

When you need
to be sure

Invitation to the
Annual General Meeting
of Shareholders of SGS SA

SGS



Welcome to our Annual General Meeting

Geneva, the 26th February 2024

Dear Shareholders,

Welcome to our Annual General Meeting.

I am pleased to share with you today the beginning of an exciting new chapter for SGS, with the appointment of Géraldine Picaud as our new CEO and the launch of "Strategy 2027: Accelerating Growth, Building Trust" earlier this year. Géraldine is an inspiring leader with impressive experience and track record and is perfectly placed to lead SGS into the future. As such, she has the Board's full confidence in driving our upcoming phase of growth and profitability.

I am proud of our ambitious Strategy 2027 roadmap: it is a solid foundation that will enable SGS to drive profitable growth, streamline the organization, deliver attractive returns for stakeholders and remain the point of reference when you need to be sure. It is based on three powerful value drivers: Growth, Performance & Agility and strong Financial Profile, which Géraldine will present to you in more detail at the AGM.

We presented our financial results 2023 earlier this year, SGS delivered sales of CHF 6.6 billion, strong organic growth of 8.1% and a significant increase in free cash flow. Performance was mainly driven by double-digit growth in Business Assurance (prev. Knowledge) and high single-digit growth in Natural Resources and Industries & Environment. I am proud of how our teams have navigated the ever-increasing complexity of the world we live in and managed to turn challenges into opportunities. This is the right spirit we want to continue to embed across the network.

Considering all these positive developments, the Board decided to leave our dividend unchanged, but to take this opportunity to propose to your vote an optional scrip dividend of CHF 3.20 per share, which is effectively a vote of trust in the new management and Strategy 2027. Subject to the approval of a capital increase, you will be able to elect to receive the dividend in the form of shares, delivered at a discount, or in cash. You will find all details enclosed in this invitation.

There is no doubt that 2024 will present again many opportunities and challenges, but I have every confidence that our leadership team and our dedicated employees worldwide will use them to find new potentials for growth. Our people are at the heart of our business, and it is their passion, commitment and contribution that makes SGS such a unique and truly purpose-driven company.

Looking ahead, I am extremely confident our company will continue to lead the way in bringing highly innovative solutions to its customers and drive a thriving and sustainable business that provides real value to all stakeholders. This is a very exciting journey: together, guided by our promise "when you need to be sure", we will accelerate growth and build trust.

On March 26, we will take the time to express our sincere gratitude to Frankie Ng, not only for his leadership over the past nine years as CEO but also for everything he has done for SGS since joining as a Management Trainee back in 1994. It is also thanks to his vision that this company has maintained his leadership position in the testing, inspection and certification industry.

At the Annual General Meeting 2023, our long-standing Board member, Shelby du Pasquier will step down after 18 years of excellent service. I would like to express my sincere appreciation and thank him for his relentless support, dedication and contribution over these many years. We wish him all the best for the future. All other Board members will stand for re-election as we continue to ensure the Board has the necessary competencies and the right blend of expertise to support this fantastic company.

Finally, a few words of heartfelt thanks and gratitude to my fellow members of the Board of Directors, the Executive Committee and you, our Shareholders, for your trust and continuing support. I look forward to meeting many of you in person in Geneva on March 26th, 2024.

Yours truly,



Calvin Grieder
Chairman of the Board of Directors

Agenda

**Tuesday, 26 March 2024
at 14:00**

(doors opened at 13:00)

Théâtre du Léman

(Fairmont Grand Hotel Geneva),
Quai du Mont-Blanc 19
Geneva

1. Annual Report 2023

- 1.1. Annual report and financial statements of SGS SA and of the SGS Group
- 1.2. Annual report on non-financial matters for 2023
- 1.3. Advisory Vote on the 2023 Remuneration report

2. Release of the members of the Board of Directors and of the Management

3. Appropriation of Profit

- 3.1. Appropriation of profit resulting from the balance sheet and distribution of a share or cash dividend
- 3.2. Share Capital Increase
- 3.3. Share Capital Reduction

