

We are ensuring good corporate governance.

This Corporate Governance report informs shareholders, prospective investors and society 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 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 18 June 2021 and with 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.



1. Group structure and shareholders	86	4. Operations Council	97	7. Change of control and defense measures	99
1.1. Group structure	86	4.1. Members of the Operations Council	97	7.1. Duty to make an offer	99
1.2. Significant shareholders	86	4.2. Other activities and vested interests	98	7.2. Clauses on change of control	99
1.3. Cross-shareholdings	86	4.3. Changes in the Operations Council	98		
2. Capital structure	87	4.4. Limits on external mandates	98	8. Auditors	100
2.1. Issued share capital	87	4.5. Management contracts	99	8.1. Duration of the mandate and term of office of the lead auditor	100
2.2. Authorized and conditional share capital	87	5. Compensation, shareholdings and loans	99	8.2. Audit fees	100
2.3. Changes in capital	87	5.1. Content and method of determining the compensation and the shareholding programs	99	8.3. Additional fees	100
2.4. Shares and participation certificates	87	5.2. Rules on approbation by the annual shareholders' meeting of executive pay	99	8.4. Information instruments pertaining to the external audit	100
2.5. Dividend-right certificates	87	5.2.1. Rules on performance-related pay and allocation of equity-linked instruments	99	9. Information policy	100
2.6. Limitations on transferability and admissibility of nominee registrations	87	5.2.2. Rules on loans, credit facilities and post-employment benefits	99	10. Quiet periods	100
2.7. Convertible bonds and warrants/options	87	5.2.3. Rules on vote on pay	99	Investor relations at SGS	101
3. Board of Directors	88	6. Shareholders' participation rights	99		
3.1. Members of the Board of Directors	88	6.1. Voting rights and representation restrictions	99		
3.2. Other activities and vested interests	93	6.1.2. Rules on instructions to the independent proxy and electronic participation in the annual shareholders' meeting	99		
3.3. Limits on external mandates	93	6.2. Statutory quorums	99		
3.4. Elections and terms of office	93	6.3. Convocation of General Meetings of Shareholders	99		
3.5. Internal organizational structure	93	6.4. Inclusion of items on the agenda	99		
3.5.1. Allocation of tasks within the Board of Directors	93	6.5. Registration in the share register	99		
3.5.2. Members' list, tasks and area of responsibility for each Committee of the Board of Directors	94				
3.5.3. Working methods of the Board and its committees	95				
3.6. Definition of areas of responsibility	95				
3.7. Information and control instruments vis-à-vis the management	96				

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 inspection, verification, testing, certification and quality assurance services.

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

On 31 December 2022, market capitalization was approximately CHF 16 114 million (2021: CHF 22 837 million).

The operations of the Group are divided into seven regions, each led by a Chief Operating Officer responsible for the SGS businesses in that region and for the local implementation of group policies and strategies.

At 31 December 2022, geographic operations were organized as follows:

- North America
- Latin America
- Africa & Western Europe
- North & Central Europe
- Eastern Europe & Middle East
- North East Asia
- South East Asia & Pacific

The Group is structured into five divisions with each responsible for the global development of group activities within its own sphere of specialization and the execution of strategies with the support of the Chief Operating Officers.

At 31 December 2022, the business divisions were organized as follows:

- Connectivity & Products (C&P)
- Health & Nutrition (H&N)
- Industries & Environment (I&E)
- Natural Resources (NR)
- Knowledge (Kn)

Each division was led by an Executive Vice President. Chief Operating Officers and Executive Vice Presidents are members of the Operations Council, the Group's most senior management body.

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 187 to 189 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 list of legal entities is limited to entities whose contribution to the Group revenues in 2022 represent at least 1% of the consolidated revenues and includes the main operating entity in the jurisdictions where the Group is active, even when annual revenues do not reach 1% of consolidated revenues.

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 2022 are provided in note 3 of the consolidated financial statements included on page 137 of this annual report.

