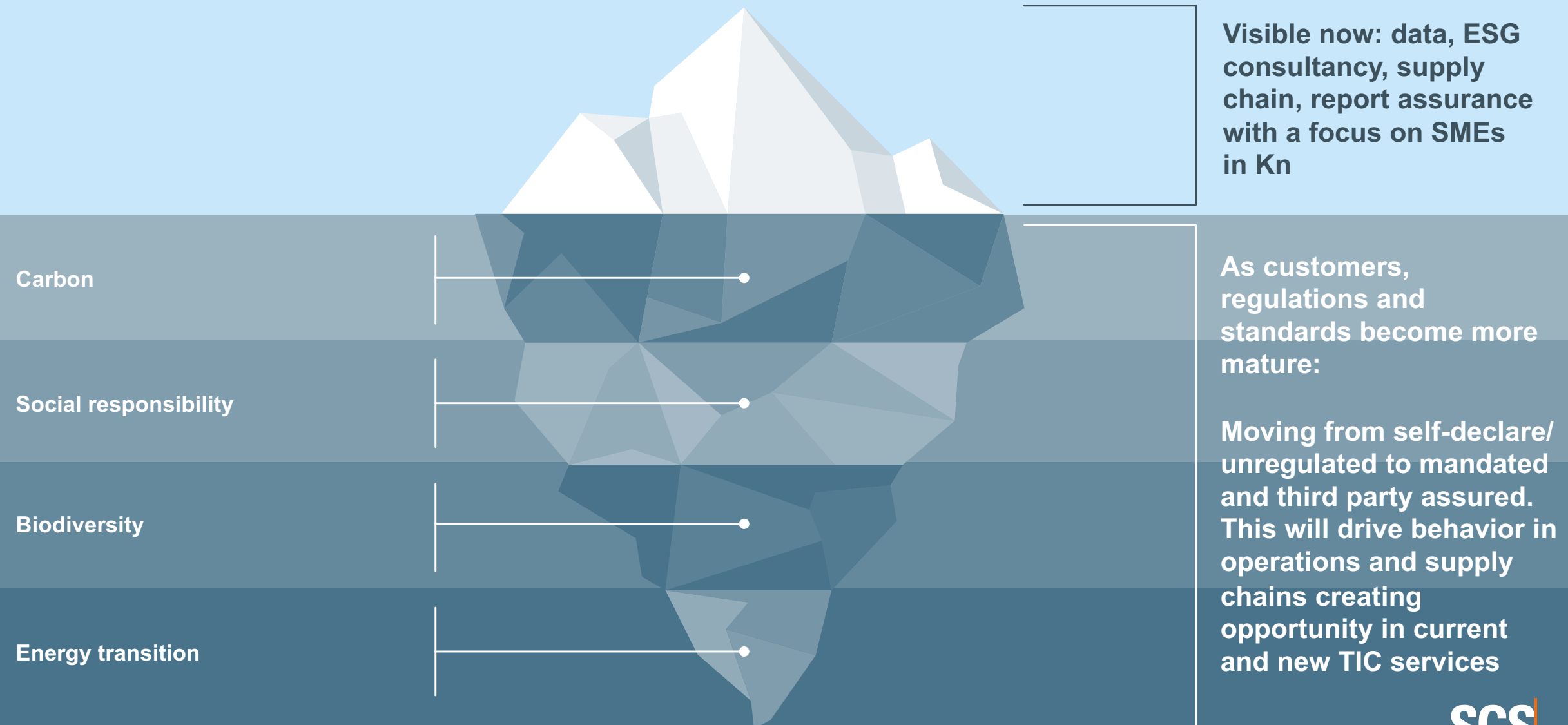
A framework built around **six pillars** aligned with the **UN SDGs** to create **Value to Society**



