

# REMUNERATION REPORT

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 2020 business year. The SGS Remuneration Report has been prepared in compliance with the Ordinance against Excessive Compensation at Listed Joint-Stock Companies (OaEC), 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 20 March 2018, 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 Remuneration Committee

The Remuneration Committee is pleased to present its 2020 Remuneration Report.

2020 has been a very challenging year; the Covid-19 pandemic impacted our operations and those of our customers and suppliers, and had a significant impact on our people, their families and their professional and personal lives. The resilience of our people, their ability to adapt to the changes caused by the pandemic, such as mobility restrictions and the need to work remotely and their exemplary behavior in following the rules of hygiene and safety at work, have allowed the Group to continue to serve its customers and provide services that are often essential to society, beyond their commercial value.

The Committee engaged with the Group's executive management and provided guidelines on how to review and adjust, where needed, the compensation practices, with special focus on the 2020 short-term incentive plan for managers and employees not part of the Operations Council, with the aim to recognize their extraordinary contribution to the Group beyond the 2020 financial results.

The Committee reviewed also the 2020 short-term incentive for the Operations Council members and decided not to implement any change.

The 2018-2020 Long-Term Incentive plan, granted in 2018, vested on 1 February 2021, subject to continuity of employment of the participants and performance conditions. The Committee carefully reviewed the performance conditions and recommended to the Board of Directors their reassessment. Whilst the relative Total Shareholder Return (TSR)<sup>1</sup> did not require any specific consideration, the adjusted operating income margin<sup>1</sup> achievement has been reassessed to take into account both the exceptional impact that Covid-19 pandemic had on the 2020 financial performance of the Group, and the actual performance of the first two years of the plan. Details on the 2018-2020 Long-Term Incentive plan vesting are disclosed in section 5.3. of this Report.

During 2020, the Committee attended its statutory duties and worked on two other main topics: the preparation of the 2021–2023 Long-Term Incentive Plan for the Operations Council members and selected senior managers of the Group, and the review of the Short-Term Incentive plan for the Operations Council members for the performance year 2021 onwards.

The table below summarizes the main initiatives taken by the Committee during 2020.

| 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          | Review of the fees linked to the chairmanship of the Committees, following the re-definition of the Board Committees  |
| Establishment of Long-Term Incentive plans   | Recommendation to the Board of Directors          | Design of a new Long-Term Incentive plan for 2021 and onwards, after the vesting of the 2018-2020 plan  |
| Individual remuneration of the CEO   | Recommendation to the Board of Directors          | Review of the Leadership Multiplier of the 2021 Short-Term Incentive plan, with the inclusion of Environmental, Social and Governance (ESG) metrics                                 |
| Individual remuneration of the Operations Council members  | Approval (based on the recommendation of the CEO) | Review of the Leadership Multiplier of the 2021 Short-Term Incentive plan, with the inclusion of Environmental, Social and Governance (ESG) metrics                                 |
| Remuneration Report  | Recommendation to the Board of Directors          | Disclosure of the changes introduced in the 2021 Short-Term Incentive plan for Operations Council members and of the main elements of the Long-Term Incentive plan for 2021 onwards |

The fees linked to the chairmanship of the Audit Committee and of the Remuneration Committee have been increased, to account for the additional time commitment and responsibility of these roles. The new fees are disclosed in section 4 of this Report.

A new approach to Long-Term Incentives for the Operations Council members and selected senior managers of the Group has been defined; one change is a shift from one grant every three years to a system with annual grants. A transition plan, to be granted in 2021, has been defined. The new plan further includes changes in the relevant KPIs and in particular, the inclusion of ESG metrics. The main elements of the transition plan and the new annual grants system are disclosed in section 3.2.5. of this Report; the details of the 2021 plan will be disclosed in the 2021 Remuneration Report.

The Leadership Multiplier, part of the Short-Term Incentive plan for the OC members including the CEO, has been reviewed, to include in its assessment ESG metrics, in line with the Group's sustainability ambitions. The new Leadership Multiplier is described in section 3.2.3. of this Report.

The Committee reviewed and approved the contractual terms and conditions, including remuneration, of one new member of the Operations Council, appointed during 2020; the changes in the composition of the Operations Council are disclosed in section 4 of the Governance Report.

1. Definitions of total shareholder return and adjusted operating income margin are provided in section 3.2.4. of this report

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 2020, and will continue with the same 'say-on-pay' vote structure at the forthcoming Annual General Meeting 2021:

- 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 2020
- Binding vote on the prospective maximum fixed remuneration amount of the Operations Council members for 2022
- Binding vote on the prospective maximum value of the grants awarded under the Long-Term Incentive plan to the Operations Council members in 2021

The table below summarizes the votes of the Annual General Meeting on the remuneration matters since 2015:

| (% of votes for)  | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  |
|---|-------|-------|-------|-------|-------|-------|
| Consultative vote on the Remuneration Report  | 93.69 | 82.79 | 92.44 | 89.79 | 94.50 | 93.05 |
| Binding vote on the prospective maximum remuneration amount of the Board of Directors   | 95.41 | 97.26 | 98.24 | 98.72 | 98.09 | 98.13 |
| Binding vote on the prospective maximum fixed remuneration amount of the Operations Council members   | 95.29 | 98.27 | 80.11 | 75.61 | 80.28 | 95.58 |
| 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 | 97.39 |
| Binding vote on the prospective maximum value of the grants awarded under the Long-Term Incentive plan to the Operations Council members <sup>1</sup> | 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 2020. 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 R. du Pasquier**

Chairman of the 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 long-term sustainable value for our shareholders and the society.