4. Elections

- 4.1. Election to the Board of Directors
- 4.2. Election of the Chairman of the Board of Directors
- 4.3. Election to the Remuneration Committee
- 4.4. Election of the Statutory Auditors
- 4.5. Election of the Independent Proxy

5. Remuneration Matters

- 5.1. Remuneration of the Board of Directors until the 2025 Annual General Meeting
- 5.2. Fixed Remuneration of Senior Management for the fiscal year 2025
- 5.3. Annual Variable Remuneration of Senior Management for the fiscal year 2023
- 5.4. Long-term incentive plan to be issued in 2024
- 5.5. Long-term incentive plan to be issued in 2025

6. Changes in the Articles of Association

- 6.1. Amendment of rules regarding remuneration
- 6.2. Amendment of miscellaneous articles

Proposals of the Board of Directors

1. Annual Report 2023

1.1. Annual Report, financial statements of SGS SA and consolidated financial statements of the SGS Group for 2023

Proposal:

Approval of the annual report, the financial statements of SGS SA and the consolidated financial statements of the SGS Group.

1.2 Annual report on non-financial matters for 2023

Proposal:

Approval of the 2023 report on non-financial matters.

Explanation:

In compliance with the new Swiss rules on non-financial reporting (article 964 b Code of Obligation), 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. In addition, the Group non-financial performance has been reviewed independently by its external auditors, to provide assurance on the reported data.

The Shareholders are invited to approve the non-financial reporting of the Company. For ease of reference, the integrated report includes a table referencing items which are subject to the mandatory disclosure and approval required by Swiss law. The sections referred to in the table on page 186 of the 2023 integrated report are subject to the shareholders' approval.

1.3 Advisory vote on the 2023 Remuneration report

Proposal:

Acceptance of the 2023 Remuneration report.

Explanation:

The vote on the Remuneration report is non-binding and is designed to allow Shareholders to express their opinion on the overall remuneration policies of the SGS Group.

2. Release of the Board of Directors and of the Management

Proposal:

Release of the members of the Board of Directors and of the Management.

Explanation:

By releasing the members of the Board of Directors and of Management from liability, the approving shareholders declare that they will no longer hold the responsible persons accountable for matters that occurred during the past financial year and were brought the attention of the general meeting.

3. Appropriation of profit resulting from the balance sheet of SGS SA

Proposals:

3.1 Appropriation of profit resulting from the balance sheet and distribution of a share or cash dividend

	CHF
Profit for the year	625 502 400
Balance brought forward from previous year	67 826 309
Reversal of reserve for own shares	7 846 448
Total retained earnings available for appropriation	701 175 157

Proposal:

Subject to the approval of the proposal under Item 3.2 (ordinary capital Increase), the Board of Directors proposes the payment of a share or cash dividend, giving each shareholder the right to receive either a cash dividend of CHF 3.20 (three francs twenty centimes) per share, or, at the election of each shareholder eligible to do so, a dividend in the form of shares of the Company (the "Share Dividend"); the Share Dividend will be calculated such that the shares that electing shareholders receive (each a "Dividend Share") are valued with a discount of 6% to the market value of the shares. This market value is determined by the Board of Directors based on the daily volume weighted average price of the existing SGS shares traded on the SIX Swiss Exchange during a period between 8 and 19 April 2024, less the mentioned discount. The conversion ratio (i.e., how many existing SGS shares are required to receive one Dividend Share) will be calculated by dividing the distribution value by the cash dividend amount of CHF 3.20.

The necessary number of Dividend Shares will be sourced from shares created by way of an ordinary capital increase as proposed in agenda item 3.2 i.e., issued at the nominal amount of CHF 0.04 per share, subscribed for and paid-up in cash by a subsidiary of SGS and immediately after entry of the new shares in the commercial register purchased by SGS at the nominal value.