1.2. Significant shareholders

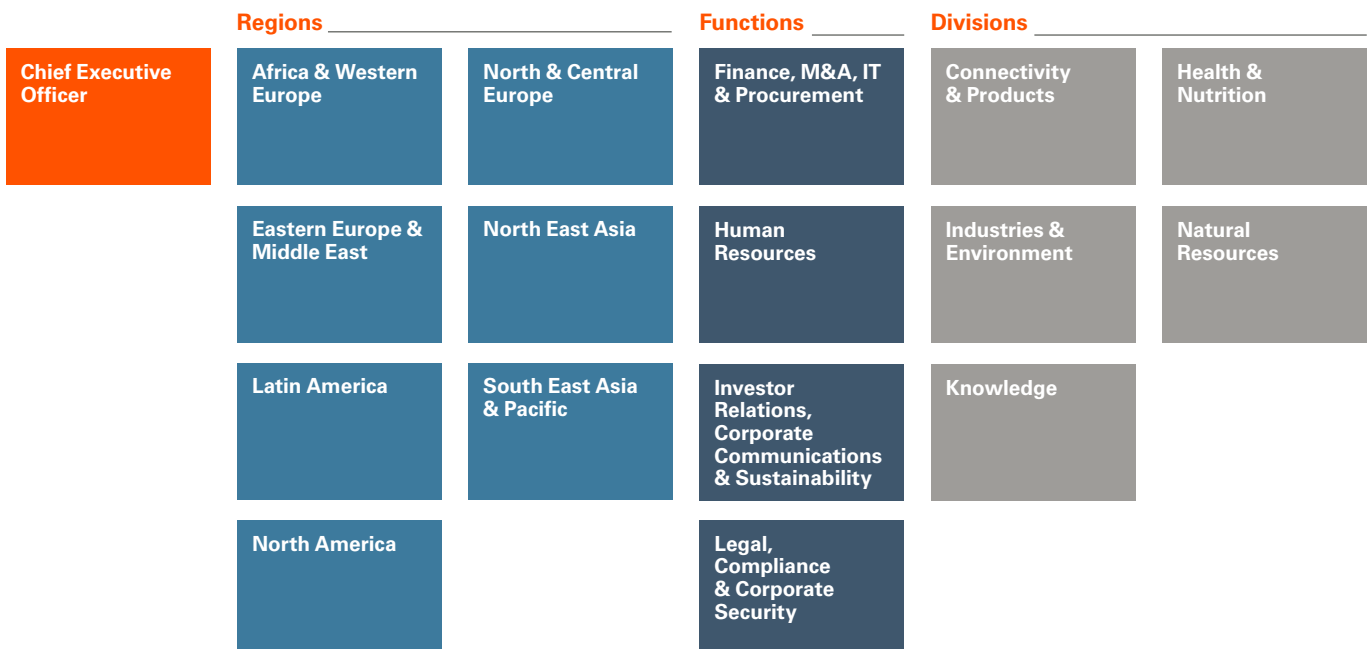
To the knowledge of the Company the shareholders owning more than 5% of its share capital as at 31 December 2022, or as the date of their last notification as per Article 20 of the Swiss Stock Exchange Act (SESTA) were Groupe Bruxelles Lambert (acting through Serena SARL and URDAC) with 19.11% (December 2021: 19.11%) of the share capital and voting rights of the Company, and BlackRock Inc. with 5.18%, (December 2021, less than 5%). As at 31 December 2022, the SGS Group held 1.68% of the share capital of the Company (December 2021: 0.04%). During 2022, 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 20 SESTA.

During 2022, the Company has published a total of 2 reports regarding the composition of its significant shareholders to the Disclosure Office of the SIX Swiss Exchange Ltd at www.sgs.com/en/investor-relations

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.

Group structure



2. Capital structure

2.1. Issued share capital

The share capital of SGS SA is CHF 7 495 032 as of 31 December 2022 and comprises 7 495 032 fully paid-in, registered shares of a par value of CHF 1. On 31 December 2022, SGS SA held 125 978 treasury shares through an affiliate company (2021: 3 360).

On 21 June 2022, the Group announced a share buyback program for the purposes of capital reduction, which ended on 21 December 2022. Under the program, SGS SA repurchased 113,499 shares on a second trading line on SIX Swiss Exchange (equivalent to 1.51% of the current share capital of SGS SA), for a total amount of CHF 250 million, at an average purchase price of CHF 2,202.66 per share.

2.2. Authorized and conditional share capital

The Board of Directors has the authority to increase the share capital of the Company by a maximum of 500 000 registered shares with a par value of CHF 1 each, corresponding to a maximum increase of CHF 500 000 in share capital. If increased by the maximum amount of the authorized share capital, the existing share capital of 7 495 032 shares would grow by approximately 6.7% to 7 995 032 shares. The Board is authorized to issue the new shares at the market conditions prevailing at the time of issue.

In the event that the new shares are issued for the purpose of an acquisition, the Board is authorized to waive the shareholders' preferential right of subscription or to allocate such subscription rights to third parties.

The authority delegated by the shareholders SGS to increase the share capital is valid until 23 March 2023.

The shareholders have conditionally approved an increase of share capital by an amount of CHF 1 100 000 divided into 1 100 000 registered shares with a par value of CHF 1 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 7 495 032 shares would increase by approximately 14.7% to 8 595 032 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 ten years from the date of issuance of the equity-linked instruments.

2.3. Changes in capital

The share capital of the Company was reduced in 2021 to cancel shares purchased by application of share buyback programs initiated by the Company. In 2021, the shareholders approved a reduction of the share capital, by cancellation of 70 700 shares. No other changes in the share capital of the Company were 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. 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 exercise voting rights above a limit of 5% of the aggregate share capital of the Company. This rule was made public on 23 March 2005. 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 2022, no options or similar instruments have been issued by the Company or by any of the Group's subsidiaries.

3. Board of Directors

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 to the Annual General Meeting.

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 positions and consultancy functions, official tenures and political commitments, both in Switzerland and abroad.