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 value to society ambitions, its 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 skillset 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

In line with its Anti-Discrimination and Dignity at Work policy, SGS is committed to promoting a workplace that provides equal opportunity for all employees and an environment in which all members of the workplace treat all individuals both in the workplace and in other work-related settings at all time with dignity, consideration and respect. All employment related decisions, including compensation, benefits, promotions, will be solely made on the basis of an individual's qualification, performance and behavior or other legitimate business considerations. SGS does not tolerate any discriminatory practice, in particular based on age, civil partnership, disability, ethnicity, family status, gender, gender identity, ideological views, marital status, nationality, political affiliation, pregnancy, religion, sexual orientation, social origin or any other status that is protected as a matter of local law.

### 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 half 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 2020.

## 2.3. REMUNERATION GOVERNANCE

The Annual General Meeting of Shareholders approves every year the maximum aggregate amount of remuneration of the Board of Directors. Within that limit, the Board of Directors is responsible for determining the remuneration of the Chairman and the Directors of the Board. 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. REMUNERATION COMMITTEE

The Board of Directors is assisted in its work by a 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 2020, neither the Committee nor the Board of Directors had recourse to such external advisors.

| SUBJECT MATTER   | CEO | REMUNERATION COMMITTEE | BOARD OF DIRECTORS | AGM |
|--|-----|------------------------|--------------------|-----|
| Aggregate remuneration amount of the Board of Directors  |     |                        | R                  | BV  |
| Individual remuneration of the members of the Board of Directors including the Chairman of the Board   |     | R                      | ✓                  |     |
| Aggregate fixed remuneration amount of the Operations Council  |     |                        | R                  | BV  |
| Aggregate short-term variable remuneration amount of the Operations Council                            |     |                        | R                  | BV  |
| Setting of annual financial targets for short-term variable remuneration of Operations Council members | R   |                        | ✓                  |     |
| Establishment of Long-Term Incentive plans   |     | R                      | ✓                  |     |
| Aggregate value of the grants awarded under the Long-Term Incentive plan to Operations Council members |     |                        | R                  | BV  |
| Individual remuneration of the CEO   |     | R                      | ✓                  |     |
| Individual remuneration of the Operations Council members  | R   | ✓                      |                    |     |
| Remuneration Report  |     | R                      | ✓                  | CV  |

R Recommendation   
 ✓ Approval   
 BV Binding Vote   
 CV Consultative Vote

The following Directors served on the Committee during their mandate from AGM 2020 to AGM 2021:

- Shelby R. du Pasquier (Chairman)
- Ian Gallienne
- Kory Sorenson

In 2020, the Committee met in five meetings, attended by all members, and handled several matters pertaining to remunerations outside scheduled meetings. The Chairman of the 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.

