



SGS 2021 human rights report

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Introduction

At SGS, we are led by our purpose to enable a better, safer and more interconnected world. As a fundamental part of this, we commit to respecting human rights – not just an ethical obligation, but as an important part of our role in society. Respecting human rights enables us to live up to our purpose and to build trust.

This report consolidates the principles, policies and initiatives that demonstrate our commitment to human rights. We aim to improve transparency to our stakeholders in everything we do, and to report on our progress around these efforts.

“ Human rights are fundamental to our beliefs, guiding our behavior and supporting our commitment to enabling a better, safer and more interconnected world. At SGS, we are fully committed to supporting human rights and preventing violations across our global network.”



Frankie-Ng
Chief Executive Officer





II Governance

At SGS, human rights permeate the highest levels of management. The SGS Human Rights Executive Committee, formed in early 2017 and chaired by the Chief Executive Officer, is ultimately responsible for and oversees the application of our human rights commitments across the Group. The Chief Compliance Officer is responsible for managing compliance with the SGS Code of Integrity, while the SGS Supplier Code of Conduct

is jointly managed by our global procurement and corporate sustainability teams. Senior managers are expected to demonstrate visible and explicit support for human rights as defined in the SGS Code of Integrity, the SGS Business Principles, the SGS Human Rights Policy and the SGS Supplier Code of Conduct.

In 2020, a Human Rights Task Force was created with the purpose of strengthening SGS's human rights due diligence program and ensuring

it remains suitable to the company's nature and operations. This taskforce is integrated by high-ranking representatives and steered by Corporate Sustainability.

Lastly, a dedicated Sustainability Committee of the Board has been appointed to reflect the growing importance of sustainability, including human rights, to all our stakeholders and build on the substantial work already achieved.

III Embedding human rights in our policies, principles and due diligence processes

Our unwavering commitment to respecting human rights is grounded in our SGS Code of Integrity and our SGS Business Principles, and reflected in our Human Rights Policy, Supplier Code of Conduct and other relevant policies.

Additionally, we utilize a wide range of controls to assess, prevent and mitigate risks related to human rights and broader labor rights violations across our operations.

Relevant human rights risks are embedded in our Enterprise Risk Management Framework, which places the responsibility and accountability for managing risk close to our operations.

In addition, we have integrated controls, specifically targeting human rights related risks in our group-wide Internal Control Framework. These controls include, but are not limited to, compliance with minimum wage requirements, overtime rules, changes to pay, collective agreements, etc.

To further mitigate any adverse human rights impact, SGS applies the Four-Eyes Principle in a rigorous manner to all employment-related decisions. All employment contracts and any changes in an employee's general conditions require at least two levels of approval and the validation of a human resources professional.

We continue our efforts to integrate human rights into our group-wide policies and control systems.

IV Delivering on our human rights commitments

To bring our human rights commitment to life, we embrace and follow the principles of the United Nations Global Compact and United Nations Guiding Principles (UNGPs) on Business and Human Rights. The UNGPs incorporate by reference the rights and principles expressed in the International Bill of Human Rights and in the International Labor Organization Declaration on Fundamental Principles and Rights at Work with its eight core conventions, all of which we respect.

As part of our continuous effort to respect human rights, SGS has implemented numerous policies, programs and plans to prevent and mitigate the risk of causing adverse impacts to human rights.

Unless specified otherwise, all policies, programs and plans aimed at preventing and mitigating human rights risks as described in this report apply to all SGS employees and over 2,600 offices and laboratories operated by SGS.

FAIR LABOR PRACTICES

As an employer, we impact the lives of over 96,000 employees and their families. We want our employees to be well and thrive during their time with SGS. We embed human rights in our policies, principles and due diligence processes and invest in programs and services to support human rights throughout the entire employee lifecycle.

ZERO-RECRUITMENT-FEE POLICY

Large recruitment fees can leave employees in situations of debt bondage, a form of forced labor in which a person's labor is demanded as means of repaying a loan, trapping the individual into working for little or no pay until the debt is repaid.

SGS applies a Zero-Recruitment Fee Policy. As part of this fair recruitment practice, SGS never requires an administration fee for processing job applications and never requests money or financial information from an applicant to secure a job as an employee, intern, or to provide services as a contractor.