The Board has set out criteria for the selection of new directors and has conducted a search which has resulted in changes to the composition of the Board of Directors in 2020, 2021 and 2022. 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 to 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 2022 Ms Phyllis Cheung was appointed to the Board of Directors along with the re-election of all incumbent members of the Board of Directors. 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 at 31 December 2022 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	✓			✓		✓	
Paul Desmarais					✓		
Ian Gallienne		✓			✓		
Tobias Hartmann		✓				✓	
Shelby R. du Pasquier					✓		
Kory Sorenson					✓		
Janet Vergis				✓			
Phyllis Ka Yan Cheung		✓					✓

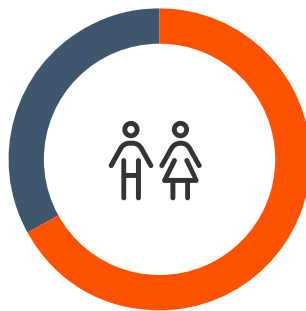
Board composition at the end of 2022

Geographical spread



■ Americas 22%
■ Europe, Africa and Middle East 67%
■ Asia Pacific 11%

Gender



■ Male 67%
■ Female 33%

Length of tenure



■ 3 years and less 54%
■ Between 3 and 6 years 36%
■ Between 7 and 9 years 10%



Calvin Grieder

Nationality: Swiss
Year of birth: 1955
Tenure: 3 years

Function in SGS

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

Key experience

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

Professional history

2001 to 2016: Bühler (CH); CEO
 1999 to 2000: Swisscom (CH & DE)
 1994 to 1998: SIG (CH)
 1991 to 1994: Mikron (CH)
 1984 to 1990: Bürkert (DE & USA)
 1980 to 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

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

Carivel7 AG, Zurich (CH), Owner

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

Advisory Board ETH – Department of Mechanical & Process Engineering

* Listed company.



Sami Atiya

Nationality: German
Year of birth: 1964
Tenure: 2 years

Function in SGS

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

Key experience

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

Professional history

2016 to present: ABB Ltd (CH, SE)
 1997 to 2014: Siemens Group
 1995 to 1997: Harald Balzer & Partner
 1994 to 1995: Robert Bosch – Blaupunkt
 1988 to 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
Tenure: 1 year

Function in SGS

- Board of Directors
- Sustainability Committee

Key experience

- Retail and consumption
- Digitalization and data driven organization
- Growth in Asian markets
- Enterprise level risk management
- Change management and company culture
- Risk management

Professional history

2015 to present: McDonald's China; CEO
 2012 to 2014: McDonald's Singapore and Malaysia
 2000 to 2011: McDonald's China
 1998 to 2000: Leo Burnett, Hong Kong
 1997 to 1998: Momentum Strategy Consultant, India
 1992 to 1997: Saatchi & Saatchi, J Walter Thompsons, 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

Member, Aspen Global Leadership Network


Paul Desmarais, Jr.
Nationality: Canadian

Year of birth: 1954

Tenure: 9 years

Function in SGS

- Board of Directors

Key experience

- Insurance and risk management
- Strategy
- Private equity
- Innovation

Professional history

1982 to 2020: Pargesa Holding SA; Chairman

1984 to 2020: Power Financial

1981 to 2000: Power Corporation of Canada

Education

- Bachelor of Commerce degree from McGill University, Montreal
- MBA from the Institut Européen d'Administration des Affaires (INSEAD), France
- Honorary doctorates from various Canadian universities

Other activities and functions

Groupe Bruxelles Lambert*, Brussels (BE), Chairman of the Board of Directors

Great-West Lifeco Inc.*, Winnipeg (CA), Member of the Board (including those of its major subsidiaries)

IGM Financial Inc.*, Winnipeg (CA), Member of the Board (including those of its major subsidiaries)

Member of the Advisory Council the European Institute of Business Administration (INSEAD)

Trustee of the Brookings Institution and a Co-Chair of the Brookings International Advisory Council (USA)

Past Chairman and a Member of the Business Council of Canada (CA)

* Listed company.


Ian Gallienne
Nationality: French, Belgian

Year of birth: 1971

Tenure: 9 years

Function in SGS

- Board of Directors
- Remuneration Committee
- Nomination Committee

Key experience

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

Professional history

2012 to present: Group Bruxelles Lambert; CEO

2005 to 2012: Ergon Capital Partners

1998 to 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 and 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

Marnix French ParentCo (Webhelp group), Paris (FR), Chairman of the Board


Tobias Hartmann
Nationality: German, American

Year of birth: 1972

Tenure: 2 years

Function in SGS

- Board of Directors
- Audit Committee

Key experience

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

Professional history

2018 to present: Scout24 SE; CEO

2017 to 2018: Hellofresh SE

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

Education

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



Shelby R. du Pasquier

Nationality: Swiss

Year of birth: 1960

Tenure: 17 years

Function in SGS

- Board of Directors

Key experience

- Corporate law
- Banking, stock exchange and financial regulation
- Private equity
- M&A
- Risk management

Professional history

1994 to present: Lenz and Staehelin; Partner

Education

- Geneva University Business School and School of Law
- Columbia University School of Law (LLM)

Other activities and functions

Swiss National Bank*, Member of the Board since 2012, Chair of the Risk Committee

Pictet and Cie Group SCA, Chairman of the Supervisory Board since 2013

* Listed company.