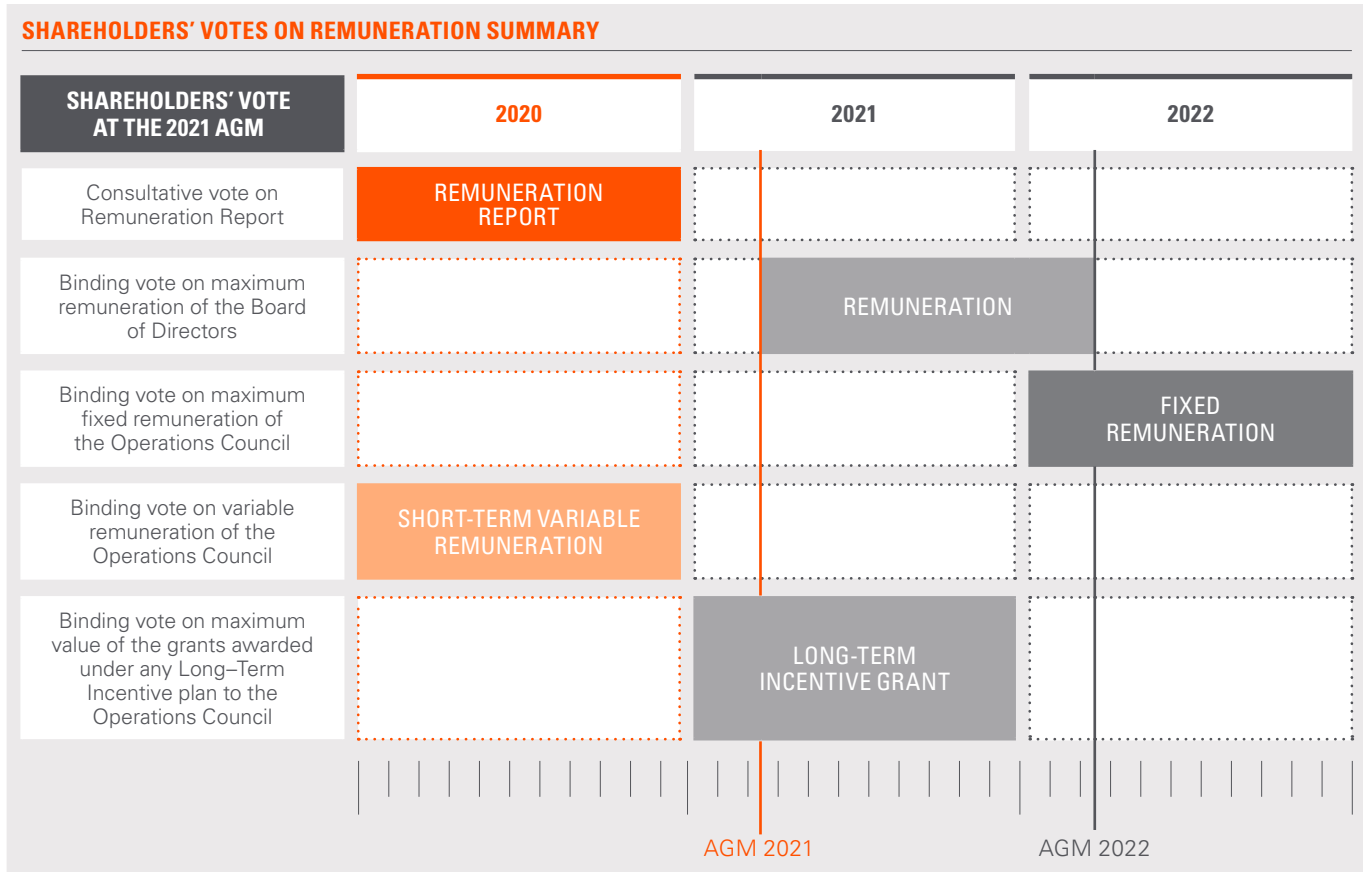
Selected members of the Operations Council, the CEO and the Senior VP for HR may be asked to attend the meetings in an advisory capacity. They do not attend the meeting when their own compensation and/or performance are being discussed.

### 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 OaEC, 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, part of the remuneration of the Chairman of the Board may be settled as 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) |
|----------------------|-----------------------|--------------------------------|--|
| <b>CHAIRMAN</b>      | ✓                     | ✗                              | ✓  |
| <b>BOARD MEMBERS</b> | ✓                     | ✓                              | ✗  |

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 of 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 installments, 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 50% in cash and 50% 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  |
|------------------------------|--|--|--|---|--|
| <b>FIXED REMUNERATION</b>    |  |  |  |   |  |
| 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   |
| <b>VARIABLE REMUNERATION</b> |  |  |  |   |  |
| Short-Term Incentive         | 50% cash<br>50% restricted shares  | Annual financial performance, individual performance against leadership behavioral model | Group revenue, Group NPAT <sup>1</sup> , Group ROIC <sup>2</sup> , Group free cash flow, regional and business line profit, regional NWC <sup>3</sup> , business operating free cash flow, leadership multiplier | Pay for performance   | 1-year performance period (for the portion settled in restricted shares) |
| Long-Term Incentive          | Performance Share Units (PSUs)   | Long-term financial performance  | Relative TSR <sup>4</sup> , 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, skillsets, 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. Each participant can choose between three levels of employee contributions ('Standard', 'Plus 2' and 'Maxi'), defined based on the participant's age; the Company contributes an amount equal to one and a half times the participant's contribution at the 'Standard' level. Flexibility is granted to employees who wish to fund a potential retirement before the normal age, and to 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 behaviors 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 behaviors           | ✓   | ✓                                |

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%                          |
| Maximum incentive opportunity | as % of target incentive opportunity | 250%   | 250%                             |
|                               | 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.

