



REMUNERATION REPORT

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The SGS Remuneration Report provides an overview of the SGS remuneration model, its principles and programs and the related governance framework. The report also includes details on the remuneration of the Board of Directors and of the Operations Council related to the 2019 business year.

The SGS Remuneration Report has been prepared in compliance with the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares, in effect as of 1 January 2014, the Swiss Code of Best Practice for Corporate Governance of Economiesuisse, approved on 28 August 2014, and the Swiss Exchange (SIX) Directive on Information relating to Corporate Governance, revised on 13 December 2016, and according to the Articles of Association of SGS SA, as approved by the shareholders at the Annual General Meeting in 2015.

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1. INTRODUCTION BY THE NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee is pleased to present its 2019 Remuneration Report.

During 2019, the Committee attended its statutory duties, and worked on two other main topics: the review of the remuneration settlement vehicles for the members of the Board of Directors, and the review of the Short-Term Incentive scheme for the CEO.

The table below summarizes the outcome of the statutory duties in remuneration matters.

SUBJECT MATTER	DECISION POWER	MAIN ACTIVITIES
Individual remuneration of the members of the Board of Directors including the Chairman of the Board	Recommendation to the Board of Directors	<ul style="list-style-type: none"> Update of the remuneration of the Chairman of the Board, in line with prevalent market practices for listed companies in Switzerland Adjustment of the Audit Committee fee, to account for the required commitment and exposure
Individual remuneration of the CEO	Recommendation to the Board of Directors	<ul style="list-style-type: none"> Review of the remuneration of the CEO, based on the benchmark of his remuneration and pay mix against Swiss SMI companies and other competitors in the Testing, Inspection and Certification and in the Business to Business Services sectors¹
Individual remuneration of the Operations Council members	Approval (based on the recommendation of the CEO)	<ul style="list-style-type: none"> Review of the remuneration of the OC members, based on the benchmark of their remuneration and pay mix against similar positions in Swiss SMI companies and other competitors in the Testing, Inspection and Certification and in the Business to Business Services sectors¹ Adjustment of the pay mix, with increased emphasis on the variable remuneration vs fixed remuneration
Remuneration Report	Recommendation to the Board of Directors	<ul style="list-style-type: none"> Confirmation of the changes in the structure of the Report introduced in previous year Continuous effort towards clarity and transparency

1. Details of the relevant benchmarks are described on page 108, section 2.2.

The settlement vehicles of the remuneration of the members of the Board of Directors have been reviewed: Directors can have up to 50% of their remuneration settled in shares that may be restricted. This is in accordance with the Group's Article of Association (Art. 28).

As anticipated in the 2018 Annual Report (page 101), the Short-Term Incentive scheme for the CEO has been reviewed, with the objective to have better alignment between the plans in place for the CEO and for the other Operations Council members. The pay-out curves have been harmonized, and a leadership multiplier has been introduced also for the CEO. The key performance indicators have been reviewed as well, with the objective to have better alignment between the Operations Council incentive drivers and the short and long-term strategic objectives of the Group.

On the nomination matters, following the changes in the composition of the Operations Council (disclosed in Governance (page 99), the Committee worked on the appointment of two new members, and approved their contractual terms and conditions, including remuneration, based on the recommendation of the CEO.

Since 2015, the Board of Directors has implemented the consultative vote on the Remuneration Report and the binding vote on compensation amounts at the Annual General Meeting. The Committee received significant support in its activities and direction through positive votes at the Annual General Meeting 2019, and will continue with the same "say-on-pay" vote structure at the forthcoming Annual General Meeting 2020:

- Consultative vote on the Remuneration Report;
- Binding vote on the prospective maximum remuneration amount of the Board of Directors until the next Annual General Meeting;
- Binding vote on the retrospective short-term variable remuneration amount of the Operations Council members for the business year 2019;
- Binding vote on the prospective maximum fixed remuneration amount of the Operations Council members for 2021.

The table below summarises the votes of the Annual General Meeting on the remuneration matters since 2015.

(% of votes for)	2015	2016	2017	2018	2019
Consulative vote on the Remuneration Report	93.69	82.79	92.44	89.79	94.50
Binding vote on the prospective maximum remuneration amount of the Board of Directors	95.41	97.26	98.24	98.72	98.09
Binding vote on the prospective maximum fixed remuneration amount of the Operations Council members	95.29	98.27	80.11	75.61	80.28
Binding vote on the retrospective short-term variable remuneration amount of the Operations Council members	94.00	95.94	96.87	95.97	97.17
Binding vote on the value of the grants awarded under the Long-Term Incentive plan to the Operations Council members ¹	90.26	-	-	96.63	-

1. The SGS Long-Term Incentive plan provides a grant every three years; the last grant was done in 2018.

On the following pages, you will find detailed information about our remuneration model, its principles and programs, and the remuneration awarded to the Board of Directors and the Operations Council related to the business year 2019. We hope that you find this report informative. We are confident that our approach to executive pay is fully aligned with the strategy, wider competitive market benchmarks, the performance of the Company and the interests of our shareholders.

Shelby du Pasquier

Chairman of the Nomination and Remuneration Committee

2. REMUNERATION POLICY AND PRINCIPLES

2.1. REMUNERATION GENERAL PRINCIPLES

The general principles of remuneration of the members of the Board of Directors and the members of the Operations Council are defined in the Articles of Association (Art. 28 and 29).

The remuneration of the members of the Board of Directors is defined with two main objectives: (i) to compensate their activities and responsibilities as the highest governing body of the Group and their participation in the Committees established within the Board of Directors, and (ii) to guarantee their independence in exercising their supervisory duties towards the Executive Management.

The remuneration of the members of the Operations Council is defined with two main objectives: (i) to attract and retain the best talents available in the industry, and (ii) to motivate them to create and protect value for our shareholders by driving long-term sustainable financial success.

The members of the Board of Directors receive a fixed remuneration only.

The members of the Operations Council receive a fixed remuneration and a variable remuneration linked to short-term and long-term results.

REMUNERATION COMPONENT	BOARD OF DIRECTORS (NON-EXECUTIVE)	OPERATIONS COUNCIL (EXECUTIVE)
Fixed remuneration	✓	✓
Short-term variable remuneration	✗	✓
Long-term variable remuneration	✗	✓

2.2. REMUNERATION POLICY FOR THE EXECUTIVE MANAGEMENT

The Company's remuneration policy applicable to the Executive Management (Operations Council members) is defined by the Board of Directors in line with the Company's business strategy of profitable growth and with the aim to drive and support the Company's core values of passion, integrity, entrepreneurialism and innovative spirit.

The remuneration system for the Operations Council members operates according to four main principles:

- Market competitiveness
 - Remuneration levels are in line with competitive market practices
- Internal equity
 - Remuneration programs link remuneration to the level of responsibility and the skill-set required to perform the role
- Pay for performance
 - A substantial portion of remuneration is directly linked to business and individual performance
 - Differentiation is based on individual contributions
- Long-term value creation and alignment to shareholders' interests
 - Part of remuneration is delivered in equity subject to a multi-year vesting period

METHOD OF DETERMINATION OF REMUNERATION LEVELS – BENCHMARKING

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

- Competitors in the Testing, Inspection and Certification industry and internationally active companies within and outside Switzerland that operate in the business-to-business services sector: Adecco, ALS, Applus+, Bureau Veritas, Eurofins, Intertek, ISS, Mistras, Rentokil, Securitas, Sodexo, Team (the peer group of companies considered for the performance conditions of the Long-Term Incentive plan, see section 3.2.4.);
- All SMI-listed companies.

The elements of executive remuneration benchmarked include annual base salary, other fixed remuneration elements, short-term and long-term incentives, and benefits. To ensure proper benchmarking, we use a proprietary job evaluation methodology. Since more than one-third of our Operations Council members are based outside Switzerland, we use information published by reputable data providers, including Mercer and Willis Towers Watson, related to both the Swiss market and the other markets where the Operations Council members are based.

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

The most recent executive compensation benchmark supported by a third-party services provider (Mercer) was performed in 2015. No third-party services provider was engaged to perform such benchmark in 2019.

2.3. REMUNERATION GOVERNANCE

The Board of Directors is responsible for determining the remuneration of the Chairman and the Directors of the Board, within the limit of the aggregate amount approved by the Annual General Meeting of Shareholders. It also decides on the remuneration and terms of employment of the Chief Executive Officer. In addition, the Board of Directors defines general executive remuneration policies, including the implementation and terms and conditions of Long-Term Incentive plans, as well as the financial targets relevant to any incentive plan.

2.3.1. NOMINATION AND REMUNERATION COMMITTEE

The Board of Directors is assisted in its work by a Nomination and Remuneration Committee ("the Committee"), which consists of non-executive Directors. The Committee acts in part in an advisory capacity to the Board of Directors, and in part as a decision-making body on matters that the Board of Directors has delegated to the Committee. The Committee reviews regularly, at least once a year, the compensation of each member of the Operations Council (including the Chief Executive Officer) and decides on all matters relating to the remuneration of these executives.

The following chart summarizes the authorization levels for the main decisions relating to the compensation of the Board of Directors and the Operations Council members. When reviewing and deciding on executive remuneration policies, the Committee and the Board of Directors have access to Group Human Resources staff and may use third-party consultants that specialize in compensation matters. In 2019, neither the Committee nor the Board of Directors had recourse to such external advisors.

SUBJECT MATTER	CEO	NOMINATION AND REMUNERATION COMMITTEE	BOARD OF DIRECTORS	AGM
Aggregate remuneration amount of the Board of Directors			Recommendation	Binding vote
Individual remuneration of the members of the Board of Directors including the Chairman of the Board		Recommendation	Approval	
Aggregate fixed remuneration amount of the Operations Council			Recommendation	Binding vote
Aggregate short-term variable remuneration amount of the Operations Council			Recommendation	Binding vote
Setting of annual financial targets for short-term variable remuneration of Operations Council members	Recommendation		Approval	
Establishment of Long-Term Incentive plans		Recommendation	Approval	
Aggregate value of the grants awarded under the Long-Term Incentive plan for Operations Council members			Recommendation	Binding vote
Individual remuneration of the CEO		Recommendation	Approval	
Individual remuneration of the Operations Council	Recommendation	Approval		
Remuneration Report		Recommendation	Approval	Consultative vote

The following Directors served on the Committee during their mandate from AGM 2019 to AGM 2020:

- Shelby du Pasquier (Chairman)
- Ian Gallienne
- August François von Finck
- Calvin Grieder

In 2019, the Committee met in two meetings, attended by all members, and handled several matters pertaining to nominations and remunerations outside scheduled meetings. The Chairman of the Nomination and Remuneration Committee reports to the Board of Directors after each meeting on the activities of the Committee. The minutes of the Committee meetings are available to the members of the Board of Directors. Generally, the Chairman of the Board attends the meetings of the Committee, except when matters pertaining to his own compensation are being discussed.