Kory Sorenson

Nationality: British

Year of birth: 1968

Tenure: 3 years

Function in SGS

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

Key experience

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

Professional history

2005 to 2010: Barclays Capital; Managing Director

2001 to 2005: Credit Suisse

1998 to 2001: Lehman Brothers

1997 to 1998: Morgan Stanley

1995 to 1997: Commerz Financial Products

1992 to 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

Phoenix Group Holdings PLC*, London (UK), Member of the Board and Chair of the Remuneration Committee, Member of the Risk and Sustainability Committees

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), Member of the Board of Partners

AA Limited, Jersey (UK), 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



Janet Vergis

Nationality: American

Year of birth: 1964

Tenure: 1 year

Function in SGS

- Board of Directors
- Audit Committee

Key experience

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

Professional history

2013 to 2019: various private equity firms

2010 to 2012: OraPharma, Inc.; CEO

1988 to 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*, 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 Governance

Committee, and Member of the Compensation and Human Capital Committee

The Pennsylvania State University, Biotechnology Advisory Board Chair

The Pennsylvania State University, Corporate Engagement Advisory Board Vice-Chair

Phyllis Ka Yan Cheung
Board Director



Q What made you decide to become an SGS board member?

I feel truly aligned with SGS's purpose to enable a better, safer and more interconnected world, and I share the same values with the teams I have met across SGS. I believe my expertise in the consumer industry and Asian markets means that I can offer a constructive and different perspective to the Board.

Q How will your past experiences help to drive SGS to a thriving future?

As a practicing CEO, I keep up to date with consumer trends, food supply chain networks, sustainability practices, and I manage enterprise level risks that involve digitalization and cybersecurity. I believe my hands-on experience and customers' viewpoint can add value to the SGS growth strategy.

Q We understand that you have visited laboratories to learn more about SGS, how effectively did your visits prepare you for your role and responsibilities?

Calvin and Frankie designed a very effective induction program for me. I met with the global business unit leaders and visited the local Life Science and I&E laboratories in Switzerland, as well as the cosmetic and softline labs in Shanghai.

These trips helped me to understand how the global growth strategy is being translated into each local market's strategic focus, and how our local management teams execute with entrepreneurship, disciplined scientific process and technical rigor. The chance to speak with employees has given me a better understanding of the talent and culture in the organization.

All of this has helped me to understand the opportunities and challenges that lie ahead for SGS, making me, as a board member, more insightful in the prioritization of issues and resources.

Q What are your first impressions of SGS culture?

I can see that SGS is purposeful, we set high standards of integrity and professionalism, and are open-minded and action-oriented to achieve results.

The Directors bring a wide range of experience and skills to the Board. They participate fully in decisions on key issues facing the Group. Their combined expertise in the areas of finance, commercial law, digital, cybersecurity, innovation, strategy and sustainability, and their respective positions of leadership in various industrial sectors are important contributing factors to the successful governance of an organization of the size of the SGS Group.

The Board undertakes a periodic review of the Directors' interests in which all potential or perceived conflicts of interests and issues relevant to their independence are considered. In line with this review, the Board has set a target stating that at least 60% of its members and members of its committees will be independent and to plan the succession of members accordingly.

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 or 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 Senior Management
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 Senior Management
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 has concluded that its members are independent on the basis of these criteria, with the exception of Shelby du Pasquier (whose tenure exceeds 12 yearly terms), Ian Gallienne and Paul Desmarais (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 nor have they 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 board members.

These rules limit the number of mandates that board members can accept to no more than 10 board memberships in entities outside the Group, of which a maximum of five memberships may be in boards of companies whose shares are traded on a stock exchange. 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 and other nonprofit 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 is individually elected. There is no limit to the number of terms a Director may serve. The initial date of appointment of each board member 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 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 other committees are appointed by the Board.

3.5.2. Members' list, tasks and area of responsibility for each committee of the Board of Directors

The following chart describes the committees and their membership as at 31 December 2022:

	Remuneration	Audit	Sustainability	Nomination
Calvin Grieder			●	●
Sami Atiya	●			●
Ian Gallienne	●			●
Tobias Hartmann		●		
Shelby R. du Pasquier				
Kory Sorenson	●	●	●	
Janet Vergis		●		
Phyllis Ka Yan Cheung		●	●	

● Chair ● Member

Calvin Grieder, Chair of the Board of Directors, attends the meetings of the Remuneration, Sustainability and Audit Committees, with a consultative vote. He chairs the Nomination 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 their meetings are available to all Directors.