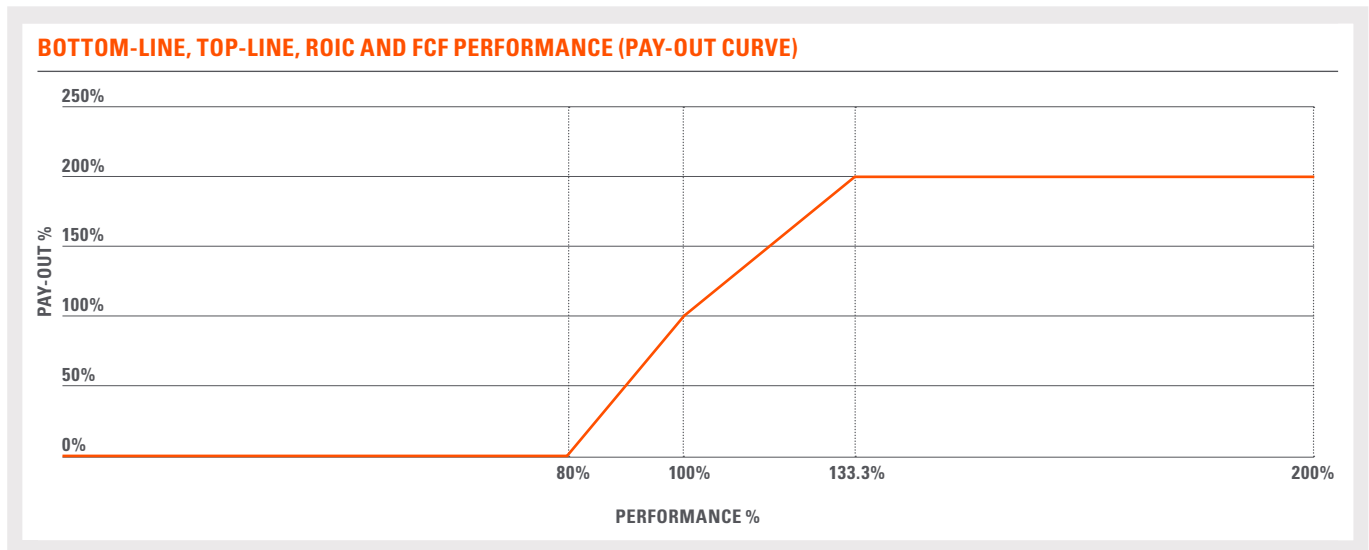
The table below summarizes the key performance indicators applicable to the CEO and the other members of the Operations Council.

|                               |                             | CEO  | HEADS OF CORPORATE FUNCTIONS (SVPS)          | HEADS OF BUSINESS LINES (EVPS)                            | HEADS OF REGIONS (COOS)       |
|-------------------------------|-----------------------------|--|--|---|-------------------------------|
| <b>GROUP RESULTS</b>          | Profitability (bottom-line) | Group NPAT<br><b>25%</b>                     | Group NPAT<br><b>25%</b>                     | Group NPAT<br><b>25%</b>                                  | Group NPAT<br><b>25%</b>      |
|                               | Growth (top-line)           | Group Revenue<br><b>25%</b>                  | Group Revenue<br><b>25%</b>                  | Group Revenue<br><b>25%</b>                               | Group Revenue<br><b>25%</b>   |
|                               | Efficient use of capital    | Group ROIC (Organic)<br><b>25%</b>           | Group ROIC (Organic)<br><b>25%</b>           | –   | –                             |
|                               | Cash generation             | Group Free Cash Flow (Organic)<br><b>25%</b> | Group Free Cash Flow (Organic)<br><b>25%</b> | –   | –                             |
| <b>BUSINESS LINES RESULTS</b> | Profitability (bottom-line) | –  | –  | Business-line Profit<br><b>40%</b>                        | –                             |
|                               | Cash generation             | –  | –  | Business Operating Free Cash Flow (Organic)<br><b>10%</b> | –                             |
| <b>REGIONS RESULTS</b>        | Profitability (bottom-line) | –  | –  | –   | Regional Profit<br><b>40%</b> |
|                               | Cash generation             | –  | –  | –   | Regional NWC<br><b>10%</b>    |

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

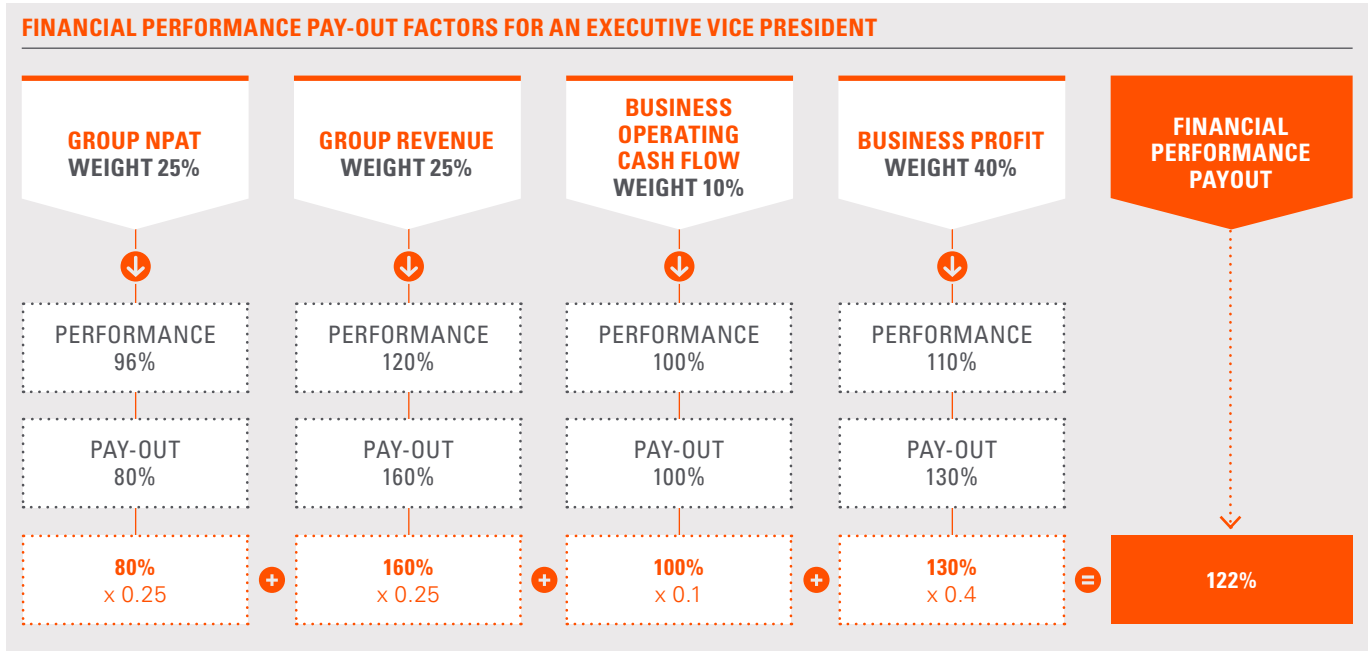
The chart below shows the pay-out curves for the Group NPAT, Group Revenue, Group ROIC, Group Free Cash Flow, Business-line Profit, Regional Profit and Business Operating Free Cash Flow.