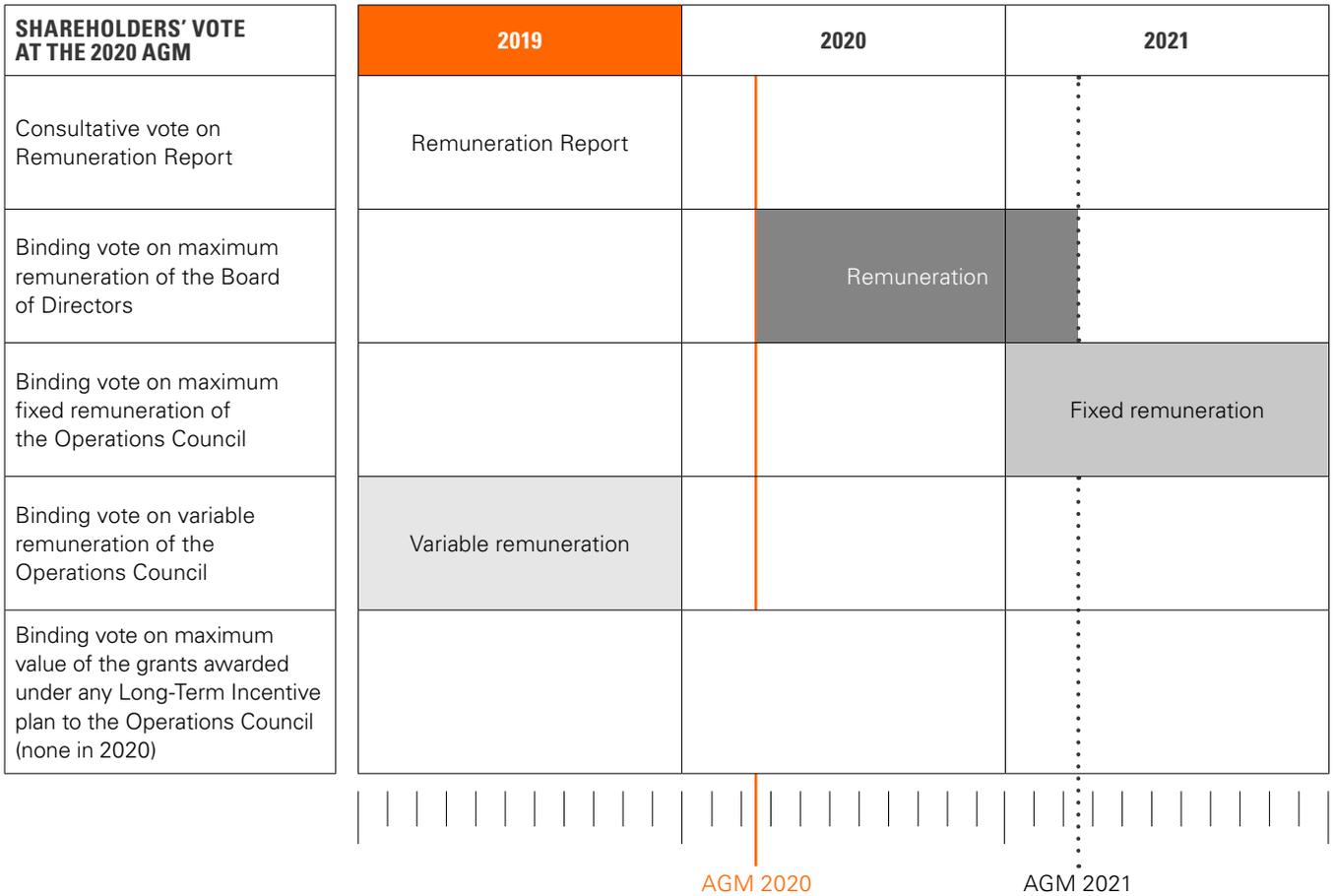
Selected members of the Operations Council, the CEO and the Senior VP for HR may be asked to attend the meetings in an advisory capacity. They do not attend the meeting when their own compensation and/or performance are being discussed.

2.3.2. SHAREHOLDERS' ENGAGEMENT

As has been the case since the 2015 Annual General Meeting, we will continue to submit the Remuneration Report to a consultative shareholders' vote at the Annual General Meeting, so that shareholders have an opportunity to express their opinion about our remuneration model.

In addition, as required by the Ordinance, the aggregate amounts of remuneration to be paid to members of the Board of Directors and the Operations Council are subject to the approval of the shareholders in form of a binding vote on remuneration. The procedure on the vote is defined in the Articles of Association and foresees separate votes on (i) the maximum remuneration of the Board of Directors for the period until the next Annual General Meeting, (ii) the maximum fixed remuneration of the Operations Council for the next calendar year, (iii) the variable remuneration awarded to the Operations Council in respect to the previous calendar year, and (iv) the maximum amount to be granted to the Operations Council under any Long-Term Incentive plan during the current calendar year.

A summary of the shareholders' votes on remuneration is described in the chart below:



The binding votes on the aggregate compensation amounts combined with a consultative vote on the Remuneration Report reflect our true commitment to provide our shareholders with a far-reaching “say-on-pay”.

3. REMUNERATION MODEL

3.1. STRUCTURE OF REMUNERATION OF THE BOARD OF DIRECTORS

The members of the Board of Directors receive a fixed remuneration only. They are entitled to a fixed annual board membership fee (annual board retainer) and additional annual fees for the participation in board committees (committee fees). The annual board retainer of the Chairman of the Board includes his or her attendance to any committee of the Board, whether as a voting member or as an advisory capacity. By agreement with the relevant tax authorities, the remuneration of the Chairman of the Board may include representation fees. Directors do not receive additional compensation for attending meetings and do not receive any variable remuneration.

The amounts of the remuneration elements for the Chairman and the other Board members are defined by the Board of Directors every year. The maximum total amount is subject to the binding vote of the Annual General Meeting of Shareholders.

In determining the amounts of the compensation elements, the Board of Directors considers the prevailing practices of the Swiss SMI-listed companies.

The table below summarizes the remuneration elements of the members of the Board of Directors.

	ANNUAL BOARD RETAINER	COMMITTEE FEES (PER COMMITTEE)	REPRESENTATION FEES (SUBJECT TO AGREEMENT WITH RELEVANT TAX AUTHORITIES)
Chairman	✓	✗	✓
Board Members	✓	✓	✗

The remuneration to the members of the Board of Directors is subject to employer social charges according to Swiss legislation. Each Board member can choose to receive up to 50% of the remuneration settled in shares that may be restricted. Shares will be awarded after the publication of the Group's annual results. The number of shares to be allocated is determined by dividing the portion of remuneration settled in shares by the closing share price on the day of the publication of the Group's annual results; fractions are rounded up to the nearest integer. Shares granted may be restricted at the option of each Board member for a period of three years ending on the third anniversary of their award. If a Board member has elected to receive restricted shares, such restricted shares may not be sold, donated, pledged or otherwise disposed off to third parties during the three years restriction period. In case of change of control or liquidation, or in case a member of the Board ceases to exercise his or her mandate following death or permanent disability, the restriction period of the shares lapses. The shares remain restricted in all other instances.

The portion of remuneration settled in cash is paid in two instalments, in June and December of the calendar year.

Members of the Board of Directors do not hold service contracts and are not entitled to any termination or severance payments.

They do not participate in the Company's benefit schemes and the Company does not make any contributions to any pension scheme on their behalf.

3.2. STRUCTURE OF REMUNERATION OF THE OPERATIONS COUNCIL

The members of the Operations Council receive a fixed remuneration and a variable remuneration linked to short-term and long-term results.

The fixed remuneration includes an annual base salary and benefits, in the form of employer's contributions into pension funds, health insurances, life and disability insurances, other contributions and allowances according to local practices in their country of employment, and in the form of benefits in kind.

The variable remuneration consists of a short-term incentive, settled partly in cash and partly in equity, and a long-term incentive, settled in equity.

The table below summarizes the various components of the remuneration of the Operations Council members.

REMUNERATION ELEMENT	REMUNERATION VEHICLE	DRIVERS	PERFORMANCE MEASURES	PURPOSE	PLAN PERIOD
FIXED REMUNERATION					
Annual base salary	Cash	Position and experience, market practice (benchmarking)	n/a	Attract and retain key executives	Continuous
Benefits	Contributions to pension plans and insurances, other contributions, allowances, benefits in kind	Market practice	n/a	Protect executives against risks, attract and retain	Continuous
VARIABLE REMUNERATION					
Short-Term Incentive	50% cash 50% restricted shares	Annual financial performance, individual performance against leadership behavioral model	Group revenue, Group NPAT ¹ , Group ROIC ² , Group free cash flow, regional and business line profit, regional NWC ³ , business operating free cash flow, leadership multiplier	Pay for performance	1-year performance period 3-year deferral period
Long-Term Incentive	Performance Share Units (PSUs)	Long-term financial performance	Relative TSR ⁴ , adjusted operating income margin	Reward for long-term performance, align compensation with the interests of the shareholders	3-year performance period

1. NPAT: Net Profit After Tax.

2. ROIC: Return On Invested Capital.

3. NWC: Net Working Capital.

4. TSR: Total Shareholder Return.

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

3.2.1. FIXED REMUNERATION: ANNUAL BASE SALARY

The base salaries of the Chief Executive Officer and each Operations Council member are reviewed annually based on market data for similar positions in those companies and geographies against which the Group benchmarks itself. In addition to individual performance and contribution and business performance and results, the deciding body considers the scope and complexity of the areas of responsibility of the position, skill sets, experience required to perform the role, and relevant market practice in the industry.

3.2.2. FIXED REMUNERATION: BENEFITS

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

Swiss-based Operations Council members participate, on the same basis as other Swiss employees of the Group, in the Company’s pension scheme. Employees contribute 8% of their base salary and the Company contributes an amount equal to one and a half times the contributions paid by all employees to the scheme. Employees have the possibility to voluntarily increase their contribution rate by 2% above the standard rate. More flexibility has also been granted to employees who wish to fund a potential retirement before the normal age, or for those who wish to continue working after the age of 65.