In recent years, it has come to our attention that various individuals and organizations have contacted people offering false employment opportunities with SGS. Many of these schemes consist of an offer of employment, or a contract with SGS, along with the use of counterfeit checks. These schemes often request upfront payment for training, tools or travel, as well as banking information. Sometimes, these forms of cybercrime can even be the starting point for cases of human trafficking. We have taken this matter seriously and notified appropriate legal authorities in an effort to stop such fraudulent schemes.

In addition, we have launched internal and external communication campaigns to prevent candidates from becoming victims.

We proactively share the fact that SGS applies a Zero-Recruitment-Fee Policy through our corporate website, our recruitment portals and our intranet.

We invite candidates to check the legitimacy of a job offer or to report potentially fraudulent job offers to our Corporate Security Department.

EMBRACING DIVERSITY IN OUR RECRUITMENT PROCESS

To ensure that we are increasing the diversity of our hiring, we train our recruiters on recruitment best practices and talent acquisition, and our managers in recruitment, interviewing and diversity best practices. We are also measuring the gender diversity of our applicants.

SGS has a standardized recruitment process. The process includes the use of interview scorecards to standardize the evaluation of our candidates in the interview process. The proper and consistent use of interview scorecards helps us to remove potential interview bias, create a quantitative standard for candidate evaluation and to make better hiring decisions.

Furthermore, SGS designed the Gender Bias Toolkit to help us prevent using gender-biased wording in job adverts. Gender-biased words can be viewed as discrimination toward male or female candidates and could discourage people from applying to work for SGS.

FAIR AND COMPETITIVE REMUNERATION

SGS provides fair and competitive remuneration packages in all the markets in which we operate.

We ensure a fair and competitive remuneration package by using a well-known and broadly used global grading methodology throughout the SGS Group. This methodology helps us evaluate each job's contribution to our business success and it allows us to benchmark our remuneration packages against local market practices. The benchmarking data we use is collected through salary surveys performed by reputable professional service providers.

The remuneration is defined according to the grade of the job that employees will perform, their knowledge, qualification, skills and experience. Salary increases are reflective of the employee's contribution and impact on our business success, as well as external factors, such as local legislation and collective bargaining agreements.

SGS applies these methodologies throughout the SGS Group to promote the principle of equal pay for work of equal value and to support diversity.

In line with our Anti-Discrimination and Dignity at Work Policy, we are committed to promoting a workplace that provides equal opportunity for all employees. All employment-related decisions, including compensation, benefits, recognition and promotions will be made solely on the basis of an individual's qualification, performance and behavior or other legitimate business considerations.

We respect minimum wages defined by the local regulations and comply with all the mandatory requirements defined by local legislation or binding collective bargaining agreements with regards to wages and their evolution.

NO CASH POLICY

SGS recognizes that cash-based wage payments are not only inefficient for employers, but also risky and disempowering for workers.

We therefore follow the recommendations of the International Labor Organization and the UN-based Better than Cash Alliance to shift wage payments from cash to digital, in order to promote respect of workers' rights, broaden financial inclusion and to make payments safer and more transparent.

Our group policies require wages to be paid digitally and not through cash or cheques.

EDUCATION AND EMPLOYABILITY

SGS promotes the right to education by offering continuous learning opportunities to all our employees. Our employee online learning portal offers a large portfolio of learning opportunities, ranging from technical knowledge to interpersonal and management skills. It enables our employees to fully customize their individual learning path to their needs. We believe that helping our employees embrace a lifelong learning mindset, will empower them to increase their employability and help them be more resilient to life challenges.

ANTI-DISCRIMINATION AND DIGNITY AT WORK

As a global company, we consider that it is our responsibility to stand up for human rights and practice tolerance, inclusion, and respect to enable a better, safer and more interconnected world.

We achieve this goal through the promotion of greater debate and transparency, and the exchange of different views, experiences and perspectives.

The general obligation of every employee to abide by the principles of anti-discrimination is embedded in our SGS Code of Integrity and our Group Policy on Anti-Discrimination and Dignity at Work.