The above amount of retained earnings will be reduced:

- by the total amount paid for the cash dividend (no dividends are paid on treasury shares)

The remaining amount will constitute the balance being carried forward. If the proposal under item 3.2 is rejected, the entire amount of retained earnings will be carried forward.

Explanation:

The Board of Directors believes that the proposed option to receive the dividend in the form of shares at a discount is consistent with the Company's plan to retain balance sheet strength and offers eligible shareholders (as further described in the shareholder information brochure, available on the Company's website at sgs.com/2024agm) an attractive opportunity to increase their investment in SGS and to participate in the group's future growth. Shareholders choosing the Share Dividend are not charged any withholding tax (the Company will bear the costs of the withholding tax which is only levied on the nominal amount of the Dividend Shares).

Thus, the Board of Directors is asking shareholders to approve the share or cash dividend as proposed. Eligible shareholders will be entitled to receive Dividend Shares free of charge, subject to fees charged by their custodian banks and further subject to any legal restrictions applicable in their home jurisdiction. The Board of Directors shall determine the treatment of fractions, it being understood that generally, such fractions shall be aggregated by the custodian banks, the respective Dividend Shares sold and the resulting cash proceeds delivered in lieu of fractions.

Shareholders wishing to receive a cash dividend do not need to do anything – they will receive their dividend in the usual manner, after deduction of the applicable withholding tax of 35%, on or around 25 April (the dividend ex-date being for all shareholders 2 April 2024). The delivery of the Dividend Shares is also scheduled for 25 April 2024. The payment of cash in lieu of fractions is expected to be effected shortly thereafter, but no later than on 30 April 2024.

For further information, please consult the shareholder information brochure available on the Company's website at sgs.com/2024agm.

3.2 / 3.3 Share Capital Increase and Share Capital Reduction

Explanation to agenda items 3.2 and 3.3:

The Board of Directors proposes to increase the share capital of the Company to create Dividend Shares (see proposal under item 3.1.). The newly issued shares will be used solely for distribution of the Share Dividend to eligible shareholders who have elected to receive their dividend in shares.

These new shares of SGS SA will be admitted to listing on the SIX Swiss Exchange as from the date these shares are transferred to shareholders. For further information, please consult the shareholder information brochure available at sgs.com/2024agm.

The proposed share capital increase under agenda item 3.2 is intended to allow the Board of Directors to issue the number of shares required by way of an ordinary capital increase.

The Board of Directors proposes also, under agenda item 3.3. to reduce the share capital of the Company, by way of cancellation of those shares held as treasury shares which were previously purchased as part of share buy-back programs. These treasury shares cannot be re-purposed for distribution and cannot be put in circulation again without adverse tax consequences. Therefore, to achieve a more favorable tax treatment for all shareholders in the context of the Share Dividend as proposed under agenda item 3.1, all Dividend Shares will be newly issued in a capital increase. Simultaneously, the Board of Directors is proposing the cancellation of the repurchased shares (currently held in treasury) by way of a share capital

reduction (agenda item 3.3).

The Shareholders will thus be required to approve two resolutions, first to increase the share capital to create new shares, and second, to reduce the share capital to cancel existing treasury shares.

The proposed share capital reduction under agenda item 3.3 combined with the share capital increase proposed under agenda item 3.2 will result in a net share capital increase of up to CHF 246,501, corresponding to up to 6,161,525 additional registered shares with a nominal value of CHF 0.04 each.

3.2 Share Capital Increase

Proposal:

The Board of Directors proposes to increase the share capital of the Company by way of an ordinary capital increase on the following terms:

- a) Maximum number of shares to be issued and maximum nominal value of the increase: up to 9,000,000 registered shares with a nominal value of CHF 0.04, i.e. a nominal value of up to 360,000.
- b) No preferential rights, issue price per share: CHF 0.04 per registered share, to be paid in cash (aggregate issue price of up to CHF 360,000).
- c) Beginning of the period of dividend entitlement: Registration date of the capital increase in the commercial register.
- d) Type of contributions: In cash for up to 9,000,000 new registered shares at CHF 0.04 each.
- e) Subscription rights excluded. The shares newly issued will be used solely as Dividend Shares (as per agenda item 3.1) and be transferred to eligible shareholders who have elected to receive the Share Dividend.