3.2.3. SHORT-TERM VARIABLE REMUNERATION

The Chief Executive Officer and the other members of the Operations Council are eligible to a performance-related annual incentive (the “Short-Term Incentive”). The Short-Term Incentive is designed to reward the CEO and the other members of the Operations Council for the annual financial performance of the Group and its businesses, and for the demonstration of leadership behaviours in line with the SGS competency model.

The table below summarizes the Short-Term Incentive components for the CEO and the other members of the Operations Council.

SHORT-TERM INCENTIVE COMPONENT	CEO	OTHER OPERATIONS COUNCIL MEMBERS
Annual financial performance	✓	✓
Leadership behavior	✓	✓

The target incentive is expressed as a percentage of the annual base salary and varies depending on the role. For the CEO, the target incentive amounts to 100% of annual base salary, while the target incentive for the other members of the Operations Council varies between 65% and 90% of annual base salary.

The table below summarizes the annual incentive opportunity for the CEO and the other members of the Operations Council.

		CEO	OTHER OPERATIONS COUNCIL MEMBERS
Incentive frequency		Annual	Annual
Minimum incentive opportunity	as % of base salary	0%	0%
	as % of target incentive opportunity	0%	0%
Target incentive opportunity	as % of base salary	100%	65%-90%
	as % of target incentive opportunity	250%	250%
Maximum incentive opportunity	as % of base salary	250%	162.5%-225%

ANNUAL FINANCIAL PERFORMANCE

Each year, an annual business plan is derived from the long-term strategic plan and sets the business objectives to be achieved during the year.

The key performance indicators used in the Short-Term Incentive to measure the annual financial performance of the Group and its businesses include measurements of growth (top-line contribution), profitability (bottom-line contribution), cash generation and efficient use of capital, and thus reflect the financial performance of the Company in a balanced manner. Those financial metrics are cascaded consistently throughout the organization to ensure collective alignment. The CEO and the heads of corporate functions (SVPs) are measured on the financial performance of the Group, while the other members of the Operations Council are measured on the financial performance of the Group and on the financial performance of their own business line (EVPs) or region (COOs).

At the beginning of each year, based on a recommendation by the CEO, the Board of Directors sets the target values of the key performance indicators used in the Short-Term Incentive, in line with the annual business objectives.

The table below summarizes the key performance indicators applicable to the CEO and the other members of the Operations Council.

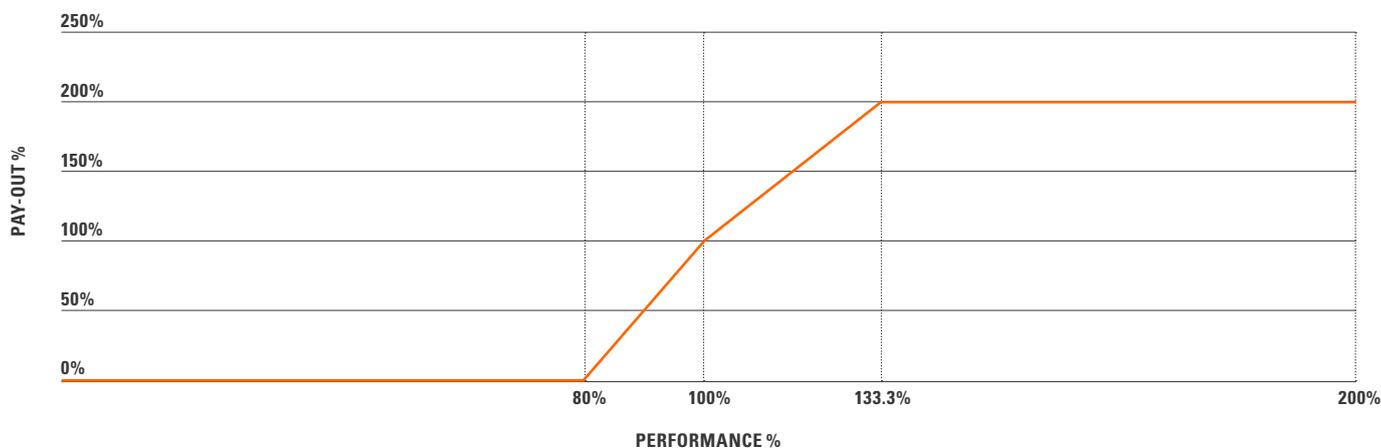
		CEO	HEADS OF CORPORATE FUNCTIONS (SVPs)	HEADS OF BUSINESS LINES (EVPs)	HEADS OF REGIONS (COOs)
Group results	Profitability (bottom-line)	Group NPAT 25%	Group NPAT 25%	Group NPAT 25%	Group NPAT 25%
	Growth (top-line)	Group revenue 25%	Group revenue 25%	Group revenue 25%	Group revenue 25%
	Efficient use of capital	Group ROIC (organic) 25%	Group ROIC (organic) 25%	-	-
	Cash generation	Group free cash flow (organic) 25%	Group free cash flow (organic) 25%	-	-
Business lines results	Profitability (bottom-line)	-	-	Business-line profit 40%	-
	Cash generation	-	-	Business operating free cash flow (organic) 10%	-
Regions results	Profitability (bottom-line)	-	-	-	Regional profit 40%
	Cash generation	-	-	-	Regional NWC 10%

For each key performance indicator, a pay-out curve is defined according to the following principles:

- A threshold (minimum level of performance to trigger a pay-out, and below which the pay-out is zero), a target (expected level of performance that triggers a pay-out equivalent to the target incentive), and a maximum (level of performance that triggers the highest pay-out, and above which the pay-out is capped) are defined;
- The lowest pay-out (triggered by the threshold performance) and the highest pay-out (triggered by the maximum performance) are defined;
- The pay-out for performances between threshold and target and between target and maximum are calculated by linear interpolation.

The chart below shows the pay-out curves for the Group NPAT, Group revenue, Group ROIC, Group free cash flow, business-line profit, regional profit and business operating free cash flow.

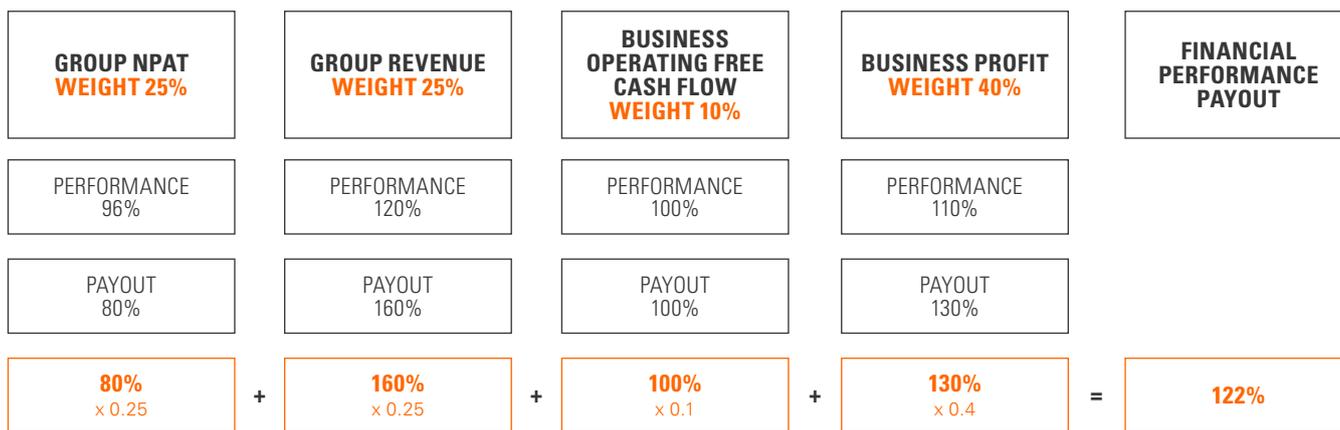
BOTTOM LINE, TOP LINE, ROIC AND FCF PERFORMANCE (PAYOUT CURVE)



The pay-out curve for regional NWC is defined by the CEO at the beginning of the performance year together with the objectives for each performance metric.

At the end of the performance period, the results for each key performance indicator are assessed against the pre-defined target and the pay-out curve to determine a pay-out factor. The weighted average of the pay-out factors of each key performance indicator corresponds to the overall financial performance pay-out factor.

An example of the calculation of the financial performance pay-out factor for an Executive Vice President is described in the chart below.

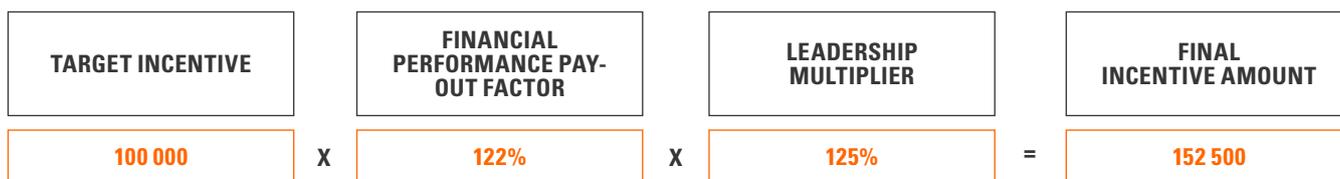


LEADERSHIP MULTIPLIER

The members of the Operations Council are also rewarded for the demonstration of leadership behaviours in line with the SGS competency model. Their final incentive amount is calculated by multiplying the financial performance pay-out factor by a leadership multiplier.

The leadership multiplier is determined for each executive based on an assessment of their behaviours against the leadership competency model of SGS in the areas of change management and people management. The assessment of the CEO is conducted at year end by the Board of Directors, while the assessment of the other members of the Operations Council is conducted by the CEO. The assessment leads to a leadership multiplier that can range between 70% and 125%.

An example of the calculation of the final incentive amount for an OC member is described in the chart below.



SETTLEMENT OF THE SHORT-TERM INCENTIVE

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

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

The number of restricted shares to be allocated is determined by dividing 50% of the final incentive amount by the average closing share price during the 20-day period following the payment of the dividends after the Annual General Meeting, and the result is rounded up to the nearest integer. They are restricted for a period of three years during which they may not be sold, transferred or pledged. In case of change of control or liquidation or termination of employment following retirement, death or disability, the restriction period of the shares lapses. The shares remain restricted in all other instances.

The Group does not issue new shares to be allocated to employees for equity-based compensation plans, but uses treasury shares instead, acquired through share buyback programs. Detailed information on the overhang and burn rate are disclosed in note 28.

TERMINATION OF EMPLOYMENT

In case of termination of employment for any reason except for cause, if the last day of employment is on or after 31 December of the respective business year, the executive is eligible to the full annual incentive payment. The annual incentive is paid fully in cash after the approval of the Annual general Meeting of shareholders.