The latter aims to raise awareness of our zero tolerance of any form of discrimination and provide guidance on how to deal with it. It supports our commitment to promoting an equal opportunity workplace for all employees and an environment in which we treat everyone with dignity, consideration and respect.

We encourage our employees to act immediately and speak up if they encounter discrimination.

At SGS, there is no place for any form of discrimination.

FACILITATING THE FREEDOM OF EXPRESSION AND OPINION

At SGS, we value an open culture and are committed to cultivating an environment where everyone feels comfortable about engaging in an open dialogue, contributing ideas, and expressing thoughts and opinions without any fear of retaliation. As expressed in our Business Principle on Leadership, we are committed to encourage an honest and transparent relationship with our people to promote sharing, collaboration and engagement.

To enable our employees to share their honest feedback anonymously and to help us understand how our employees feel about working for SGS, we conduct regular employee engagement surveys.

We use communication tools such as Yammer as SGS's private and social collaboration network to foster open dialogue. All our employees can join the SGS private network on Yammer, ask questions, share ideas, express their opinion, and create and join communities.

BONDED LABOR, CHILD LABOR AND FORCED LABOR

SGS does not engage in bonded labor, child labor or forced labor.

As an inspection, verification, testing and certification company, it is in the nature of our business to employ workers with a certain level of occupational qualifications (e.g., inspectors, auditors, office workers, laboratory personnel, etc.). In our own operations, a large part of our activities is therefore considered inherently low-to-medium risk for bonded labor, child labor or forced labor.

We believe the policies and procedures in place mitigate any risks related to bonded labor, child labor or forced labor.

HEALTH AND SAFETY

At SGS, we recognize that our operations can impact the health of our workforce. Some of the harmful health risks and agents in our workplaces include exposure to noise, dust, chemicals, thermal and musculoskeletal stressors.

We monitor the health status of our workforce through the conduct of pre-employment and subsequent periodic health surveillance, to ensure early detection of potential ill health, and assist in the management and recovery from illness resulting from these exposures through appropriate case management.

In line with our culture of care, we promote initiatives to enhance the physical and mental well-being of our employees to ensure their fitness for work. This includes the provision of preventative health measures, such as vaccinations, and mental and physical health programs focused on awareness, support and resilience.

SGS advocates for educating and raising awareness among its entire workforce as a means of ensuring the health and safety of all its employees and delivers around 2.5 million training hours on health and safety per annum to our employees.

In addition, SGS has identified roles and responsibilities of the managers. By establishing a clear mechanism for clarifying responsibilities, managers are encouraged to ensure the safest possible working conditions for their employees.

HOME WORKING

During the peak of the Covid-19 pandemic a substantial number of SGS operations was forced to introduce working from home on a large scale due to strict quarantine measures imposed by governments.

To mitigate the risks related to employees working from home, SGS introduced a group policy outlining applicable rules, regulations and norms governing home working.

The policy includes, but is not limited to, guidance on health and workspace safety at home, and rules to prevent potential harassment or discrimination of employees working from home. It also clarifies that the requirements relating to absence, sickness and

recording of work time at home must be observed in the same way by home workers as by employees who work in the office.

To help our employees manage mental health while working from home, we offer employee assistance programs in different locations. These include mindfulness sessions, stress management training, virtual yoga, mental health virtual talks, and much more.

In addition, 35,000 of our employees took part in our engagement survey. 76% confirmed that they feel well-connected to their co-workers and believe that they receive feedback from their managers when working from home.



VULNERABLE GROUPS

Individuals from certain groups or populations may be particularly vulnerable to impacts on their human rights, such as children, women and migrant workers.

SGS takes responsibility for paying special attention to vulnerable groups and recognizing the specific challenges that they may face.

CHILDREN

SGS does not employ children under the age of completion of compulsory schooling and, in any case, under 16 years. To ensure this, we closely monitor the age of our employees and confirm a potential candidate's identity and right to work through our global standards on pre-employment screening.

WOMEN

SGS strives to have proportional representation of Women in Leadership positions throughout the group.

We have included Women in Leadership (CEO-1, CEO-2 and CEO-3 management positions) as a non-financial KPI into the Long-Term Incentive Plan of the SGS Group.