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

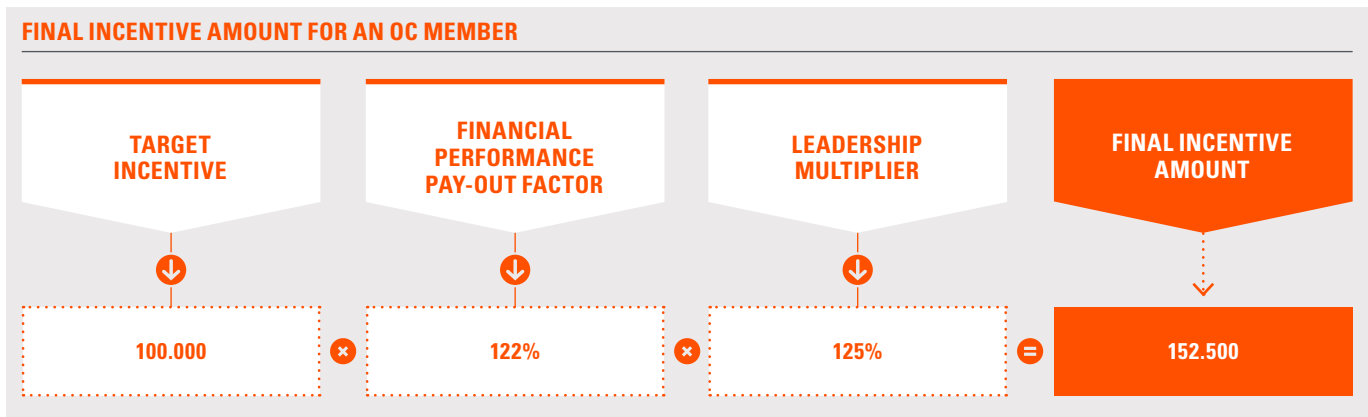
The members of the Operations Council are also rewarded for the demonstration of leadership behaviors in line with the SGS competency model. Their final incentive amount is calculated by multiplying the financial performance pay-out factor by a leadership multiplier.

The leadership multiplier is determined for each executive based on an assessment of their behaviors against the leadership competency model of SGS in the areas of innovation, people management and change 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 and approved by the Remuneration Committee. The assessment leads to a leadership multiplier that can range between 70% and 125%.

#### CHANGES TO THE LEADERSHIP MULTIPLIER AS OF THE 2021 PERFORMANCE YEAR

Sustainability is fundamental to both our operations and our strategic direction. Through our purpose-driven leadership and using our scale and expertise, we are committed to delivering value to society and enabling a more sustainable future. With the objective to strengthen the commitment of the executive management towards the Group’s sustainability strategy, as of the 2021 performance year the CEO and the other members of the Operations Council’s leadership behaviors will be assessed also against Environmental, Social and Governance (ESG) metrics aligned with the Group’s sustainability ambitions. The overall assessment will continue to determine a leadership multiplier 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 29.

## 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.

If employment ceases due to 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 pay-out              | Payment date                       | Payment vehicle | Incentive opportunity (target incentive)           | Incentive pay-out           | 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                   | Pro-rated 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 | Pro-rated 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.

| Incentive frequency                 |                                      | CEO                    |            | OTHER OPERATIONS<br>COUNCIL MEMBERS |            |
|-------------------------------------|--------------------------------------|------------------------|------------|-------------------------------------|------------|
|                                     |                                      | Once every three years |            | Once every three years              |            |
|                                     |                                      | Three-year period      | Annualized | Three-year period                   | Annualized |
| 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 (TSR<sup>1</sup>) (relative SGS performance compared with the peer group)
- Adjusted operating income margin (AOIM<sup>2</sup>) (absolute SGS performance against an internal target)

The TSR of the Group will be compared to the TSR of a group of 12 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 13 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.