In case of termination for cause before the date of payment, irrespective of whether the last day of employment is before or after 31 December of the respective business year, the executive has no entitlement to receive any annual incentive payment.

In case of resignation, and if the last day of employment is before 31 December of the respective business year, the Participant has no entitlement to receive any annual incentive payment.

In case of termination for death or disability before 31 december of the respective business year, the annual incentive payment is calculated pro-rata (calendar days) based on the Board of Directors' best estimate of the performance on the last day of employment. The annual incentive is paid fully in cash shortly after the last day of employment, as soon as administratively possible.

In case of retirement or termination not for cause before 31 December of the respective business year, the annual incentive payment is calculated pro-rata (calendar days) based on actual performance at the end of the performance year, and it is paid fully in cash after the approval of the Annual General Meeting of shareholders.

The table below summarizes the rules in case of termination of employment.

TERMINATION REASON	LAST DAY OF EMPLOYMENT BEFORE 31 DECEMBER				LAST DAY OF EMPLOYMENT BETWEEN 31 DECEMBER AND AGM			
	INCENTIVE OPPORTUNITY (TARGET INCENTIVE)	INCENTIVE PAYOUT	PAYMENT DATE	PAYMENT VEHICLE	INCENTIVE OPPORTUNITY (TARGET INCENTIVE)	INCENTIVE PAYOUT	PAYMENT DATE	PAYMENT VEHICLE
Termination for cause	Zero	Zero	-	-	Zero	Zero	-	-
Resignation	Zero	Zero	-	-	Full	Based on actual performance	After the AGM approval	100% cash
Death or disability	Prorated on calendar days	Based on estimated performance	Shortly after the termination date	100% cash	Full	Based on actual performance	Shortly after the termination date	100% cash
Retirement, termination not for cause	Prorated on calendar days	Based on actual performance	After the AGM approval	100% cash	Full	Based on actual performance	After the AGM approval	100% cash

CLAWBACK PROVISIONS

A clawback policy applies to any variable remuneration awarded to the members of the Operations Council. Under this policy, the Company may reclaim the value of any variable incentives paid, in cash or shares, in the following cases: i) any fraud, negligence or intentional misconduct was a significant contributing factor to the Company having to restate all or a portion of its financial statements; ii) a serious violation of the SGS internal regulations and/or Code of Integrity; iii) any violation of law within the scope of employment at the Company.

3.2.4. LONG-TERM VARIABLE REMUNERATION

The Chief Executive Officer and the other members of the Operations Council are eligible to a performance-related long-term incentive (the "Long-Term Incentive"). The Long-Term Incentive is designed to motivate the leadership team to achieve the long-term objectives of the Group and to align their remuneration with the interests of the shareholders.

The Long-Term Incentive consists of a grant of Performance Share Units (PSUs), done once every three years. The last grant under the Long-Term Incentive was done in 2018; the previous one was done in 2015.

The value of the grants, defined as the number of PSUs granted multiplied by the average share price of the 20 trading days preceding the grant date, covering a three-year period, is expressed as a percentage of the annual base salary and varies depending on the role. For the CEO, the value of the grant is 500% of the annual base salary; for the other members of the Operations Council it is 300% of the annual base salary.

The table below summarizes the value of the incentive opportunity over a three-year period and annualized for the CEO and the other Operations Council members.

		CEO		OTHER OPERATIONS COUNCIL MEMBERS	
		Three-year period	Annualized	Three-year period	Annualized
Incentive frequency		Once every three years		Once every three years	
Minimum incentive opportunity value	as % of base salary	0%	0%	0%	0%
	as % of target incentive opportunity	0%	0%	0%	0%
Target incentive opportunity value	as % of base salary	500%	167%	300%	100%
Maximum incentive opportunity value	as % of target incentive opportunity	150%	150%	150%	150%
	as % of base salary	750%	250%	450%	150%

The PSUs granted under the Long-Term Incentive vest after a performance period of three years (for the grant of 2018, the performance period is 2018-2020), conditionally upon the achievement of pre-defined performance objectives and subject to continuity of employment of the beneficiaries during the vesting period.

PERFORMANCE CONDITIONS

The performance conditions of the Long-Term Incentive consist of two financial key performance indicators, equally weighted at 50%:

- Total Shareholder Return (TSR¹) (relative SGS performance compared with the peer group)
- Adjusted Operating Income Margin (AOIM²) (absolute SGS performance against an internal target)

The TSR of the Group will be compared to the TSR of a group of twelve peer companies, selected by the Board of Directors because they have a comparable range of services, technology, customers, suppliers or investors and thus are exposed to similar market cycles. The intention of indexing performance against a peer group of companies is to reward the relative performance of the Company, where market factors that are outside the control of the executives are neutralized.

The list of the peer group companies is illustrated in the table below.

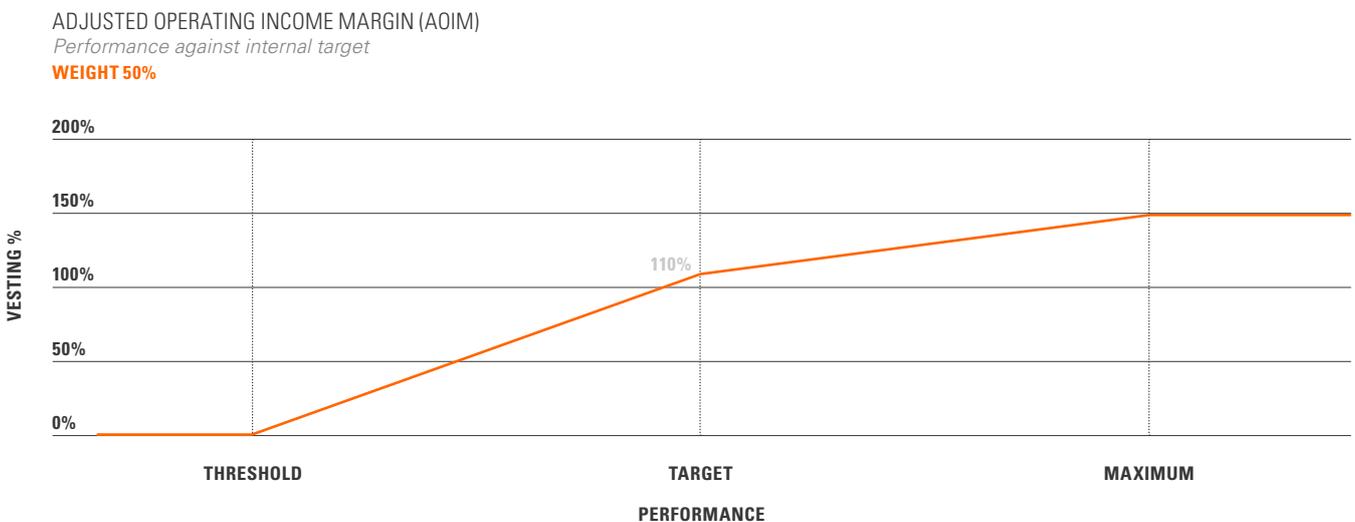
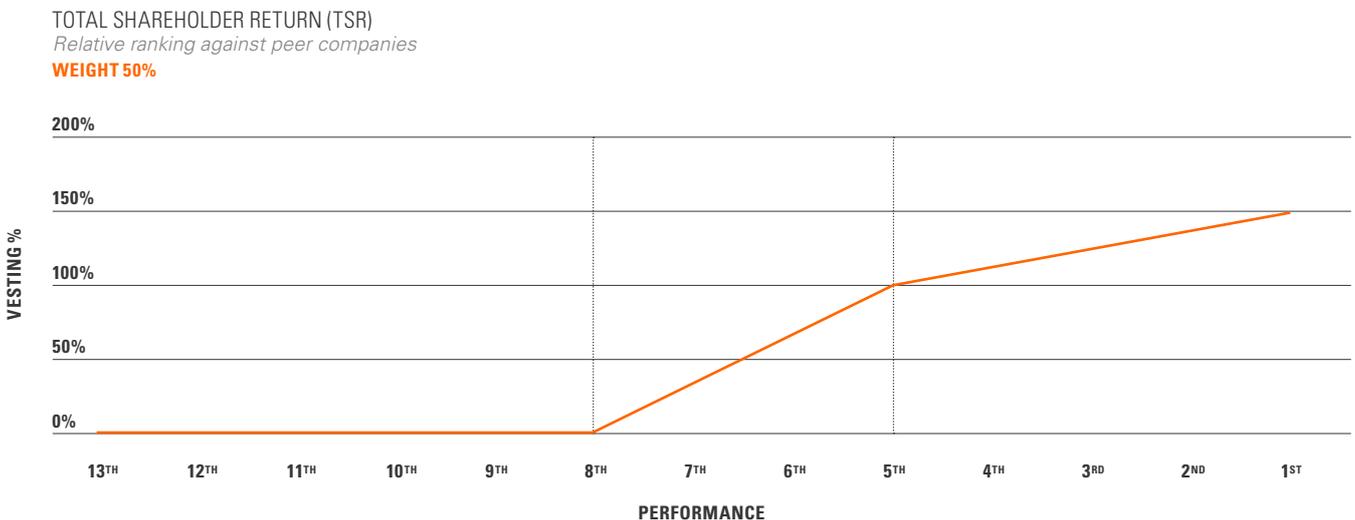
Adecco	ALS	Applus+	Bureau Veritas	Eurofins	Intertek
ISS	Mistras	Rentokil	Securitas	Sodexo	Team

The vesting levels for the TSR are defined as follows: 150% vesting if SGS is ranked first among the thirteen companies composing the peer group, 100% vesting if SGS is ranked fifth, and zero vesting if SGS is ranked eight or worse; in between, a linear interpolation applies.

The AOIM will be assessed against a pre-defined internal target.

The vesting levels for the AOIM are defined as follows: a threshold performance is set at 90% of target, and a maximum performance is set at 110% of target; if the AOIM performance is at or below threshold, the vesting is zero; if the AOIM is at target, the vesting is 110%; if the AOIM is at or above maximum, the vesting is 150%; in between, a linear interpolation applies.

The graphics below summarize the key performance indicators of the Long-Term Incentive and their vesting levels.



The overall vesting level of the PSUs granted will be calculated as a weighted average of each of the respective vesting levels for TSR (50%) and AOIM (50%), and ranges between 0% and 150%.

1. Total shareholder return: (Ending stock price - Beginning stock price) + Sum of all dividends received during the measurement period.
2. See note 4 to the SGS Group Results (page 145) for details on the calculation of the adjusted operating income.