In addition, our gender-inclusive recruitment process for leadership positions requires that there is at least one woman on every interview panel and at least one female candidate on every final shortlist for CEO-1, CEO-2 and CEO-3 positions.

In 2021, SGS has become signatory of the Women Empowerment Principles – a United Nations private sector initiative that offers guidance to businesses on how to promote gender equality and women's empowerment in the workplace, marketplace and community.

As an example of our efforts, in 2022, SGS Switzerland obtained Equal Salary Certification, a symbol of excellence in terms of equal pay for all its employees in Switzerland. After successfully passing the statistical analysis of all salaries, SGS Switzerland underwent an internal audit entrusted by an external auditor company proving equal pay for women and men.

MIGRANT WORKERS

We realize the importance and extent of the migration phenomenon and recognize the vulnerable situation in which migrant workers frequently find themselves.

We mitigate the risk of employing workers who are non-documented or in an irregular situation through our global standards on pre-employment screening. Our global standards include, but are not limited to, the confirmation that the identity of our candidates is genuine and that they have a valid visa and work permit for the country of employment.

SGS has also conducted a global compliance review of cross-border employment relationships. Each identified cross-border case was reviewed, tailor-made guidance was provided, and corrective actions were implemented where required. Following the compliance review and, to mitigate any risks related to cross-border employment relationships, SGS set global standards. Through the avoidance of cross-border employment relationships, SGS ensures that employees working in the same location have access to the same rights and working conditions.

SUPPLY CHAIN

With a CHF 2 billion annual supply chain spend, we have a significant opportunity to extend our sustainability principles to many more businesses and employees beyond our own. Ensuring a sustainable procurement and supply chain is one of four pillars in our global procurement and supply chain management strategy. As a responsible major purchaser, we ensure that goods and services are sourced sustainably and that our suppliers respect human rights. As part of our sustainable procurement goals, we aim to make a significant contribution to raising social and environmental standards throughout our supply chain.

CODE OF CONDUCT FOR SUPPLIERS

Our Supplier Code of Conduct sets out the basis of our responsible sourcing approach. It defines not only the non-negotiable minimum standards that we ask our suppliers to respect when conducting business with SGS, but also the values which are shared throughout SGS, its various businesses and affiliates. Every supplier that wants to do business with SGS is required to sign the SGS Code of Conduct to ensure that they are aligned with our standards and commitments, including those related to Human Rights.

SUPPLIER DIVERSITY PROGRAM

SGS knows that diverse supplier networks bring uniquely rich insights and experiences that are vital to our innovative edge. Therefore, we are working to promote diversity and inclusion across our supply chain. As a result of these efforts, SGS North America is ensuring that minority-run suppliers have fair opportunities in procurement tenders. By doing so, SGS is not only improving the well-being of underrepresented groups, but also creating a positive socioeconomic impact on society as a whole, as it supports small firms.

DATA PRIVACY

SGS is committed to treating the right to privacy as a fundamental human right and has adopted an approach that protects the personal data of our customers, employees and third parties from the moment we collect it to the time we destroy it.

Privacy is a key principle of our Code of Integrity. SGS respects the privacy and confidential nature of the personal information of its employees. SGS only acquires and maintains the personal data of employees, customers and business partners to the extent required for the effective operation of its business or for complying with legal requirements.

Our Data Privacy Policy governs how we collect, use, and manage the personal data of customers, employees and third parties. Moreover, we have developed a management framework to allow us to manage personal data in a manner that is consistent with the Data Privacy Policy across all affiliates.

Aside from the policies, our data protection officers provide continuous advice, identify privacy risks, develop policies on specific issues, and train employees on data privacy.

We also take data privacy into consideration from the outset when developing new services or processes. By following the Privacy by Design approach, we aim to avoid a "collect first, ask questions later" approach to personal data. For those projects that entail data privacy concerns, our Data Protection Officers work closely with the relevant business and IT security teams to undertake a Data Protection Impact Assessment, documenting both the potential risks to individuals and the measures being taken to minimize them.

Finally, any individual who wants to exercise their privacy rights can do so by simply visiting our on-line privacy request form at www.sgs.com. We will not discriminate against individuals who choose to exercise any of their rights. Specifically, SGS will not deny goods or services, charge different prices or rates, or provide a different level of quality of services.