Remuneration Committee

Members of the Remuneration Committee are elected individually during 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, and in part as a decision-making body on matters that the Board 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 management, and on general policies relating to remuneration applicable to the Group. The Committee defines the conditions of share-based remuneration plans or other plans for the allocation of shares, issued from time to time by the Company. The Committee reviews and approves the contractual terms of the employment of the CEO and the other members of the Management. The Committee reviews regularly, at least once a year, the compensation of each member of the Operations Council. 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 and internal controls. Such duties include consideration of the appropriateness of accounting policies, the adequacy of internal controls, risk management 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 assisted in this task by the Board digital advisory committee which provides advice on matters of digital technology. 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. The Committee oversees sustainability-related issues that may affect the Group and its customers, including reputational and non-financial risks. It is also responsible for reviewing and approving the non-financial information included in the Integrated Annual Report.

Nomination Committee

The Nomination Committee assists the Board in the succession planning, selection and nomination of candidates to positions to the Board of Directors and to the senior management (Operations Council) of the Group.

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

Meetings of	Frequency	Average duration
Board of Directors	6 times	5 hours
Remuneration Committee	3 times	2.5 hours
Audit Committee	5 times	3 hours
Sustainability Committee	3 times	2.5 hours
Nomination Committee	2 times	2.5 hours

Attendance at board and committee meetings

The Board of Directors expects its members to attend and participate actively in its meetings and 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 2022 at the meetings of the Board and the respective standing committees.

Member	Board meetings	Remuneration	Audit	Sustainability	Nomination
Calvin Grieder	6/6	3/3	5/5	3/3	2/2
Sami Atiya ²	6/6	2/2			2/2
Paul Desmarais, Jr.	6/6				
Ian Gallienne	6/6	3/3			2/2
Tobias Hartmann	6/6		5/5		
Shelby R. du Pasquier ³	6/6	1/1			
Kory Sorenson	6/6	3/3	5/5	3/3	
Janet Vergis	6/6		5/5		
Phyllis Ka Yan Cheung ¹	4/4			3/3	

1. Elected to the Board in March 2022.

2. Elected Chair of Remuneration Committee in March 2022.

3. Stepped down from Remuneration Committee in March 2022.

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 phone conference. The Board 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 the Management in order to assist them to prepare for the meetings. The Board and each of the committees can request the attendance of members of the management of the Group. The Board 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 or committee, with the Chair having a casting vote.

The Board and its committees convene as often as required. In principle the Board meets at least four times a year, i.e. once every quarter. The Audit Committee meets at least three times a year, i.e. once before the publication of the annual and half-year results, and once outside these periods, to review and approve the scope of internal and external audit. The Sustainability Committee and the Remuneration Committee meet at least once 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 CEO and other members of management
- 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

In accordance with the Company's internal regulations, operational management of the Group, a function which the Board of Directors has delegated, is the responsibility of the Operations Council. The Operations Council has the authority and responsibility to decide on all issues that are not attributed to the Board of Directors. In the event of uncertainty on a particular issue regarding the separation of responsibility between the Board of Directors and the 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 Operations Council by the CEO, the Chief Financial Officer and the General Counsel.

The Operations Council is chaired by the CEO and consists of those individuals entrusted with the operational management of the Group's activities, as follows:

- The Chief Operating Officers (COOs) are responsible for operations in the Group's seven regions (see Section 1.1.)
- The Executive Vice Presidents (EVPs) are entrusted with the management and development of the Group's five business divisions (see Section 1.1.)
- The Senior Vice Presidents (SVPs) represent the principal group support functions (Finance, Human Resources, Corporate Communication, Sustainability & Investor Relations and Legal and Compliance)

The composition, role and organization of the Operations Council are detailed in section 4.

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

A. 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.

B. 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 delegated authority from the Board to management, and procedures for the approval of major investments, acquisitions and other capital allocations.

The CEO and the Chief Financial Officer attend the meetings of the Board of Directors and the Audit Committee. The group controller and the head of the internal audit function attend the meetings of the Audit Committee.

The SVP of Human Resources attends the meetings of the Remuneration Committee, and Nomination Committee, and the General Counsel and Chief Compliance Officer attends all meetings of the Board of Directors and its committees.

The other members of the Operations Council and other members of 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.

C. Information to the Board

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

During each board meeting, the CEO 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. The CEO, the Chief Financial Officer and the General Counsel and Chief Compliance Officer (hereafter 'senior management') attend all of the Board of Directors meetings, while other Operations Council members attend from time to time to discuss matters under their direct responsibility. The Board of Directors meets regularly with the members of the Operations Council.

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 Board and the Audit Committee, which assesses the effectiveness and appropriateness of the Group's risk management, internal controls and governance processes as well as the reliability of internal financial and operational information, and ensures that the standards and policies of the Group are respected. Internal audit reviews and identifies areas of potential risk associated with the key business activities performed by a particular office, highlights opportunities for improvement and proposes constructive control solutions to reduce any exposures.

All key observations are communicated to the Operations Council and the Chair of the Board through formal and informal reports.

The Audit Committee is regularly informed about audits performed and important findings, as well as the progress in implementing the agreed actions by management.

D. General Counsel and Chief Compliance Officer

Furthermore, 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 supports 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 General Counsel and Chief Compliance Officer reports violations of compliance rules every semester to the Sustainability Committee.