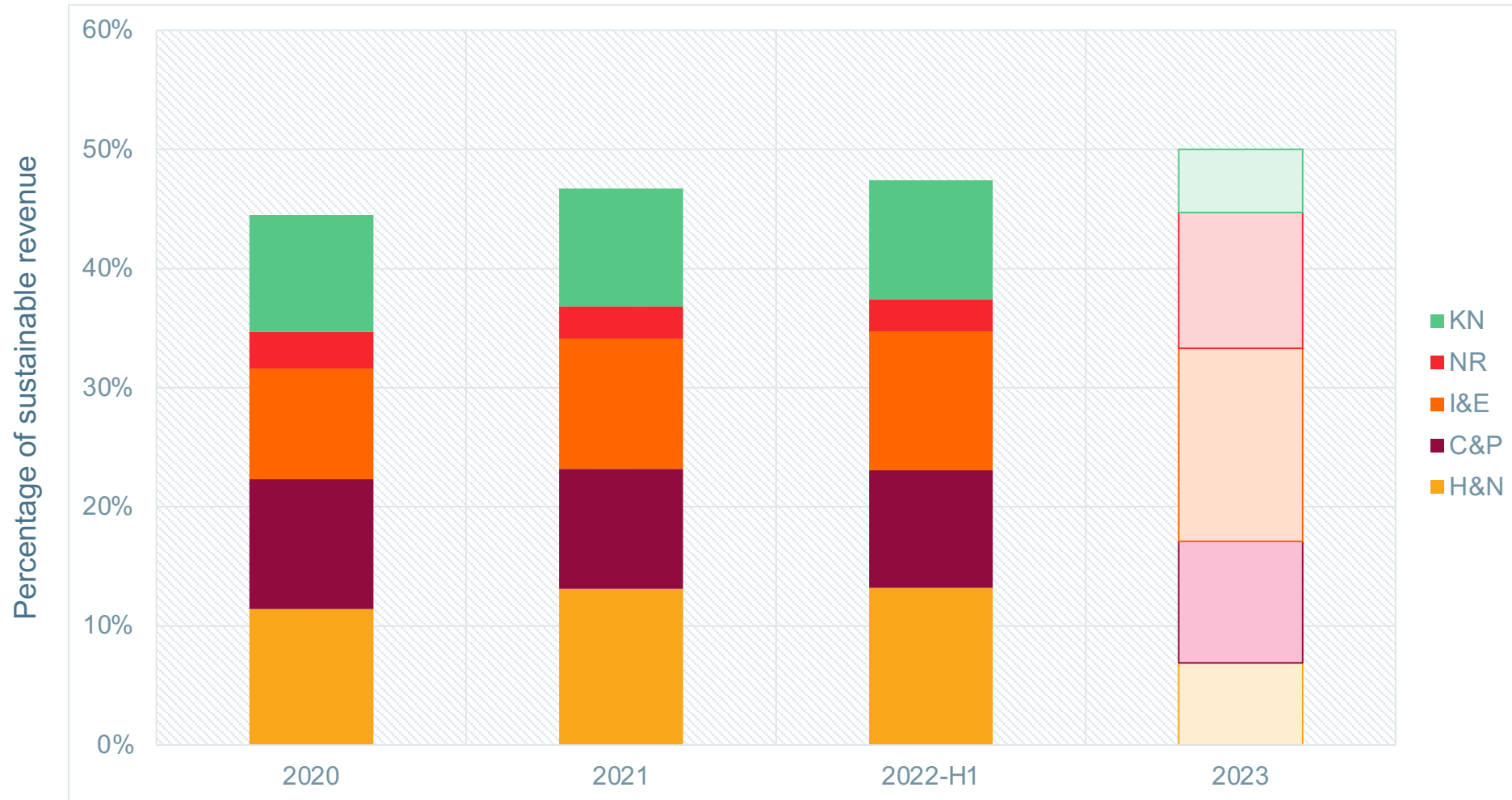
Customer sustainability maturity defines solution demand



A significant long-term opportunity for new TIC services



Our target: reaching 50% of sustainable revenue by 2023



Sustainability solutions: revenues by pillar and division

	H&N	C&P	I&E	NR	Kn	
Sustainable Living	12.9%	9.5%	2.8%		3.4%	28.6%
Sustainable Use of Resources	0.3%		2.6%	0.8%	0.5%	4.1%
Sustainable Energy			1.2%	0.1%	0.1%	1.3%
Sustainable Infrastructures		0.2%	0.1%		0.2%	0.5%
Sustainable Products		0.2%	4.9%	1.8%	3.2%	10.1%
Sustainable Business					2.6%	2.6%
	13.2%	9.9%	11.6%	2.7%	10.0%	47.3%