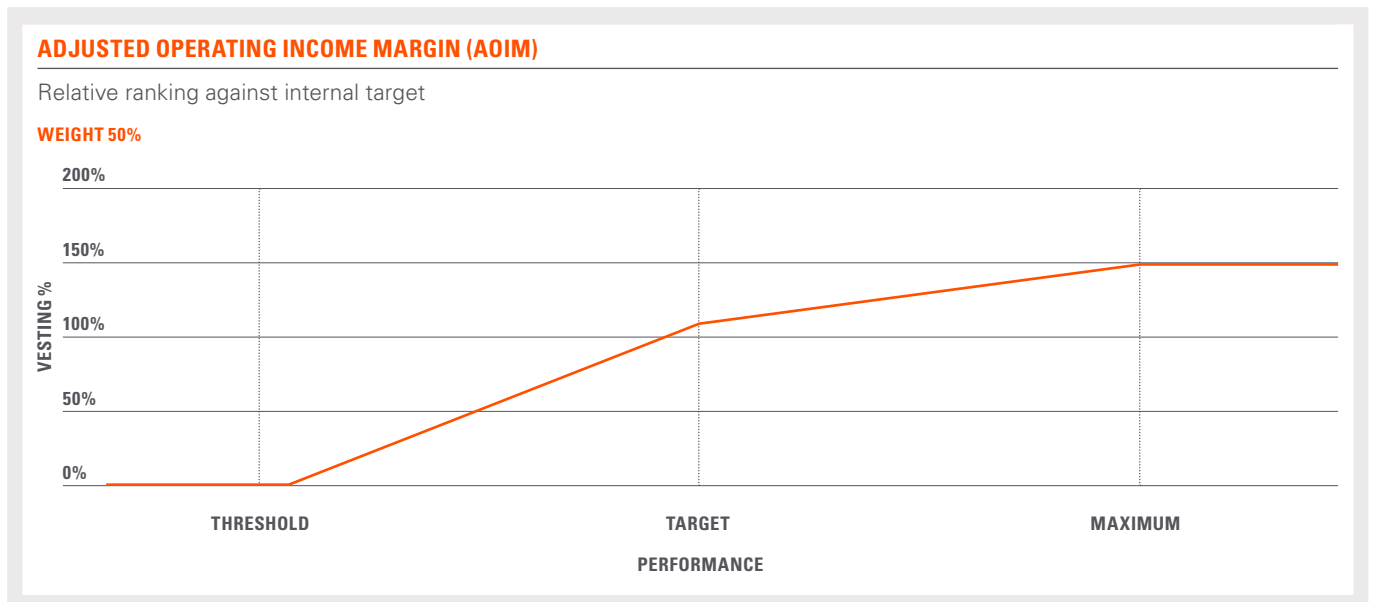
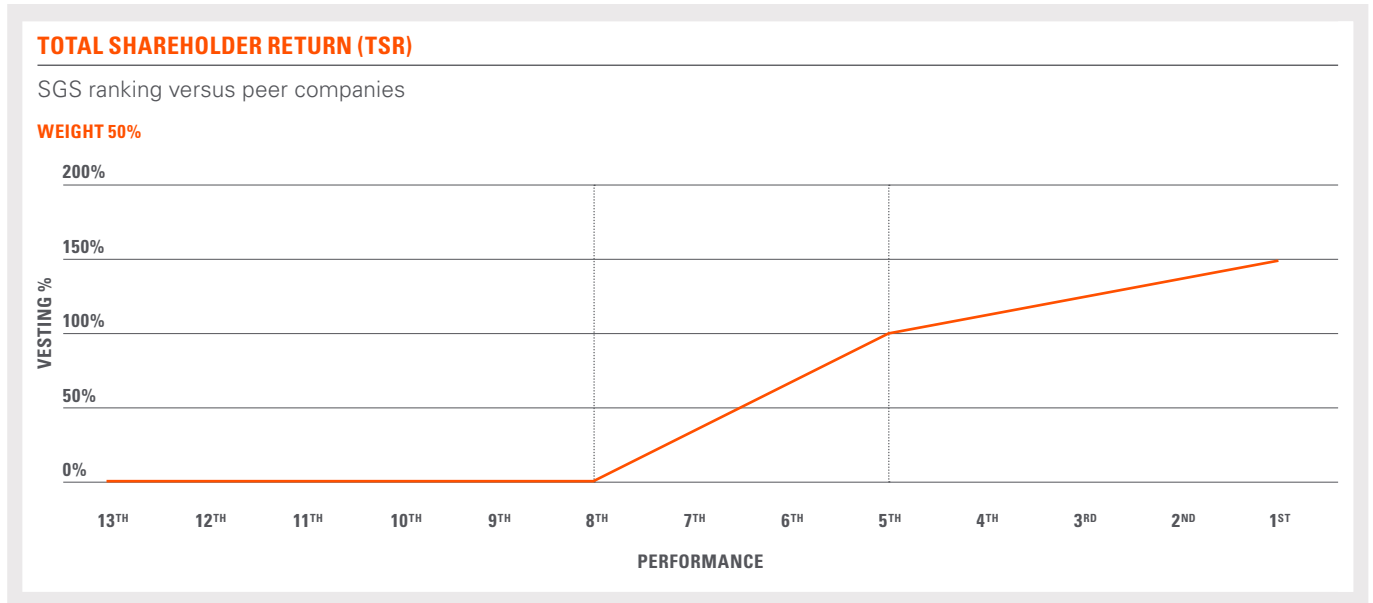
The AOIM will be assessed against a pre-defined internal target.