The Committee monitors disciplinary actions taken and the implementation of corrective actions.

E. Other

In addition, the main divisions have specialized technical governance units, which ensure compliance with internally set quality standards and industry best practices. Formal procedures are in place for both internal and external auditors to report their findings and recommendations independently to the Board's Audit Committee.

F. 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 the management. Once identified, risks are assessed according to their likelihood, severity 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 implementation of such actions is audited by internal audit. These findings are communicated to the Board of Directors so that progress and identified risks can be monitored objectively and independently from management.

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.

The Board receives regular updates on the implementation of risks mitigation measures and their effectiveness is tested by Internal Audit which reports to the Board, respectively the Audit Committee.

4. Operations Council

The Operations Council (as defined in Section 1.1.) meets on a regular basis, in principle at least five times a year. Between meetings, it holds regular phone conferences and may make decisions on such calls or by electronic voting. During part of 2022, travel restrictions and limitations have limited the ability of the Operations Council to meet physically. Meetings were held in part with the assistance of video conference.

4.1. Members of the Operations Council

Members of the Operations Council bring to the Group years of experience and expertise in their respective fields. They come from a wide range of backgrounds that reflects the multiple aspects of the Group. The Group strives to promote talent internally and encourages women to assume senior leadership positions. The members of the Operations Council at 31 December 2022 were as follows:

Frankie Ng

Nationality: Swiss, Chinese
Year of Birth: 1966

Function in SGS

- Chief Executive Officer
Joined SGS in 1994

Education

- BA in Economics and Electronics Engineering

Previous responsibilities

2011-2015: EVP, Industrial Services
2005-2011: EVP, Consumer Testing Services
2002-2004: Managing Director, US Testing

Other activities

Board Member and member of the Remuneration Committee at Logitech

Dominik de Daniel

Nationality: Swiss, German
Year of Birth: 1975

Function in SGS

- Chief Financial Officer
Joined SGS in 2019

Education

- Degree in Banking
- CEFA Investment Analyst

Previous responsibilities

2015-2018: CFO and Chief Operating Officer, IWG plc. UK, the global leader for flexible workspace
2006-2015: CFO Adecco Group, Switzerland

Olivier Merkt

Nationality: Swiss
Year of Birth: 1962

Function in SGS

- Chief Compliance Officer
Joined SGS in 2001

Education

- Doctorate in Law, admitted to the bar in Switzerland

Previous responsibilities

2006-2008: VP, Corporate Development
2001-2006: Senior Counsel

Teymur Abasov

Nationality: Azerbaijani
Year of Birth: 1972

Function in SGS

- COO, Eastern Europe & Middle East
Joined SGS in 1994

Education

- Degree in Electrical Engineering

Previous responsibilities

2006-2007: Managing Director, Kazakhstan and Caspian Sub-Region
2004-2006: Managing Director, Azerbaijan and Georgia
2003-2004: Managing Director, Georgia

Olivier Coppey

Nationality: Swiss
Year of Birth: 1972

Function in SGS

- EVP, Health & Nutrition
Joined SGS in 1994

Education

- MSc Economics

Previous responsibilities

2015-2020: EVP, Agriculture Food and Life
2013-2015: EVP, Agriculture
2009-2013: Vice President Seed and Crop, Agricultural Services

Steven Du

Nationality: Chinese
Year of Birth: 1972

Function in SGS

- COO North East Asia
Joined SGS in 1999

Education

- MSc Logistics & Supply Chain Management

Previous responsibilities

2019-Jul 2021: Managing Director Mainland China and Hong Kong SAR
2016-2019: Managing Director Mainland China
2014-2016: Managing Director Vietnam

Fabrice Egloff

Nationality: French
Year of Birth: 1969

Function in SGS

- COO, Africa & Western Europe
Joined SGS in 1995

Education

- Master of Business Administration in International Business Affairs

Previous responsibilities

2017-2019: COO Africa
2009-2017: Managing Director, France
2004-2008: Managing Director, Hong Kong

Luis Felipe Elias

Nationality: Peruvian
Year of Birth: 1959

Function in SGS

- COO, Latin America
Joined SGS in 2004

Education

- Industrial Engineering Degree and MBA

Previous responsibilities

2012-2018: Managing Director, Ecuador and Peru
2004-2012: Deputy Managing Director, Peru

Derick Govender

Nationality: South African
Year of Birth: 1970

Function in SGS

- EVP, Natural Resources
Joined SGS in 2002

Education

- Diploma in Analytical Chemistry
- Postgraduate in Business Management

Previous responsibilities

2015-2020: EVP Minerals Services
2014-2015: Minerals Manager, Chile
2010-2014: VP Minerals, Africa

Jessica Sun**Nationality:** American**Function in SGS**

- SVP, Human Resources
Joined SGS in January 2022

Education

- Bachelor's degree in Law from the China University of Politics & Law Science
- EMBA from the Chinese Europe International Business School (CEIBS)