This resolution is subject to the approval of the proposal under agenda item 3.1. If the proposal under agenda item 3.1 is rejected, no vote on this agenda item 3.2 will take place.

3.3. Share capital reduction

Proposal:

The Board of Directors proposes the reduction of the Company's share capital by CHF 113,499 by cancelling 2,837,475 registered shares, each with a nominal value of CHF 0.04, which were repurchased by the Company for cancellation and are held in treasury. The reduction amount shall be booked against the minus position for treasury shares.

4. Elections

4.1. Elections to the Board of Directors

Proposal:

Re-election of:

- Mr. Calvin Grieder
- Mr. Sami Atiya
- Ms Phyllis Cheung
- Mr. Ian Gallienne
- Mr. Tobias Hartmann
- Mr. Jens Riedl
- Ms Kory Sorenson
- Ms Janet S. Vergis

each for a term of one year ending on the date of the 2025 Annual General Meeting.

Explanation:

The Board proposes the individual re-election of the above-listed Directors who have served during 2023. Their biographies and qualifications are included in the Corporate Governance Report of the Company.

4.2. Election of the Chairman of the Board of Directors

Proposal:

Re-election of Mr. Calvin Grieder, for a term of one year ending on the date of the 2025 Annual General Meeting.

Explanation:

In line with the Company's Articles of Association the Chairman is elected by the Annual General Meeting. The Board proposes the re-election of Mr. Calvin Grieder as Chairman of the Board of Directors.

4.3. Election to the Remuneration Committee

Proposal:

Election of:

- Mr. Sami Atiya
- Mr. Ian Gallienne
- Ms Kory Sorenson

each for a term of one year ending on the date of the 2025 Annual General Meeting.

Explanation:

In line with the Company's Articles of Association the Members of the Remuneration Committee are elected by the Annual General Meeting. The Board proposes the re-election of Messrs. Sami Atiya and Ian Gallienne and Ms. Kory Sorenson. Mr. Sami Atiya and Ms. Kory Sorenson qualify as independent Directors as per the criteria defined by the Company and outlined in its Corporate Governance report.

4.4. Election of Statutory Auditors

Proposal:

Election of PricewaterhouseCoopers SA, Genève, as Auditors of SGS SA and Group Auditors for the business year 2024.

Explanation:

The Board recommends the re-election of PricewaterhouseCoopers SA as auditors for the fiscal year 2024. They have served as auditors for the first time for the fiscal year 2021.

4.5. Election of the Independent Proxy

Proposal:

Election of the public notary firm of Notaires Carouge, Geneva, as Independent Proxy for a term of one year ending on the date of the 2025 Annual General Meeting.

Explanation:

The Independent Proxy exercises the voting rights of shareholders who do not attend physically the Annual General Meeting. He or she is independent from the Company and complies with voting instructions received. The Board recommends the re-election of the public notary firm who was first elected at the 2023 Annual General Meeting.

5. Remuneration Matters

5.1. Remuneration of the Board of Directors until the 2025 Annual General Meeting

Proposal:

Approval of an aggregate amount of CHF 2,700,000.- representing the remuneration of the members of the Board of Directors for the period ending on the date of the 2025 Annual General Meeting.

Explanation:

The proposed remuneration of the Board of Directors comprises fixed fees for each of the Board Members, and a fixed fee for the Chairman of the Board of Directors. Board members attending a Board Committee are entitled to additional fees justified by additional work and responsibilities. The remuneration of the members of the Board of Directors is unchanged from last year. Board members will receive part of their remuneration by way of restricted shares, with the same pricing as for the shares awarded to the management. Board members are required to keep the shares for a minimum period of three years and need to accumulate during their tenure a number of shares equivalent in value to two years of remuneration.