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.

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 138) for details on the calculation of the adjusted operating income

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

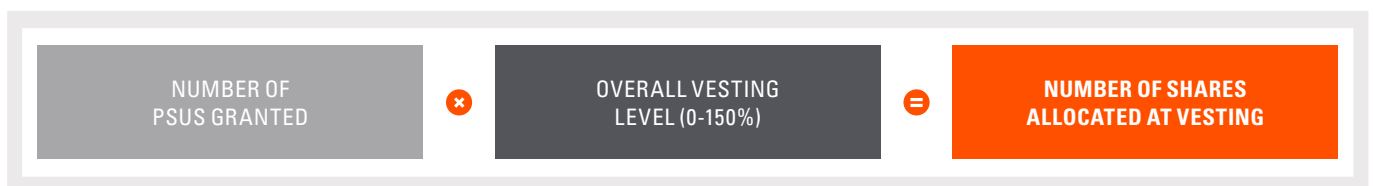


The overall vesting level of the PSUs granted will be calculated as a weighted average of each of the respective vesting levels for TSR (50%) and AOIM (50%), and ranges between 0% and 150%.

#### 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.



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 29.

#### 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 estimation 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. PRINCIPLES OF THE LONG-TERM INCENTIVE FOR THE PERFORMANCE PERIOD 2021-2023

The Committee reviewed the Long-Term Incentive scheme in place for the Operations Council Members and selected senior managers of the Group, and decided to move from the current schedule, with one grant every three years, to a system with one grant every year. The main reason for the change is the alignment with prevalent market practices.

The new annual grant scheme will be implemented starting 2021 (as the 2018-2020 Long-Term Incentive plan comes to its end).

The 2021 grant, designed as a transition scheme from the past practice to the new annual cycle, will cover the performance period 2021–2023.

The vesting and performance period of the 2021 plan onwards will be three years (unchanged from previous plan).

The performance conditions will include relative TSR against a more focused list of competitors, part of the Testing, Inspection and Certification industry, and Environmental, Social and Governance KPIs.

The details of the 2021–2023 Long-Term Incentive plan will be disclosed in the 2021 Remuneration Report.

#### 3.2.6. 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.

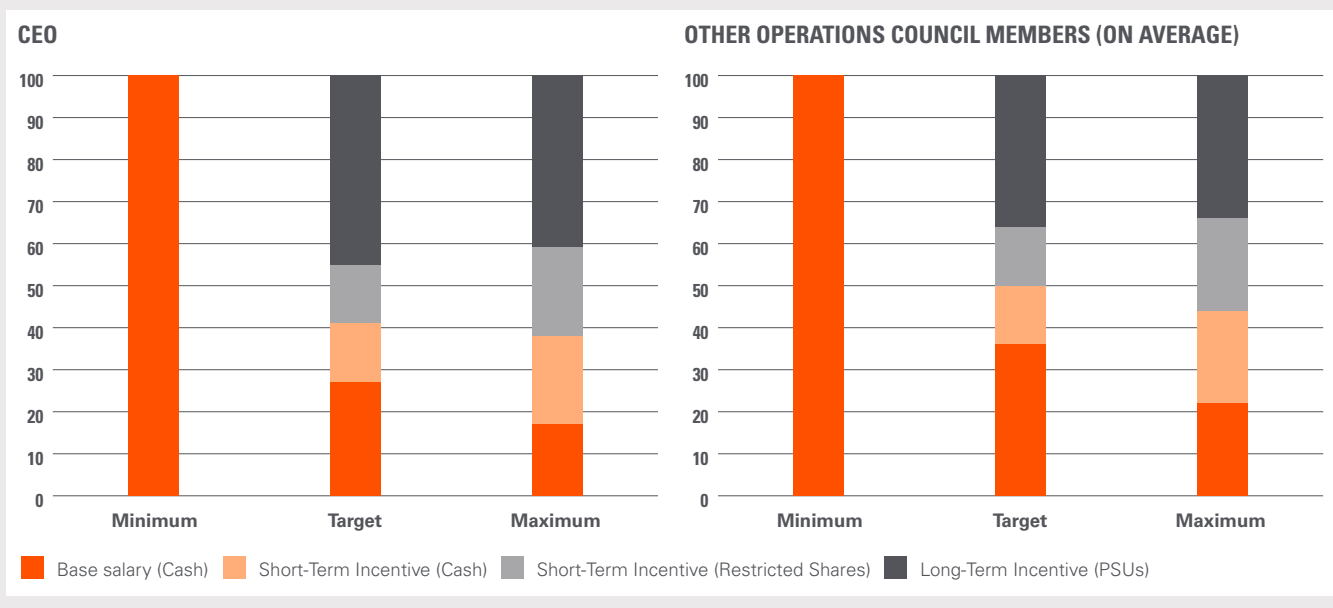
For the other members of the Operations Council, the part of remuneration at risk represents, on average, 64% of their total remuneration. The part of remuneration settled in equity instruments represents, on average, 50% of their total remuneration.