Previous responsibilities

2016-2021: Haier, USA, CHRO Global Appliances

2013-2016: Mallinckrodt Pharmaceuticals, VP of Human Resources, International Mallinckrodt

2012-2013: Eaton Corporation, USA, HR Director, Global CET Business

Charles Ly Wa Hoi**Nationality:** French**Year of Birth:** 1966**Function in SGS**

- EVP, Connectivity & Products
Initially joined SGS in 1992, rejoined in 2008

Education

- Degree in Electronics Engineering from ENSEIRB-MATMECA

Previous responsibilities

2018-2020: EVP Consumer and Retail Services

2016-2018: Vice President of Retail Solutions and European Business Development, Consumer and Retail

2013-2016: Global Head of Materials and Manufacturing, Industrial Services

2009-2013: Vice President of Strategic Global Accounts, Consumer Testing Services

Jeffrey McDonald**Nationality:** Australian, American**Year of Birth:** 1964**Function in SGS**

- EVP, Knowledge
Joined SGS in 1995

Education

- Postgraduate Diploma in Education

Previous responsibilities

2015-2020: EVP Certification and Business Enhancement

2007-2015: COO, North America

2004-2007: EVP, Systems and Services Certification

2003: Global Project Manager, Systems and Services Certification

Stephen Nolan**Nationality:** American, Irish**Year of Birth:** 1960**Function in SGS**

- COO North America, since January 2021
Joined SGS in 2019

Education

- B.Comm in Finance

Previous responsibilities

2013-2018: Hudson Global, USA Chief Executive Officer/Chief Financial Officer

2004-2012: Managing Director of Adecco North America

Toby Reeks**Nationality:** British**Year of Birth:** 1976**Function in SGS**

- SVP, Corporate Communications, Sustainability & Investor Relations
Joined SGS in 2018

Education

- BA in Economics

Previous responsibilities

2013-2018: Executive Director, Morgan Stanley

2011-2013: Director, Merrill Lynch

2005-2011: Vice President, Merrill Lynch

Malcolm Reid**Nationality:** British**Year of Birth:** 1963**Function in SGS**

- COO, South East Asia & Pacific
Joined SGS in 1987

Education

- BSc Chemistry

Previous responsibilities

2012-2015: EVP, Consumer Testing Services

2007-2011: EVP, Systems and Services Certification

2005-2007: Managing Director, Australia

Alim Saidov**Nationality:** Azerbaijani/Canadian**Year of Birth:** 1964**Function in SGS**

- EVP, Industries & Environment
Joined SGS in 1993

Education

- PhD in Science

Previous responsibilities

2013-2020: EVP, Oil, Gas and Chemicals

2007-2013: EVP, Oil, Gas and Chemicals Services and Environmental Services

2005-2007: COO, Eastern Europe and Middle East

2004: COO, North America and Managing Director, Canada

Wim Van Loon**Nationality:** Belgian**Year of Birth:** 1966**Function in SGS**

- COO Northern & Central Europe
Joined SGS in 1989

Education

- Engineering degree in Industrial Electro Mechanic and Master's degree in Business Management

Previous responsibilities

2018-2020: EVP, Industrial Services

2015-2018: Managing Director, Benelux

2011-2015: Executive Director, Industrial Services, Benelux

2003-2015: Business Manager for Industrial, Minerals and Consumer Testing Services, Benelux

4.2. Other activities and vested interests

The following list presents all material activities in governing and supervisory boards, management positions and consultancy functions, official tenures and political positions held by each member of the Operations Council outside the Group, both in Switzerland and abroad.

Derick Govender**Member of IPMI (International Precious Metal Institute)****4.3. Changes in the Operations Council**

During 2022 Siddi Wouters, SVP Digital & Innovation left the Operations Council and the Group. Biographical information on former members of the Operations Council may be found in prior years' Corporate Governance reports.

4.4. Limits on external mandates

The articles of association of the Company limit the number of mandates permissible to members of the Operations Council, to no more than four board memberships in entities outside the Group, of which a maximum of one membership may be in the board of companies whose shares are traded on a stock exchange. 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.

4.5. 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 Operations Council 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 Operations Council. 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 a Remuneration Committee, which is 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 Operations Council. Please refer to the Remuneration report pages 105 to 107 for a description of the Company's rules in the matter.

In the event of changes in composition of the Operations Council occurring after the approval by the Annual General Meeting of the fixed remuneration of the executive team, the Board is authorized to increase up to a maximum of 25% 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 2022 (same as at 31 December 2021), no loan or advance is granted by the Group to members of the Operations Council.

5.2.3. Rules on vote on pay

The Annual General Meeting approves the following matters related to the compensation of the Board and Operations Council:

- It approves the fixed fees payable to the Board of Directors until the next Annual General Meeting
- It approves in advance a prospective maximum fixed remuneration to the Operations Council during the next financial year
- It approves the total aggregate amount payable to the Operations Council for the performance-related annual bonus related to the prior year
- It approves the maximum amount payable under Long-Term Incentive plans to be introduced by the Company
- Resolutions of such matters are binding to the Board of Directors. In addition, the Annual General Meeting is invited to cast a non-binding vote on the Remuneration report that describes the Company's remunerations policies. This allows shareholders to express a view on the overall policies of the Group in relation to remuneration

6. Shareholders' participation rights

All registered shareholders receive a copy 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.