This amount excludes the Swiss mandatory social contributions (AVS-AI) payable by the Company in relation to the board fees, over which the Board has no control.

5.2. Fixed Remuneration of Senior Management for the fiscal year 2025

Proposal:

Approval of a maximum aggregate amount of CHF 10,500,000 representing the fixed remuneration of the members of the Group senior management (Executive Committee) for the fiscal year 2025.

Explanation:

The Company's articles of association provide that the Annual General Meeting approves in advance the maximum aggregate amount payable in fixed remuneration (as defined in the Company's articles of incorporation and described in the remuneration report) to members of the senior management during the calendar year following the Annual General Meeting.

The Company seeks thus approval to pay during the calendar year 2025 up to a maximum aggregate amount of CHF 10,500,000 in fixed remuneration to members of the Group Senior Management (including the Group CEO). This amount includes the gross base salary, payable to the Executive Committee members, but excludes mandatory social contributions payable by the employer, over which the Company has no control. The requested amount also comprises all other cash allowances, contributions to pension plans and other fringe benefits with a monetary value, other than the variable remuneration which is approved separately by the Annual General Meeting.

5.3 Annual Variable Remuneration of Senior Management for the fiscal year 2023

Proposal:

Approval of an aggregate amount of CH 4,956,369 representing the annual variable remuneration of the members of the Group Operations Council for the fiscal year 2023.

Explanation:

On the basis of the Group performance in 2023, the Operations Council (including the Group CEO) are entitled to the payment of annual bonuses in the aggregate amount of CHF 4,956,369 (for the 2022 performance: CHF 4,432,647).

5.4 Long-term incentive plan to be issued in 2024

Proposal:

Approval of the issuance of a Long-Term Incentive Plan to be granted to the members of the Senior Management (members of the Executive Committee) in 2024, for a total maximum equivalent to CHF 12,000,000.

Explanation:

As per the Company's Articles of Association in its current version, the Annual General Meeting authorizes the aggregate amount of any long-term incentive plans to be granted to senior management in the current year. The Company seeks approval to issue a new Long-Term Incentive Plan in 2024.

Beneficiaries of the plan will receive Performance Share Units, whose vesting will be contingent upon the Group reaching long-term financial and environmental, social and governance (ESG) objectives in 2026.

The amount subject to the approval of the Annual General Meeting represents the value of the performance share units at the time of their grant, assessed at the maximum possible vesting level under the plan rules. The main principles of the proposed long-term incentive plan are outlined in the Remuneration report.

5.5 Long-term incentive plan to be issued in 2025

Proposal:

Approval of the issuance of a Long-Term Incentive Plan to be granted to the members of the Senior Management (member of the Executive Committee) in 2025, for a total maximum equivalent to CHF 12,956,000.

Explanation:

The Board of Directors asks the Annual General Meeting to change the timing of approval of the long-term incentive plans (see item 6.1). If the proposed change of the articles of association is accepted, the Annual General Meeting will be asked in the future to give authority to the Board of Directors to issue such plans one year in advance, as opposed to the current year, as is now the practice followed by the Company. During the transition to the new system, the Board is asking exceptionally the Annual General Meeting for authority to issue Long Term Incentive plans in two consecutive years.

The Company's Articles of Association provide that the Board of Directors can submit for approval by the Annual General Meeting, proposals relating to different periods than those defined in the Articles of Association.

The Board of Directors is making use of that faculty to be authorized to issue a Long-Term Incentive Plan in the following year, as will be the new practice followed by the Company, if the amendment of the Articles of Association is accepted.

6. Changes in the Articles of Association

6.1 Amendment of rules regarding remuneration

Proposal:

Amendment of the articles 28 to 31 of the Articles of Association of the Company. This section deals with the remuneration of the board of directors and senior management of the company. The full text of the proposed changes is accessible at the following link: sgs.com/2024agm.