Knowledge

	Sustainable Living	Sustainable Use of Resources	Sustainable Energy	Sustainable Infrastructures	Sustainable Production	Sustainable Business
%	3.4%	0.5%	0.1%	0.2%	3.2%	2.6%
Core service	<ul style="list-style-type: none"> Management system certification: medical, GMP, food certification Second party audits – Food 	<ul style="list-style-type: none"> Forestry services Management system certification: FSC; PEFC; EU Timber 	<ul style="list-style-type: none"> Management system certification: ISO 14064; ISO 50001 	<ul style="list-style-type: none"> Aviation services Management system certification: aerospace industry 	<ul style="list-style-type: none"> Management system certification: ISO 90001; ISO 27001 Second party audits 	<ul style="list-style-type: none"> GHG verification Responsible business services Second party audits Management system certification SGS Academy Sustainability report assurance
Solution focus areas						<ul style="list-style-type: none"> ESG HealthCheck ESG Gap Analysis Sustainability consulting ESG training ESG certification CSRD ESG KPI verification & assurance UN SDG Impact

Sustainability assurance products and service offerings

1.

Specific Sector Services

Identify **material priority** areas to specific sectors and offer a portfolio of products that address their needs on Sustainability. Focus is on SME's for customer who want to start their journey but don't know where to begin.

Specific focus sectors include:

- Food
- Sustainable Finance
- Industrial and Manufacturing
- Infrastructure and Energy

3.

Support Journey through Training

Sustainability ESG training.

- **Get Started with ESG**
- **ESG Strategy and Fundamentals**
- **ESG Introduction**
- **ESG Awareness**
- **ESG Implementation & Reporting**
- ISO Standards, GHG Inventory Management, etc..

2.

Assess Client and Define Solution

New and existing tools to engage with clients and take them through a structured Sustainability journey.

Plus, the **development of our general sustainability consulting** capability

- **ESG HealthCheck**
- **ESG Gap Analysis**
- **Defined Client Road Map (Maturity Level)**
- **Sustainability Consulting**
- ISO 14001, ISO 50001, Carbon Footprint, SBTi target, CDP Report, etc.

4.

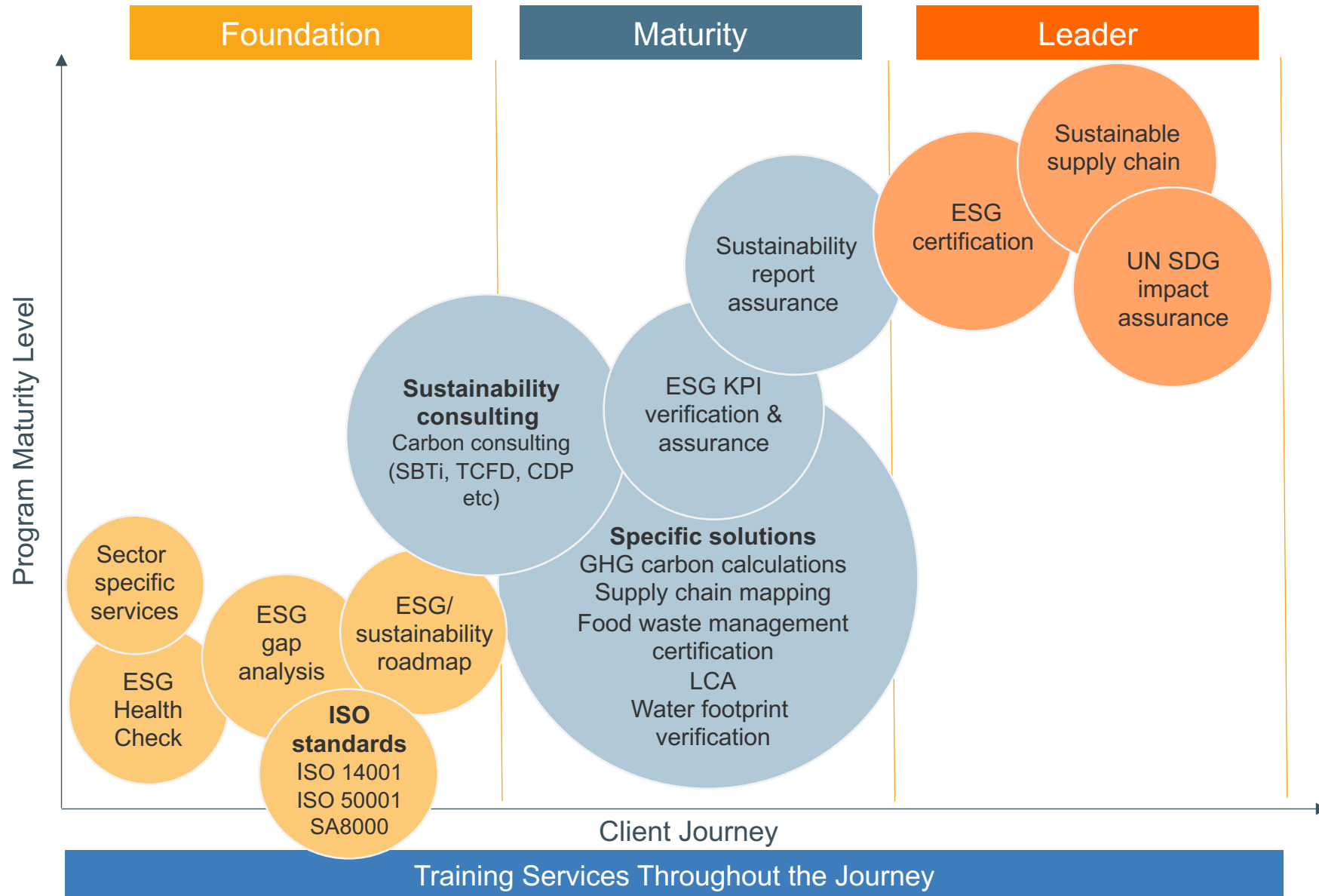
Bring Assurance to Sustainability and Marketing Claims