SETTLEMENT OF THE LONG-TERM INCENTIVE

At the end of the vesting period, the PSUs vest, subject to the performance conditions and the continuity of employment condition, and shares are allocated to the participants based on the overall vesting level.

The number of shares to be allocated at vesting is calculated by multiplying the number of PSUs granted by the overall vesting level, the result being rounded up to the nearest integer.

$$\text{Number of PSUs granted} = \text{Overall vesting level (0-150\%)} \times \text{Number of shares allocated at vesting}$$

The Group does not issue new shares to be allocated to employees for equity-based compensation plans, but uses treasury shares instead, acquired through share buyback programs. Detailed information on the overhang and burn rate are disclosed in note 28.

TERMINATION OF EMPLOYMENT

In case of termination of employment, all unvested PSUs are immediately forfeited without value and without any compensation, except in the following cases:

- In case of termination of employment as a result of disability or retirement, unvested PSUs vest on a pro rata basis, based on the number of full months of the vesting period that have expired until the termination date. The shares are allocated after the regular vesting date and the vesting level is determined based on the performance during the entire regular performance period. There is no early allocation of the shares.
- Upon termination of employment as a result of death, unvested PSUs will vest immediately on a pro rata basis, based on the number of full months of the vesting period that have expired until the termination date. The vesting level is based on an estimation of performance by the Board of Directors.
- In the event of a corporate transaction or liquidation, unvested PSUs vest immediately. The vesting level is based on an estimation of performance by the Board of Directors.

The table below summarizes the vesting rules in case of termination of employment.

TERMINATION REASON	VESTING RULE	VESTING TIME AND SHARES ALLOCATION	VESTING LEVEL
Retirement or disability	Vesting on a pro rata basis	At regular vesting date	Based on actual performance
Death	Vesting on a pro rata basis	Immediate	Based on an estimation of performance by the Board of Directors
Corporate transaction or liquidation	Full vesting	Immediate	Based on an estimate of performance by the Board of Directors
Other reasons	Forfeiture	-	-

MALUS AND CLAWBACK PROVISIONS

A malus and clawback policy applies to any Long-Term Incentive grant awarded to the members of the Operations Council. Under this policy, the Company may forfeit any unvested equity compensation and/or reclaim the value of any vested equity compensation granted under a Long-Term Incentive plan, in the following cases: i) any fraud, negligence or intentional misconduct was a significant contributing factor to the Company having to restate all or a portion of its financial statements; ii) a serious violation of the SGS internal regulations and/or Code of Integrity; iii) any violation of law within the scope of employment at the Company.

3.2.5. REMUNERATION MIX

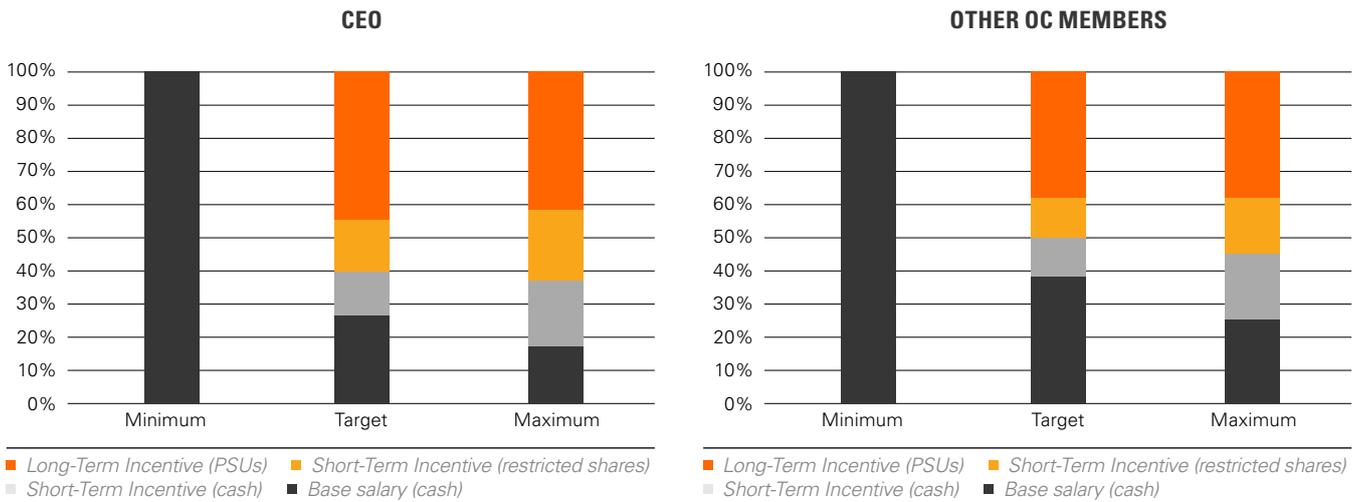
The part of remuneration at risk (Short-Term Incentive and Long-Term Incentive) for the CEO represents, at target, 73% of his total remuneration. The part of remuneration settled in equity instruments (Restricted Shares and PSUs) represents, at target, 59% of his total remuneration.

For the other members of the Operations Council, the part of remuneration at risk represents, on average, 64% of their total remuneration. The part of remuneration settled in equity instruments represents, on average, 50% of their total remuneration.

The Long-Term Incentive is considered at its annualized value.

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

The charts below show the remuneration mix for the CEO and the other members of the Operations Council in three cases: at minimum (both Short-Term and Long-Term Incentives at zero pay-out), at target (both Short-Term and Long-Term Incentives at 100% pay-out) and at maximum (both Short-Term and Long-Term Incentives at maximum pay-out).



3.2.6. SHAREHOLDING OWNERSHIP GUIDELINES

A shareholding ownership guideline (SOG) is in force since 2015, requiring the members of the Operations Council to own at least a certain multiple of their annual base salary in SGS shares, as follows:

- CEO: three times the annual base salary
- Other members of the Operations Council: two times the annual base salary

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

The determination of equity amounts against the SOG is defined to include vested shares allocated under the Short-Term and Long-Term Incentive plans, shares underlying vested and unvested warrants granted under the discontinued warrants plans and other shares that are owned by the Operations Council member directly or indirectly (by "closely related persons").

The Nomination and Remuneration Committee reviews compliance with the SOG on an annual basis. Until the minimum requirement is met, 25% of the shares allocated under the Short-Term Incentive plan and all shares allocated upon vesting of the PSUs under the Long-Term Incentive plan will be blocked.

3.2.7. EMPLOYMENT CONTRACTS

Employment contracts of the Operations Council members have no fixed term and can be terminated at any time by either party, provided a notice period of six months is respected. For the Chief Executive Officer, the notice period is 12 months. The executive contracts do not provide for any severance payments (beyond the minimum legally required in the country of employment) and are subject to applicable legislation in the country of employment.

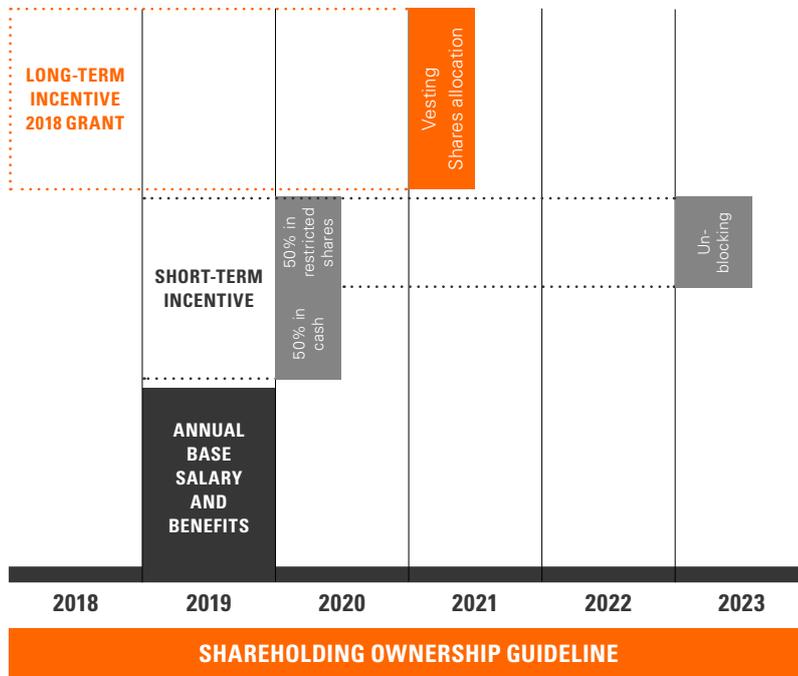
3.2.8. TIMELINE OF REMUNERATION

The following outlines the timeline of payment of each remuneration element that was earned in 2019:

- The annual base salary is paid during 2019
- The cash portion of the Short-Term Incentive is paid in March 2020, shortly after the Annual General Meeting
- The share portion of the Short-Term Incentive is allocated in April 2020 and will be unblocked in April 2023

The PSUs granted under the Long-Term Incentive in 2018 will be earned over the performance period from 2018 to 2020 and will vest, subject to performance conditions and continuity of employment, in February 2021

TIMELINE (PERFORMANCE PERIOD, TIME OF PAYMENT)



PERFORMANCE KPIs

- Relative TSR (50%)
- Adjusted operating income margin (50%)
- Group revenue (25%)
- Group NPAT (25%)
- Role specific profit, cash generation, efficient use of capital (50%)
- Multiplied by leadership multiplier
- Fixed remuneration

4. REMUNERATION AWARDED TO THE BOARD OF DIRECTORS

For the mandate from AGM 2019 to AGM 2020, the annual board retainer was CHF 500 000 for the Chairman of the Board (AGM 2018 to AGM 2019: CHF 300 000) and CHF 150 000 for the other Board of Directors members (AGM 2018 to AGM 2019: CHF 150 000). Members of the Board of Directors serving on the Audit Committee were entitled to an additional fee of CHF 50 000; Directors serving on the other committees were entitled to an additional fee of CHF 30 000 per committee (AGM 2018 to AGM 2019: for all the committees, additional fee of CHF 30 000 per committee).

(CHF)	BOARD RETAINER	AUDIT COMMITTEE FEE	OTHER COMMITTEES FEE
Chairman	500 000	-	-
Board members	150 000	50 000	30 000

The total remuneration of the Board of Directors for the mandate from AGM 2019 to AGM 2020 is equal to CHF 2 260 000, in line with the amount approved by the AGM 2019.

Each Board member can choose to receive up to 50% of her/his remuneration settled in shares that may be restricted; the remaining portion is settled in cash. The cash part is paid partly in the current fiscal year and partly in the next fiscal year, on a prorata temporis basis. The shares or restricted shares are granted in the next fiscal year, after the publication of the Group's results.