Explanation:

The proposed changes in the rules governing the remuneration of the senior management of the Company aim to clarify the definition of fixed remuneration, as opposed to the variable annual and long-term incentives. This is relevant as the company seeks separate approvals to the Annual Shareholders Meeting for each of these three elements of the executive remuneration.

The proposed changes provide a generic description of the mode of payment of the remuneration, which can be either in the form of cash, equity linked instruments or benefit.

Finally, the timing of the approval of long-term incentive plan is changed. Under the new system, such plans will continue to be approved prospectively by the Annual General Meeting, but the Board will receive the authority to approve such plans one year in advance, as opposed as during the year in which the plans are issued.

6.2 Amendment of miscellaneous articles

Proposal:

Amendment of the articles 5ter (abrogation), 11, 12, 13 and 39 of the Articles of Association of the Company. The full text of the proposed changes is accessible at the following link: sgs.com/2024agm.

Explanation:

The proposed amendments deal with matters of administrative nature and are submitted to the approval of the Annual General Meeting in one vote, for simplification. The proposed rules will allow communications and notices to be sent to shareholders by any means allowing proof by text and will thus allow the company to resort in the future to electronic communications. The articles of association clarify that any person with a valid power of attorney can represent shareholders at the Annual General Meetings, and not only other registered shareholders, and adapt to the Code of Obligations, the minimum threshold of shareholding for minority shareholders to request the submission of an item on the agenda of the Annual General Meeting.

Organizational matters

Exercise of voting right

Shareholders registered on the Company's share registry with voting right on March 18, 2024, are entitled to exercise their voting rights at the Annual General Meeting.

Physical Attendance at the General Meeting

Shareholders who wish to attend personally the Annual General Meeting are kindly invited to apply for an Admission card by returning the enclosed form to SGS SA, c/o Devigus Shareholder Services, Birkenstrasse 47, CH - 6343 Rotkreuz, no later than March 25, 2022.

Representation at the General Meeting

Shareholders may be represented at the Annual General Meeting by another registered shareholder with a written proxy.

Alternatively, shareholders may, free of charge, appoint the Independent Proxy, to cast their votes.

To grant a proxy, please do so electronically by accessing the online form using the QR Code in the present convocation, or alternately use the enclosed form and return it to SGS SA, c/o Devigus Shareholder Services with the enclosed envelope.

SGS provides the opportunity to Shareholders wishing to raise a question, or otherwise address the Meeting, to send a message to the Board of Directors through a dedicated e-mail address at: sgs.agm@sgs.com. The Board of Directors will address the most important questions during the Meeting, possibly mentioning the name of the shareholders who submit the questions. All messages will be answered individually by e-mail.

Live webcast

The General Meeting will be streamed live from 2pm CET on Tuesday 26 March 2024. Shareholders who wish to attend the live webcast are kindly invited to connect using the QR Code. The live webcast is only a live stream of the General Meeting without the possibility for Shareholders to cast vote online nor to ask questions.

2023 Integrated Report

View and download our 2023 Integrated Report, which includes our Business Report, Corporate Governance Report, Remuneration Report, and Sustainability Report, as well as the Group's Consolidated Financial Statements, the SGS SA Financial Statements and auditors' reports, at www.sgs.com. The report is also available to shareholders at the Company's registered office at Place des Alpes 1, 1201 Geneva.

French and German Translations

Translations of this invitation to the AGM, including the agenda, explanations and proxy form are available by accessing the site using the QR Code printed in the convocation.

Correspondence

Please address all correspondence regarding the General Meeting to
SGS SA,
c/o Devigus Shareholder Services,
Birkenstrasse 47,
CH - 6343 Rotkreuz

Yours faithfully,

SGS SA

Board of Directors

The following documents are available on the sgs.com/2024agm or scan the QR Code:

- Shareholder Information Brochure
- Revision of the Company's articles of association
- French and German translation of the convocation to the Annual General Meeting



When you need to be sure

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