Eliminate greenwashing and bring additional **credibility to marketing claims.**

- **ESG Certification**
- Sustainability Report Assurance
 - ESG KPI Verification and Assurance
- **Corporate Sustainability Reporting Directive**
- GHG Verification, ISO 14064

Orange – new services

Redefine the journey – a client’s sustainability journey



Industries & Environment

	Sustainable Living	Sustainable Use of Resources	Sustainable Energy	Sustainable Infrastructures	Sustainable Products	Sustainable Business
%	2.8%	2.6%	1.2%	0.1%	4.9%	
Core service	<ul style="list-style-type: none"> Industrial safety services Asbestos inventory Emergency response services Laboratory EHS Field & monitoring services Driving compliance 	<ul style="list-style-type: none"> Laboratory services - EHS Field & monitoring services Water distribution Soil and groundwater – audit & compliance, testing, sampling Wastewater testing 	<ul style="list-style-type: none"> Lab testing S&C manufacturing Power and utility – supervision – SCS Infrastructure – supervision Manufacturing – SCS 	<ul style="list-style-type: none"> Auditing and compliance services 	<ul style="list-style-type: none"> Laboratory services – EHS Health & safety services Field & monitoring services 	
Solution focus areas						

Climate change program

GHG EMISSIONS SERVICES

Verification for mandatory reporting on GHG emissions: EU ETS, UK ETS and CORSIA

Verification of corporate inventories for voluntary reporting against ISO 14064-1, the GHG Protocol or industry specific standards (e.g. API methodology and IPIECA industry guidelines for the Oil & Gas industry)

GIIGNL framework for GHG neutral LNG cargos – verification of declaration pathways: Footprint, Offset, Offset with Reduction Plan and GHG Neutral

Product footprint verification: ISO 14067 and GHG Protocol for Product Life Cycle Accounting and Reporting

Verification of carbon neutrality claims: PAS 2060

LCAs (Life Cycle Assessments)

GHG emissions accounting

GHG emissions target setting and benchmarking against SDS, WB -2° and SBTi



Zero waste solutions

Zero waste to landfill verification

Waste compliance audits

Waste baseline and waste management plans

Proof of recycling – Duty of Care Compliance



ZERO WASTE TO LANDFILL
 Site verified
www.sgs.com/zerowaste
 NN% of diverted waste