The table below details the remuneration elements and the settlement vehicle of the Directors for the mandate AGM 2019 to AGM 2020.

	CHAIR- MANSHIP	BOARD MEMBERSHIP	AUDIT COMMITTEE MEMBERSHIP	NOMINATION AND REMUNE- RATION COMMITTEE MEMBERSHIP	PROFES- SIONAL CONDUCT COMMITTEE MEMBERSHIP	TOTAL REMUNE- RATION	PROPORTION TO BE SETTLED IN CASH	PROPORTION TO BE SETTLED IN SHARES ¹	PROPORTION TO BE SETTLED IN RESTRICTED SHARES ¹
P. Kalantzis	500 000	-	-	-	-	500 000	100%	-	-
P. Desmarais	-	150 000	-	-	-	150 000	50%	50%	-
A. F. von Finck	-	150 000	50 000	30 000	-	230 000	100%	-	-
L. von Finck	-	150 000	-	-	-	150 000	100%	-	-
I. Gallienne	-	150 000	-	30 000	-	180 000	100%	-	-
C. Grieder	-	150 000	50 000	30 000	30 000	260 000	100%	-	-
C. Grupp	-	150 000	-	-	30 000	180 000	100%	-	-
G. Lamarche	-	150 000	50 000	-	-	200 000	100%	-	-
S.R. du Pasquier	-	150 000	-	30 000	30 000	210 000	100%	-	-
K. Sorenson	-	150 000	50 000	-	-	200 000	50%	-	50%
TOTAL	500 000	1 350 000	200 000	120 000	90 000	2 260 000			

1. Shares and restricted shares will be granted during fiscal year 2020.

The table below details the remuneration elements and the settlement vehicle of the Directors for the mandate AGM 2018 to AGM 2019.

	CHAIR- MANSHIP	BOARD MEMBERSHIP	AUDIT COMMITTEE MEMBERSHIP	NOMINATION AND REMUNE- RATION COMMITTEE MEMBERSHIP	PROFES- SIONAL CONDUCT COMMITTEE MEMBERSHIP	TOTAL REMUNE- RATION	PROPORTION TO BE SETTLED IN CASH	PROPORTION TO BE SETTLED IN SHARES	PROPORTION TO BE SETTLED IN RESTRICTED SHARES
P. Kalantzis ¹	198 000	51 000	30 000	-	20 000	299 000	100%	-	-
S. Marchionne ²	110 000	-	10 000	-	10 000	130 000	100%	-	-
P. Desmarais	-	150 000	-	-	-	150 000	100%	-	-
A. von Finck	-	150 000	-	30 000	-	180 000	100%	-	-
A. F. von Finck	-	150 000	30 000	-	-	180 000	100%	-	-
I. Gallienne	-	150 000	-	30 000	-	180 000	100%	-	-
C. Grupp	-	150 000	-	-	30 000	180 000	100%	-	-
G. Lamarche	-	150 000	30 000	-	-	180 000	100%	-	-
S.R. du Pasquier	-	150 000	-	30 000	30 000	210 000	100%	-	-
C. Kirk	-	150 000	-	-	-	150 000	100%	-	-
TOTAL	308 000	1 251 000	100 000	90 000	90 000	1 839 000			

1. Mr. Kalantzis was appointed Acting Chairman of the Board and member of the Professional Conduct Committee effective 22 July 2018. His remuneration has been prorated, considering chairmanship (no representation fees) CHF 300 000 and one committee membership CHF 30 000 from 22 July 2018 to AGM 2019.

2. Mr. Marchionne was the Chairman of the Board and member of two committees until 21 July 2018. The remuneration from AGM 2018 to AGM 2019 (CHF 325 000 chairmanship including representation fees and CHF 60 000 committee fees) are for the period from AGM 2018 to 21 July 2018.

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

The remuneration of the Board of Directors is disclosed on a fiscal year basis.

The following table details the remuneration elements granted to each of the Directors for their tenure in fiscal year 2019. It includes both prorata temporis elements of remuneration for the mandate AGM 2018 to AGM 2019 and prorata temporis elements or remuneration for the mandate AGM 2019 to AGM 2020.

<i>(CHF thousand)</i>	BOARD RETAINER	REPRESEN- TATION FEES	COMMITTEE FEES	TOTAL REMUNE- RATION	CASH	SHARES VALUE	SHARES NB	RESTRICTED SHARES VALUE	RESTRICTED SHARES NB	EMPLOYER SOCIAL CHARGES
P. Kalantzis	463	-	15	478	478	-	-	-	-	36
P. Desmarais	113	-	-	113	113	-	-	-	-	7
A. von Finck ¹	37	-	8	45	45	-	-	-	-	3
A. F. von Finck	154	-	69	223	223	-	-	-	-	19
L. von Finck ²	116	-	-	116	116	-	-	-	-	10
I. Gallienne	154	-	31	185	185	-	-	-	-	16
C. Grieder ²	116	-	85	201	201	-	-	-	-	17
C. Grupp	154	-	31	185	185	-	-	-	-	13
C. Kirk ¹	37	-	-	37	37	-	-	-	-	3
G. Lamarche	154	-	46	200	200	-	-	-	-	18
S.R. du Pasquier	154	-	61	215	215	-	-	-	-	19
K. Sorenson ²	75	-	25	100	100	-	-	-	-	9
TOTAL	1 727	-	371	2 098	2 098	-	-	-	-	170

1. Until the AGM 2019.

2. As of the AGM 2019.

The following table details the remuneration elements granted to each of the Directors for their tenure in fiscal year 2018. It includes both prorata temporis elements of remuneration for the mandate AGM 2017 to AGM 2018 and prorata temporis elements or remuneration for the mandate AGM 2018 to AGM 2019.

<i>(CHF thousand)</i>	BOARD RETAINER	REPRESENTATION FEES	COMMITTEE FEES	TOTAL REMUNERATION	EMPLOYER SOCIAL CHARGES
P. Kalantzis ¹	216	-	43	259	19
S. Marchionne ²	168	14	34	216	15
P. Desmarais	150	-	-	150	11
A. von Finck	150	-	30	180	13
A.F. von Finck	150	-	30	180	16
I. Gallienne	150	-	30	180	16
C. Grupp	150	-	30	180	13
G. Lamarche	150	-	30	180	16
S.R. du Pasquier	150	-	60	210	18
C. Kirk	150	-	-	150	13
TOTAL	1 584	14	287	1 885	150

1. Mr. Kalantzis was appointed Acting Chairman of the Board and member of the Professional Conduct Committee effective 22 July 2018.

2. Mr. Marchionne was the Chairman of the Board and member of two committees until 21 July 2018.

The overall remuneration paid to the Board of Directors in 2019 is higher than the overall remuneration paid in 2018, due to the increase of the board retainer for the Chairman, the increase of the committee fee for the members of the Audit Committee, and the change in the composition of the Board.

5. REMUNERATION AWARDED TO THE OPERATIONS COUNCIL MEMBERS

This section sets out the remuneration that was paid to the Operations Council as a whole, to the three Operations Council members who make up Senior Management and to the Chief Executive Officer in 2019. All amounts disclosed in this section include the Short-Term Incentive cash amount and restricted shares that will be granted in April 2020 with respect to performance in 2019 (disclosure according to the accrual principle).

5.1. FIXED REMUNERATION

The table below summarizes the fixed remuneration paid to the Operations Council, Senior Management and the Chief Executive Officer in 2019.

<i>(CHF thousand)</i>	BASE SALARY	OTHER CASH ALLOWANCES	CONTRIBUTIONS TO PENSION PLANS	OTHER CONTRIBUTIONS AND BENEFITS IN KIND	TOTAL FIXED REMUNERATION
OPERATIONS COUNCIL (INCLUDING SENIOR MANAGEMENT)					
Cash (including allowances)	8 748	1 385	-	-	10 133
Contributions and benefits in kind	-	-	1 121	394	1 515
Equity	-	-	-	-	-
TOTAL	8 748	1 385	1 121	394	11 648
SENIOR MANAGEMENT (INCLUDING CHIEF EXECUTIVE OFFICER)					
Cash (including allowances)	2 337	187	-	-	2 524
Contributions and benefits in kind	-	-	280	29	309
Equity	-	-	-	-	-
TOTAL	2 337	187	280	29	2 833
CHIEF EXECUTIVE OFFICER					
Cash (including allowances)	1 000	74	-	-	1 074
Contributions and benefits in kind	-	-	101	9	110
Equity	-	-	-	-	-
TOTAL	1 000	74	101	9	1 184

The aggregate base salary of the members of the Operations Council did not exceed the maximum amount approved by the Annual General Meeting of shareholders in 2018 (CHF 9 400 000). For 2020, the 2019 Annual General Meeting of shareholders already approved a maximum aggregate total fixed remuneration for the members of the Operations Council (CHF 14 000 000).

The table below summarizes the fixed remuneration paid to the Operations Council, Senior Management and the Chief Executive Officer in 2018.