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 power of attorney to an independent proxy appointed by the Company or to any other registered shareholder.

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

6.1.2. 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 to the independent proxy, who is elected by the General Meeting of Shareholders.

Shareholders can give specific or generic voting instructions to the independent proxy on all matters on the agenda of 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 shares with a minimum par value of CHF 50 000 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 does not impose any deadline for registering shares prior to an Annual General Meeting. However, a technical notice of two business days is required.

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 board members, senior management or employees of the Group in the event of a change of control, subject to the standard rules regarding termination of employment.

8. Auditors

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

PwC was elected as auditor 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 with Guillaume Nayet as the lead auditor have audited the 2022 Group financial statements.

The Company requires the lead auditor to be changed at the latest after completion of five annual audit cycles, whereas Swiss company law imposes a maximum period of seven years.

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 audit fees paid to the auditors for the audit of the Company and the Group financial statements in 2022 amounted to CHF 6.1 million (2021: CHF 6.2 million).

8.3. Additional fees

An aggregate amount of CHF 1 million was paid to PwC (2021: CHF 1 million) for other professional services, unrelated to the statutory audit activity, mainly composed of tax compliance services, non-statutory 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.

It meets with the auditor at least three times per year, including private sessions without the presence of management.

In 2022, the Audit Committee met 5 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 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.

When evaluating the performance of the auditors, the Audit Committee assesses the effectiveness of the audit based on Swiss Law, their 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 a 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 define 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 auditor regularly presents its findings, both during the deliberations of the Audit Committee and in written reports, to 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. This includes an updated version of the articles of association, current information on share buyback programs and minutes of shareholders' meetings. 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 half-year unaudited and yearly audited results 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 236 of the annual report.

10. Quiet periods

Members of the Operations Council and other employees having access to material non-public information are banned from trading in SGS shares during quiet periods, preceding publication of yearly and half yearly results.

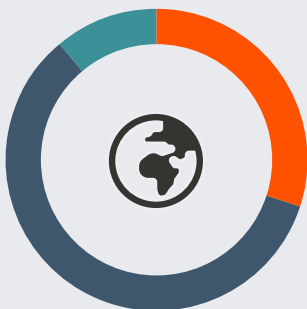
These periods are set between December 31 until and including the date of publication of the full year results and between June 30 until and including the date of the publication of the half year results.

In addition to these fixed quiet periods, the Company institutes 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.

Investor relations at SGS

We ensure clear, transparent and consistent information to support the financial community to make informed decisions.

Investor engagements by region



- Americas 30%
- Europe, Africa and Middle East 59%
- Rest of the World 11%

Institutional investors by geography



- United Kingdom 32%
- Switzerland 24%
- United States 21%
- Other 23%

IR results in annual investors survey

Top 3	Top 2
for best IR program for the Business & Employment Services sector in both votes ¹	for best analyst/ investor event (in both the buy-side and combined vote)

1. There are two separate votes – one from investors and one combined with analysts.

Fostering transparency and trust

Our approach

Our team leads the communication with current and prospective investors, analysts and rating agencies. Our aim is to provide clear and transparent information to the financial community supporting investors to make informed decisions.

We engage with analysts, existing and new investors at our investor days, roadshows, conferences globally and on an ad-hoc basis. Over the course of 2022, we attended over 20 investor conferences and had a total of over 470 touchpoints (a +10% year on year).

Investor days

Our Investor Days gives analysts and investors the opportunity to visit our facilities in the field, SGS and TIC industry themes and concerns, and facilitate access to the local management team and members of our Operations Council in an open and transparent way.

Following a pause during the pandemic, when we held the virtual external presentation of our 2020-23 plan, we hosted our annual investor days in Istanbul. During this two-day event, we updated the audience on progress made towards our 2023 plan and addressed the key themes of deglobalization, sustainability solutions and digitalization.



We organized tours of Gunesli and Dilovasi laboratories enabling participants to visit our facilities, spend time with our local operational management teams and get a deeper, more tangible understanding of our business.

The event was well-attended, with over 30 analysts and investors staying for the entire duration of the trip and over 25% of our shareholder base was represented.

Our investors

Our shareholder base largely consists of long-term investors. Over 15% of our institutional investors are based in the United Kingdom and in Switzerland while approximately over 10% are based in the United States. Please see the chart below full the full breakdown of our investor base.

How to connect with us

More information is available on our Investor Relations webpage on [sgs.com](https://www.sgs.com).

FY22 investor engagement feedback

What was your overall impression of the meeting?	4.7
Do you feel you understand our strategy?	4.5
How confident are you that SGS's strategy will accelerate organic growth?	3.8
How clear are our capital allocation priorities?	4.1
Do you view sustainability as integral to our strategy and culture?	4.1

Average rating 1 – negative to 5 – very positive