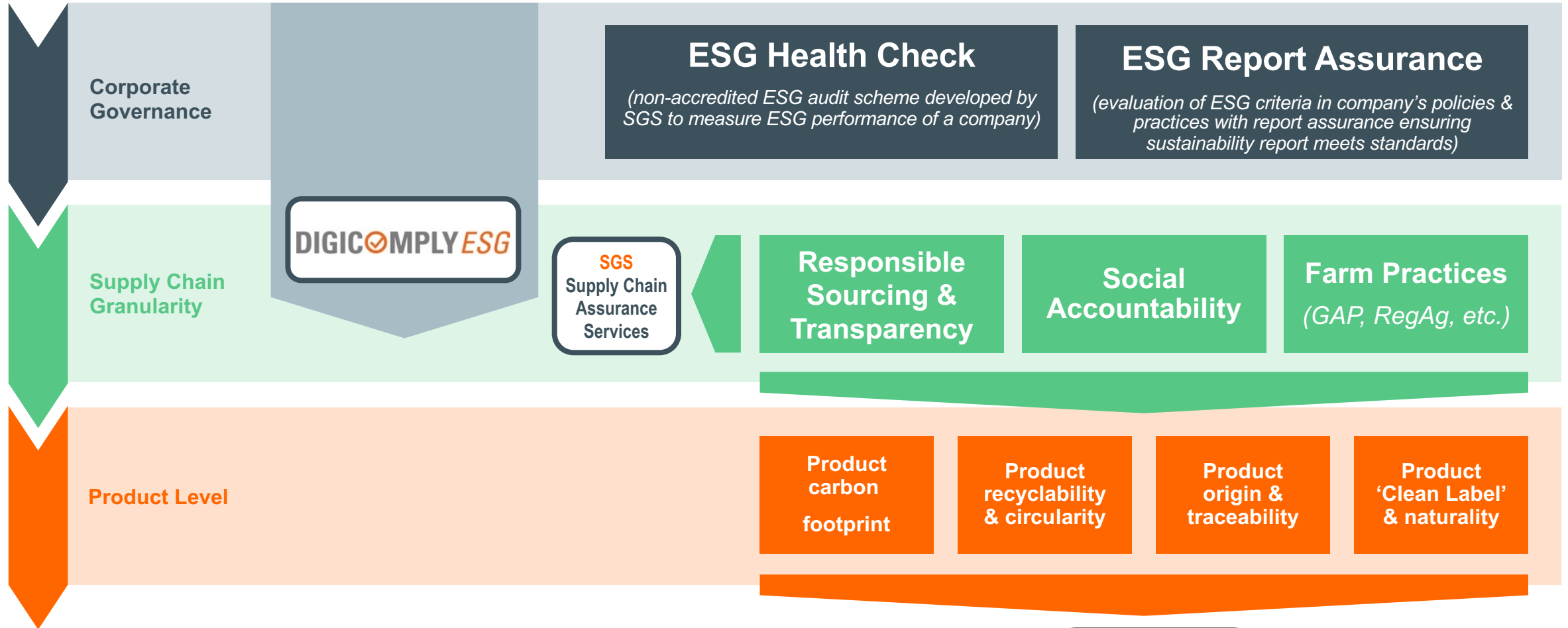


ZERO WASTE TO LANDFILL
 Site & Waste Treatment Facilities Verified
www.sgs.com/zerowaste
 NN% of diverted waste

Health & Nutrition

	Sustainable Living	Sustainable Use of Resources	Sustainable Energy	Sustainable Infrastructures	Sustainable Products	Sustainable Business
%	12.9%	0.3%				
Core service	<ul style="list-style-type: none"> Inspection, testing and advisory solutions to support consumer health and wellness for any products consumed or applied to the body (food, drugs and/or cosmetics) 	<ul style="list-style-type: none"> Contract research for seeds and crop protection products Plant breeding services Precision farming 				
Solution focus areas	<ul style="list-style-type: none"> Data services for sustainability risks & opportunities Supply chain mapping to support responsible sourcing and traceability Verification of product sustainability claims 	<ul style="list-style-type: none"> Soil fertility and water management to reduce use of inputs and optimize yields Remote monitoring of agricultural and forestry practices 				

New complementary solution offerings



Connectivity & Products

	Sustainable Living	Sustainable Use of Resources	Sustainable Energy	Sustainable Infrastructures	Sustainable Production	Sustainable Business
%	9.5%			0.2%	0.2%	0.0%
Core service	<ul style="list-style-type: none"> RSTS Product safety Soft lines Toys and juveniles Hardgoods PCA 	<ul style="list-style-type: none"> Recyclability of products Environmental claims for products Repairability 	<ul style="list-style-type: none"> Energy saving performance of electrical products Solar panels evaluation 	<ul style="list-style-type: none"> Batteries and charging stations testing 	<ul style="list-style-type: none"> Material testing Bluesign solutions Waste water testing Use of recycled materials 	<ul style="list-style-type: none"> Cybersecurity C&P Functional safety of smart vehicles and medical devices
Solution focus areas	<ul style="list-style-type: none"> Chemical risk management solutions Product's performance 	<ul style="list-style-type: none"> SGS Green marks 			<ul style="list-style-type: none"> Bluesign for brands 	<ul style="list-style-type: none"> Cybersecurity of IOT devices