<i>(CHF thousand)</i>	BASE SALARY	OTHER CASH ALLOWANCES	CONTRIBUTIONS TO PENSION PLANS	OTHER CONTRIBUTIONS AND BENEFITS IN KIND	TOTAL FIXED REMUNERATION
OPERATIONS COUNCIL (INCLUDING SENIOR MANAGEMENT)					
Cash (including allowances)	8 314	2 859	-	-	11 173
Contributions and benefits in kind	-	-	1 168	525	1 693
Equity	-	-	-	-	-
TOTAL	8 314	2 859	1 168	525	12 866
SENIOR MANAGEMENT (INCLUDING CHIEF EXECUTIVE OFFICER)					
Cash (including allowances)	1 717	503	-	-	2 220
Contributions and benefits in kind	-	-	212	67	279
Equity	-	-	-	-	-
TOTAL	1 717	503	212	67	2 499
CHIEF EXECUTIVE OFFICER					
Cash (including allowances)	900	392	-	-	1 292
Contributions and benefits in kind	-	-	100	45	145
Equity	-	-	-	-	-
TOTAL	900	392	100	45	1 437

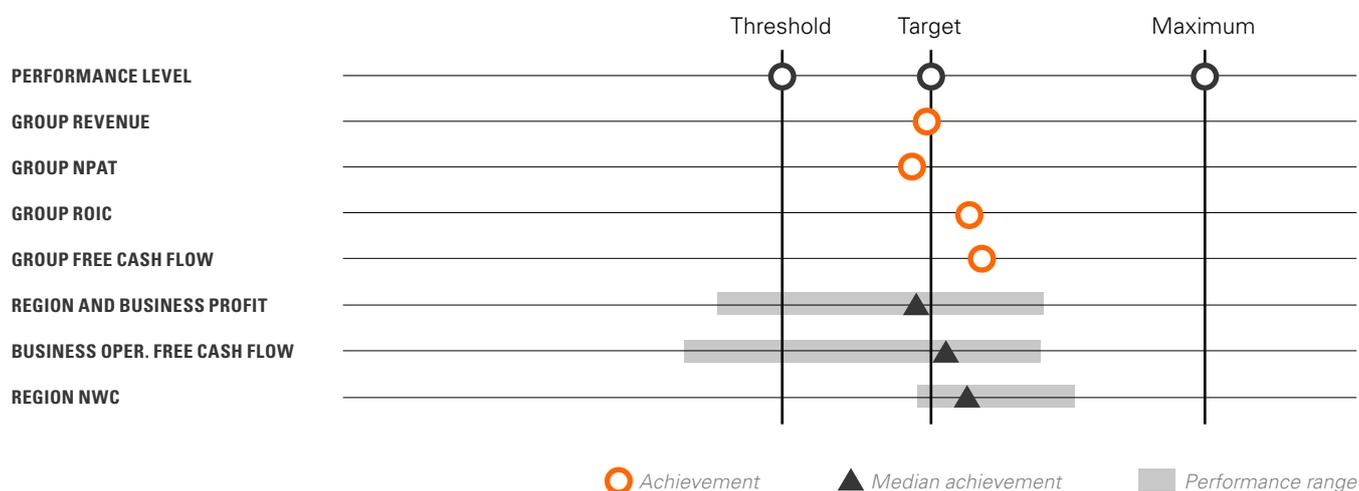
The increase in fixed remuneration compared with 2018 reflects the change in the composition of the Operations Council, and the annual remuneration review decided by the Board of Directors.

5.2. SHORT-TERM VARIABLE REMUNERATION

The short-term variable remuneration of the members of the Operations Council is determined by the achievement of financial targets and by their leadership behaviours.

In 2019, the achievement of financial targets at Group level, in the businesses and in the regions ranged from 61.1% to 114.6% (2018: 49.5% to 133.9%).

The chart below summarizes the 2019 performance achievements against targets for the financial objectives (revenue, profitability, cash generation and capital efficiency) used in the Short-Term Incentive.



The overall Short-Term Incentive pay-out amounts to 108.9% of the target incentive opportunity for the CEO (2018: 98.3%) and ranges from 45.6% to 129.1% of the target incentive opportunity for the other members of the Operations Council (2018: 56.3% to 159.3%). For the purpose of the Short-Term Incentive, targets and performance achievement are measured at constant currency exchange rates.

In settlement of the equity portion of the Short-Term Incentive 2019, SGS restricted shares will be allocated to the members of the Operations Council in April 2020, after the approval of the total Short-Term Incentive amount by the Annual General Meeting of Shareholders (in April 2019, 1 020 restricted shares were granted in settlement of the equity portion of the Short-Term Incentive 2018). The number of restricted shares to be allocated is calculated by dividing the equity portion of the Short-Term Incentive by the average closing price of the share during a 20-trading day period following the payment of the dividends after the Annual General Meeting of Shareholders, rounded up to the nearest integer, and are restricted for a period of three years.

The table below summarizes the short-term variable remuneration awarded to the Operations Council, Senior Management and the Chief Executive Officer for the performance year 2019, and its comparison with the incentive opportunity.

<i>(CHF thousand)</i>	MINIMUM	TARGET	MAXIMUM	ACTUAL SHORT-TERM VARIABLE REMUNERATION
OPERATIONS COUNCIL (INCLUDING SENIOR MANAGEMENT)				
Cash (including allowances)	-	3 645	9 133	3 646
Contributions and benefits in kind	-	-	-	-
Equity	-	3 353	8 383	3 356
TOTAL	-	6 998	17 496	7 002
SENIOR MANAGEMENT (INCLUDING CHIEF EXECUTIVE OFFICER)				
Cash (including allowances)	-	1 139	2 848	1 273
Contributions and benefits in kind	-	-	-	-
Equity	-	931	2 328	1 047
TOTAL	-	2 070	5 176	2 320
CHIEF EXECUTIVE OFFICER				
Cash (including allowances)	-	500	1 250	545
Contributions and benefits in kind	-	-	-	-
Equity	-	500	1 250	545
TOTAL	-	1 000	2 500	1090

The total short-term remuneration amount will be submitted for approval to the Annual General Meeting of Shareholders of 2020, and the settlement for both the cash and the equity part will be implemented shortly after.

The table below summarizes the short-term variable remuneration awarded to the Operations Council, Senior Management and the Chief Executive Officer for the performance year 2018, and its comparison with the incentive opportunity.

<i>(CHF thousand)</i>	MINIMUM	TARGET	MAXIMUM	ACTUAL SHORT-TERM VARIABLE REMUNERATION
OPERATIONS COUNCIL (INCLUDING SENIOR MANAGEMENT)				
Cash (including allowances)	-	2 641	6 602	2 613
Contributions and benefits in kind	-	-	-	-
Equity	-	2 641	6 602	2 613
TOTAL	-	5 282	13 204	5 226
SENIOR MANAGEMENT (INCLUDING CHIEF EXECUTIVE OFFICER)				
Cash (including allowances)	-	707	1 767	681
Contributions and benefits in kind	-	-	-	-
Equity	-	707	1 767	681
TOTAL	-	1 414	3 534	1 362
CHIEF EXECUTIVE OFFICER				
Cash (including allowances)	-	450	1 125	442
Contributions and benefits in kind	-	-	-	-
Equity	-	450	1 125	442
TOTAL	-	900	2 250	884

The total 2018 short-term remuneration amount was approved by the Annual General Meeting of Shareholders of 2019, and the settlement for both the cash and the equity part were implemented shortly after.

The increase in short-term variable remuneration compared to 2018 reflects the change in the pay-mix of the Operations Council members, with an increased portion of remuneration at risk, and the change in the composition of the Operations Council.

5.3. LONG-TERM VARIABLE REMUNERATION

In 2019, the Group implemented a cash Long-Term Incentive for the two Operations Council members who were newly appointed. This incentive mirrors the current Long-Term Incentive 2018–2020, with exact same vesting and performance conditions, from the date of their respective appointment to 31 December 2020.

In 2018, under the Long-Term Incentive 2018–2020, a total of 10 617 Performance Share Units (PSUs) were awarded to the members of the Operations Council. This includes 2 905 PSUs awarded to Senior Management, of which 1 881 awarded to the Chief Executive Officer.

The PSUs awarded under the Long-Term Incentive 2018–2020 vest after the three-year performance period 2018–2020, in early 2021, subject to the performance conditions (relative total shareholder return and adjusted operating income margin, equally weighted at 50%) and to continuity of employment of the beneficiaries during the vesting period.

The table below summarizes the 2019 annualized value of the long-term variable remuneration awarded to the Operations Council, Senior Management and the Chief Executive Officer in 2018 and 2019.

	NUMBER OF PSUS GRANTED	TOTAL VALUE OF THE GRANT (CHF THOUSAND) ¹	ANNUALIZED VALUE OF THE GRANT (CHF THOUSAND) ²	2018 ANNUALIZED VALUE OF THE GRANT (CHF THOUSAND) ³
OPERATIONS COUNCIL (INCLUDING SENIOR MANAGEMENT)				
Cash (including allowances)	-	2 214	1 042	-
Contributions and benefits in kind	-	-	-	-
Equity	-	-	8 469	8 469
TOTAL	-	2 214	9 511	8 469
SENIOR MANAGEMENT (INCLUDING CHIEF EXECUTIVE OFFICER)				
Cash (including allowances)	-	1 878	898	-
Contributions and benefits in kind	-	-	-	-
Equity	-	-	2 317	2 317
TOTAL	-	1 878	3 215	2 317
CHIEF EXECUTIVE OFFICER				
Cash (including allowances)	-	-	-	-
Contributions and benefits in kind	-	-	-	-
Equity	-	-	1 500	1 500
TOTAL	-	-	1 500	1 500

1. Two members of the Operations Council (of whom one member of Senior Management), who were appointed in 2019, were granted a LTI in cash for the period between their appointment and December 31, 2020 (the end of the performance period of the LTI PSUs 2018-2020). Vesting and performance conditions of the cash LTI are exactly the same as the LTI PSUs 2018-2020.

2. The annualized value of the grant for the year 2019 is: i) for the equity part, one third of the total value of the 2018 grant at grant date, and ii) for the cash part, a fraction of the total value of the grant corresponding to the period from the OC appointment to December 31, 2019.

3. The annualized value of the grant for the year 2018 is one third of the total value of the 2018 grant at grant date.

The table below summarizes the 2018 long-term variable remuneration awards, its total value and its 2018 annualized value.

	NUMBER OF PSUS GRANTED ¹	TOTAL VALUE OF THE GRANT (CHF THOUSAND) ²	ANNUALIZED VALUE OF THE GRANT (CHF THOUSAND) ³	2017 ANNUALIZED VALUE OF THE GRANT (CHF THOUSAND) ⁴
OPERATIONS COUNCIL (INCLUDING SENIOR MANAGEMENT)				
Cash (including allowances)	-	-	-	-
Contributions and benefits in kind	-	-	-	-
Equity	10 617	25 406	8 469	8 302
TOTAL	10 617	25 406	8 469	8 302
SENIOR MANAGEMENT (INCLUDING CHIEF EXECUTIVE OFFICER)				
Cash (including allowances)	-	-	-	-
Contributions and benefits in kind	-	-	-	-
Equity	2 905	6 952	2 317	2 149
TOTAL	2 905	6 952	2 317	2 149
CHIEF EXECUTIVE OFFICER				
Cash (including allowances)	-	-	-	-
Contributions and benefits in kind	-	-	-	-
Equity	1 881	4 501	1 500	1 337
TOTAL	1 881	4 501	1 500	1 337

1. The grant done in 2018 is for the performance period 2018-2020; the next PSUs grant is planned for 2021.

2. The total value of the grant is the number of PSUs granted multiplied by the average share price of the 20 trading days preceding the grant date.

3. The annualized value of the grant for the year 2018 is one third of the total value of the grant.

4. The annualized value of the grant for the year 2017 is one third of the total value of the 2015 grant at grant date.

DISCONTINUED SHARE OPTION PLANS

The members of the Operations Council were entitled to a Share Option grant until 2014. As of the performance year 2015, the Share Option plans have been discontinued and replaced by Restricted Shares for the settlement of the equity part of the Short-Term Incentive and by Performance Share Units for the Long-Term Incentive.