V Additional progress reports

Additional human rights-related progress is available in our 2021 Corporate Sustainability Report. It provides an evidenced update on our sustainability activities and performance over the 2021 calendar year.

In addition, SGS has set ambitious human rights targets as part of our Sustainability Ambitions 2030, which address our entire value chain. These targets include 2023 targets and 2030 targets, as set out below:

2023 HUMAN RIGHTS TARGETS

- Achieve 30% of women at CEO-3
- Reduce our Total Recordable Incident Rate by 20% and Lost Time Incident Rate by 10% (1) and HSE certify the main operational sites (integrated ISO 45001 and ISO 14001 certification)
- Continue performing annual risk assessments on human rights across the Group, keep developing our human rights due diligence program to avoid violations across our operations and train 100% of our employees on our human rights principles annually

2030 HUMAN RIGHTS TARGETS

- Strive towards an equitable representation of genders at CEO-3
- Reduce our Total Recordable Incident Rate by 30% and Lost Time Incident Rate by 20% (1) and HSE certify the main operational sites (integrated ISO 45001 and ISO 14001 certification)
- Continue performing annual risk assessments on human rights across the Group, keep developing our human rights due diligence program to avoid violations across our operations and train 100% of our employees on our human rights principles annually

EMPOWERING HUMAN RIGHTS

At SGS, we believe that people are empowered when they understand their human rights, know how to raise concerns and are provided with remediation consistent with local laws and the United Nations Guiding Principles (UNGPs) on Business and Human Rights.

HUMAN RIGHTS RELATED TRAINING

We strive to build a culture of respect for human rights at SGS. SGS offers training on human rights related topics, because we believe that raising awareness and sharing values through training is crucial to ensure that our employees act responsibly. Some examples of courses related to human rights, in addition to those described above, include:

- Human Rights
- Code of Integrity
- The Integrity Minute
- Health and Safety
- IT Security and Data Privacy

GRIEVANCE MECHANISM

We communicate extensively throughout the Group on the different channels through which employees, external rightsholders and stakeholders can bring any violations or risks of human rights violations to our attention.

Our SGS Integrity Helpline is available 24/7 in multiple languages online and by phone and is one way to report concerns confidentially and anonymously. The SGS Integrity Helpline is operated by an independent service provider specialized in dealing with compliance and ethics concerns. Communications made to the Integrity Helpline are treated confidentially and are reported to the SGS Compliance Team who protects the anonymity of the informant, where required.

SGS ensures that nobody faces any form of retaliation or adverse consequences for having sought advice or reported any violations or risks of human rights violations. Retaliation against a rights-holder who has reported a violation in good faith will result in disciplinary action.

More information on our grievance mechanism can be found in our Code of Integrity and Human Rights Policy as well as our Group Policy on Anti-Discrimination and Dignity at Work.

REMEDIATION

We recognize that even with the best policies and practices, SGS may cause or contribute to an adverse human rights impact that we have not foreseen or been able to prevent.

When this occurs, SGS applies remediation actions to ensure that the people who were negatively affected receive an effective remedy.

In line with the UNGPs, when an adverse human rights impact is detected in our own operations, SGS is committed to taking transparent action to remedy the situation in a fair and equitable manner. Should the adverse impact be found in the supply chain, SGS will encourage its suppliers to respect human rights, either through the development and implementation of corrective action plans or governance.

SGS does not tolerate violations of the Code of Integrity. Violations of the Code will result in disciplinary action, including termination of employment and criminal prosecution for serious violations.

In 2021, there were no human rights grievances identified through the SGS Integrity Helpline. Therefore, no remediation action was taken for grievances identified through the SGS Integrity Helpline.

VI Looking ahead

Embedding human rights in our policies and processes to meet our responsibility is an ongoing challenge requiring continuous improvement. We are fully committed to continuously improve the transparency of our human rights programs and our progress in this endeavor.

Visit www.sgs.com/en/our-company/corporate-sustainability/reporting-hub for future updates to this Human Rights Report or contact corporate.sustainability@sgs.com with ideas, inquiries and suggestions. We are committed to listening and learning and welcome your voice on our journey.

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WHEN YOU NEED TO BE SURE