Five sustainability trends

- Increased recycled content use in company initiatives and regulatory action
 - E.g., 30% by 2025 corporate commitments. Requirements by UK, Washington state
- Plastic to paper usage shift
 - Worsening plastic reputation, EU Directive on single-use plastics (SUP), UN resolution to create treaty on plastic pollution, Canada bans some SUPs
- Interest in reuse and circular solutions
- Increased GHG inventory & Science Based Targets (SBT)
- More desire for environmental claims
 - SGS Sustainability marks, brands' and retailers' private labels



Key service – SGS green marks

- Certification or verification of a product’s environmental claim
- Communicates one positive environmental attribute – simpler/easier to understand
- Certification mark protocols are test-based, or have a testing component

Completed marks

- Hazardous substances assessed
- Biobased
- Biodegradability*
- Compostable* material

Example applicable products

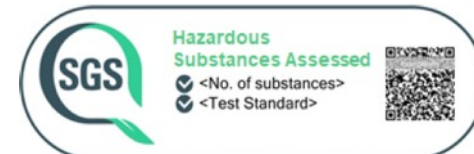
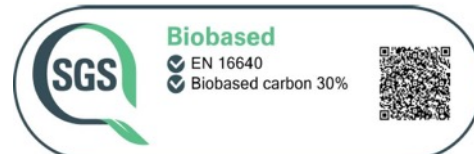
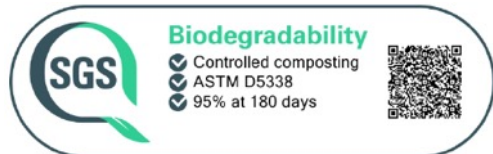
Textiles, footwear, others product types in progress

Packaging or a variety of products made with “bio-plastic”

Packaging or disposable tableware using applicable plastic material

Packaging or disposable tableware using applicable plastic

Potential Marks: Carbon footprint, Recycled content (PET), Recyclable, Energy Efficient, Reusable, Extended Life Product



Natural Resources

	Sustainable Living	Sustainable Use of Resources	Sustainable Energy	Sustainable Infrastructures	Sustainable Products	Sustainable Business
%		0.8%	0.1%		1.8%	
Core service		<ul style="list-style-type: none"> Commercial/NIRT Fumigation and pest management Forest products/ biomass Field and lab bunker inspection and quality 	<ul style="list-style-type: none"> Energy materials and minerals – trade services Decarbonization 		<ul style="list-style-type: none"> Grains & Oilseeds FI – chemicals + gases LNG/NG – field inspections and field laboratory services 	
Solution focus areas		<ul style="list-style-type: none"> Optimized usage of water in plant processes in mines 	<ul style="list-style-type: none"> Energy optimization in mining processing Expanding white certificate services – energy saving schemes in EU 	<ul style="list-style-type: none"> Technical support for gas and refinery plants for measurement, monitoring and consulting on sulfur emissions – Sulphur Experts 		

Sustainability solutions in mining industry

Energy and water consumption

- Technical metallurgical consulting experts advising on reduced energy consumption in processing plants
- Retreatment of tailings dams and more optimal utilization of water in plant circuits

Impact

- Increased available resources for surrounding mining communities
- Reduction in overall waste

Critical metals

- Extraction solutions for battery recycling or partially processed batteries



Sustainability solutions in energy industry

- Raw crude oil and natural gas both contain sulfur in varying quantities. An unavoidable byproduct of oil and gas processing is therefore the poisonous gas H_2S , which is ultimately a source of acid rain when burned to SO_2 and emitted into the atmosphere
- Gas plants and refineries therefore include two technologies to minimize the amount of SO_2 they emit: **amine systems** which capture and concentrate the H_2S , and sulfur recovery units which turn the dangerous H_2S into a useful product, elemental sulfur
- It is critical for the environment to make sure that these two units operate as well as possible and as continuously as possible
- Sulphur Experts (acquired by SGS in December 2021) provides the above-mentioned services with focus on supporting clients in gas processing and refinery plants to minimize pollution and health risk

Questions?