The following table presents details of the options awarded to members of the Operations Council, Senior Management and the CEO, active at 31 December 2019, and shows those options which have been granted, vested and became exercisable in 2019.

TYPE OF OPTIONS ¹ (YEAR OF ISSUE)	STRIKE PRICE (CHF)	TOTAL NUMBER OF OPTIONS GRANTED UNDER EACH PLAN	MARKET VALUE AT GRANT (CHF THOUSAND)	NUMBER VESTED ON 31 DECEMBER 2019	NUMBER VESTED ON 31 DECEMBER 2018
OPERATIONS COUNCIL (INCLUDING SENIOR MANAGEMENT AND CHIEF EXECUTIVE OFFICER)					
SGSBB (2015)	1 798	681 444	1 513	681 444	681 444
SENIOR MANAGEMENT (INCLUDING CHIEF EXECUTIVE OFFICER)					
SGSBB (2015)	1 798	132 299	294	132 299	132 299
CHIEF EXECUTIVE OFFICER					
SGSBB (2015)	1 798	82 727	184	82 727	82 727

1. One hundred options give the right to acquire one share.

5.4. TOTAL REMUNERATION

The tables below present all components of the remuneration earned in 2019 and 2018 by the Operations Council, Senior Management and the Chief Executive Officer. The employer social charges are reported separately in the last column of the table.

TOTAL AND ANNUALIZED REMUNERATION 2019

(CHF thousand)	TOTAL FIXED REMUNE- RATION	TOTAL SHORT-TERM VARIABLE REMUNE- RATION	TOTAL 2019 REMUNE- RATION BEFORE LTI	TOTAL LONGTERM VARIABLE REMUNE- RATION ¹	ANNUALIZED LONG-TERM VARIABLE REMUNE- RATION ²	TOTAL 2019 REMUNE- RATION	2019 ANNUALIZED REMUNE- RATION	EMPLOYER SOCIAL CHARGES
OPERATIONS COUNCIL (INCLUDING SENIOR MANAGEMENT)³								
Cash (including allowances)	10 133	3 646	13 779	2 214	1 042	15 993	14 821	-
Contributions and benefits in kind	1 515	-	1 515	-	-	1 515	1 515	1 341
Equity	-	3 356	3 356	-	8 469	3 356	11 825	-
TOTAL	11 648	7 002	18 650	2 214	9 511	20 864	28 161	1 341
SENIOR MANAGEMENT (INCLUDING CHIEF EXECUTIVE OFFICER)⁴								
Cash (including allowances)	2 524	1 273	3 797	1 878	898	5 675	4 695	-
Contributions and benefits in kind	309	-	309	-	-	309	309	401
Equity	-	1 047	1 047	-	2 317	1 047	3 364	-
TOTAL	2 833	2 320	5 153	1 878	3 215	7 031	8 368	401
CHIEF EXECUTIVE OFFICER								
Cash (including allowances)	1 074	545	1 619	-	-	1 619	1 619	-
Contributions and benefits in kind	110	-	110	-	-	110	110	201
Equity	-	545	545	-	1 500	545	2 045	-
TOTAL	1 184	1 090	2 274	-	1 500	2 274	3 774	201

1. In 2019, the Group implemented a cash Long-Term Incentive for the Operations Council members who were appointed in 2019.

2. The annualized value of the grant for the year 2019 is: i) for the equity part, one third of the value of the 2018 grant at grant date, and ii) for the cash part, a fraction of the total value of the grant corresponding to the period from the OC appointment to December 31, 2019.

3. 23 FTE (Full Time Equivalent).

4. 4 FTE.

TOTAL AND ANNUALIZED REMUNERATION 2018

(CHF thousand)	TOTAL FIXED REMUNERATION	TOTAL SHORT-TERM VARIABLE REMUNERATION	TOTAL 2018 REMUNERATION BEFORE LTI	TOTAL LONGTERM VARIABLE REMUNERATION ¹	ANNUALIZED LONG-TERM VARIABLE REMUNERATION ²	TOTAL 2018 REMUNERATION	2018 ANNUALIZED REMUNERATION	EMPLOYER SOCIAL CHARGES ³
OPERATIONS COUNCIL (INCLUDING SENIOR MANAGEMENT)⁴								
Cash (including allowances)	11 172	2 613	13 785	-	-	13 785	13 785	-
Contributions and benefits in kind	1 693	-	1 693	-	-	1 693	1 693	3 683
Equity	-	2 613	2 613	25 406	8 469	28 019	11 082	-
TOTAL	12 865	5 226	18 091	25 406	8 469	43 497	26 560	3 683
SENIOR MANAGEMENT (INCLUDING CHIEF EXECUTIVE OFFICER)⁵								
Cash (including allowances)	2 220	681	2 901	-	-	2 901	2 901	-
Contributions and benefits in kind	279	-	279	-	-	279	279	1 187
Equity	-	681	681	6 952	2 317	7 633	2 998	-
TOTAL	2 499	1 362	3 861	6 952	2 317	10 813	6 178	1 187
CHIEF EXECUTIVE OFFICER								
Cash (including allowances)	1 292	442	1 734	-	-	1 734	1 734	-
Contributions and benefits in kind	145	-	145	-	-	145	145	739
Equity	-	442	442	4 501	1 500	4 943	1 942	-
TOTAL	1 437	884	2 321	4 501	1 500	6 822	3 821	739

- In 2018, the Group implemented a Long-Term Incentive PSUs 2018-2020 plan for the Operations Council members.
- The annualized value of the grant for the year 2018 is one third of the total value of the 2018 grant at grant date.
- In 2018, employer social charges were significantly higher than 2019 because in 2018 the shares vested from the Long-Term Incentive PSUs 2015-2017 plan were allocated to the OC members.
- 23 FTE (Full Time Equivalent).
- 3 FTE.

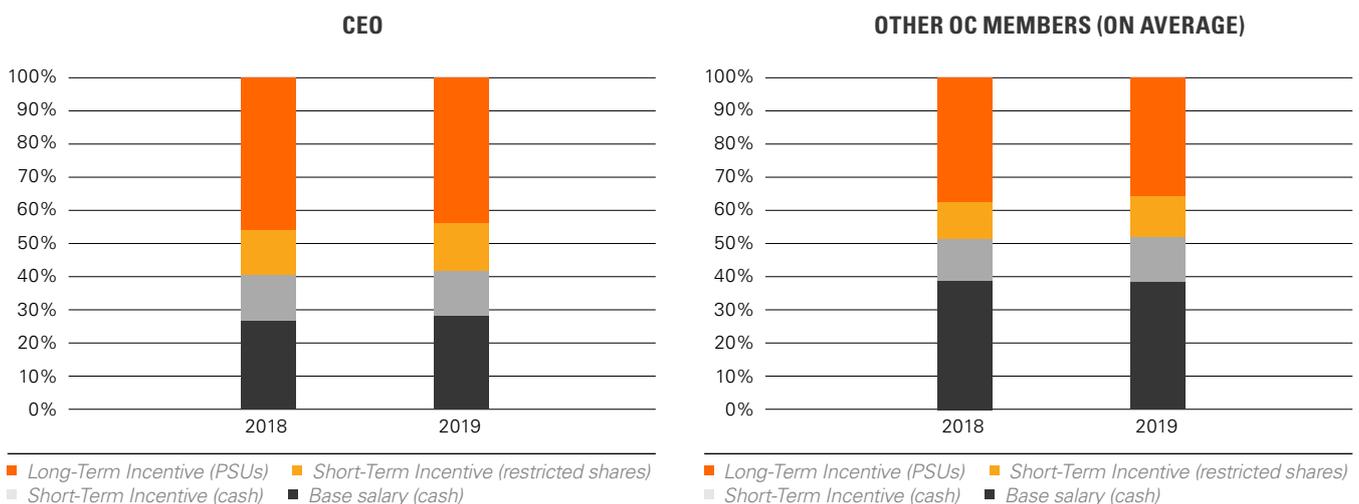
5.5. REMUNERATION MIX

In 2019, the part of remuneration at risk (Short-Term Incentive and Long-Term Incentive) for the CEO represents 72% of the total remuneration (2018: 73%); the part of remuneration settled in equity instruments (Restricted Shares and PSUs) represents 57% of the total remuneration (2018: 59%). For the other members of the Operations Council, the part of remuneration at risk represents, on average, 62% of the total remuneration (2018: 60%); the part of remuneration settled in equity instruments represents, on average, 47% of the total remuneration (2018: 49%).

The Long-Term Incentive is considered at his annualized value. For both 2019 and 2018, the annualized value at grant of the Long-Term Incentive 2018-2020 has been considered.

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

The charts below show the remuneration mix for the CEO and for the other members of the Operations Council in 2019 and 2018.



5.6. OTHER COMPENSATION ELEMENTS

5.6.1. SEVERANCE PAYMENTS

No severance payments were made in 2019 to members of the Operations Council (2018: severance payments for a total amount of CHF 263 078 were made to members of the Operations Council who left the Group in 2018, according to the legislation in force in their country of employment).

5.6.2. OTHER COMPENSATION TO MEMBERS OR FORMER MEMBERS OF THE GOVERNING BODIES

No additional compensation or fees were paid to any member of the governing bodies (unchanged from prior year).

5.6.3. LOANS TO MEMBERS OR FORMER MEMBERS OF THE GOVERNING BODIES

As at 31 December 2019, no loan, credit or outstanding advance was due to the Group from members or former members of its governing bodies (unchanged from prior year).



Report of the statutory auditor

To the General Meeting of
SGS SA, Geneva

Report of the Statutory Auditor in relation to sections 4 and 5 of the remuneration report in accordance with the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance)

We have audited sections 4 and 5 of the Remuneration Report of SGS SA for the year ended 31 December 2019, presented on pages 119 to 128.

Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation and overall fair presentation of the Remuneration Report in accordance with Swiss law and the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's Responsibility

Our responsibility is to express an opinion on the Remuneration Report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether sections 4 and 5 of the Remuneration Report comply with Swiss law and articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the Remuneration Report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the Remuneration Report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the Remuneration Report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, sections 4 and 5 of the Remuneration Report of SGS SA for the year ended 31 December 2019 comply with Swiss law and articles 14 – 16 of the Ordinance.

Deloitte SA



Matthew Sheerin
Licensed Audit Expert
Auditor in Charge



Joëlle Herbette
Licensed Audit Expert

Geneva, 20 February 2020