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).

**REMUNERATION MIX FOR THE CEO AND OTHER OPERATIONS COUNCIL MEMBERS IN THREE CASES (%)**



**3.2.7. 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 and other shares that are owned by the Operations Council member directly or indirectly (by 'closely related persons').

The 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.

**3.2.8. EMPLOYMENT CONTRACTS**

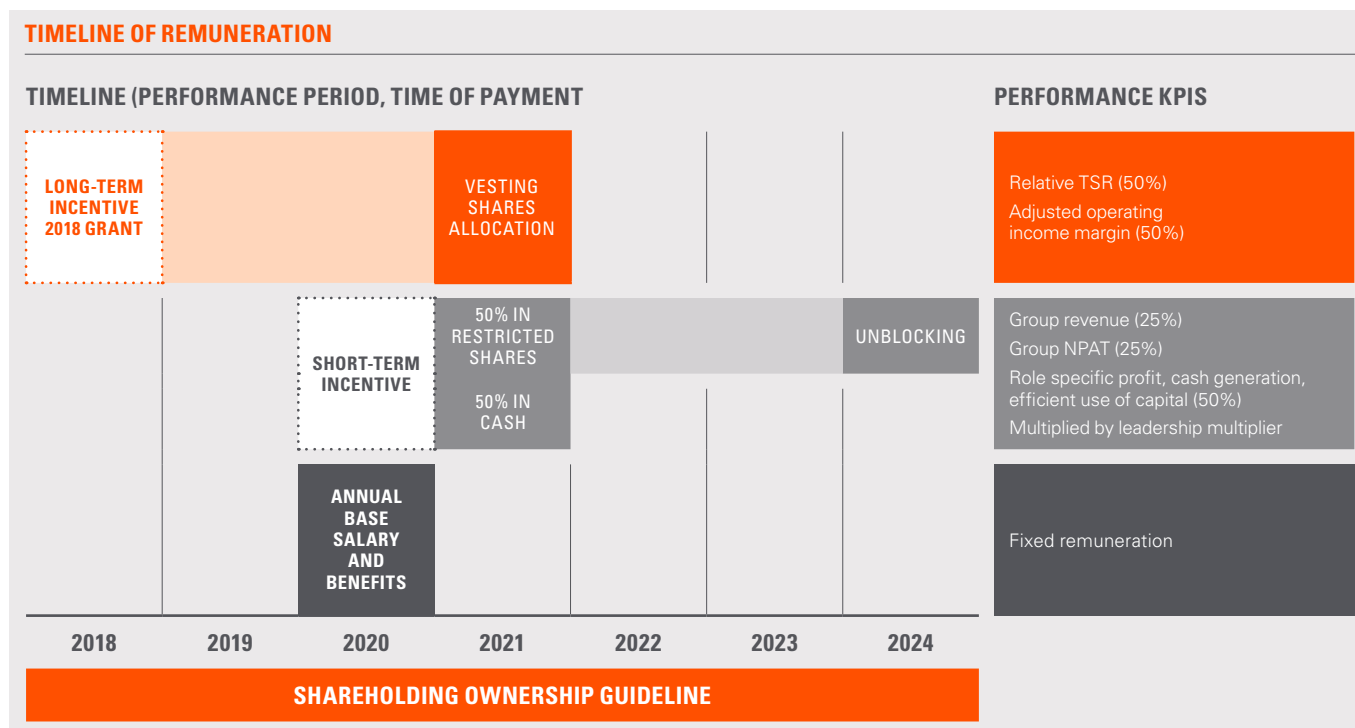
Employment contracts of the Operations Council members have no fixed term and can be terminated at any time by either party, provided a notice period of six months is respected. For the Chief Executive Officer, the notice period is 12 months. The executive contracts do not provide for any severance payments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



## 3.2.9. TIMELINE OF REMUNERATION

The following chart outlines the timeline of payment of each remuneration element that was earned in 2020:

- The annual base salary is paid during 2020
- The cash portion of the Short-Term Incentive is paid in March 2021, shortly after the Annual General Meeting
- The share portion of the Short-Term Incentive is allocated in April 2021 and will be unblocked in April 2024
- 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



## 4. Remuneration Awarded to the Board of Directors

For the mandate from AGM 2020 to AGM 2021, the annual board retainer was CHF 500 000 for the Chairman of the Board (AGM 2019 to AGM 2020: CHF 500 000) and CHF 150 000 for the other Board of Directors members (AGM 2019 to AGM 2020: CHF 150 000). The Chairman of the Audit Committee was entitled to an additional fee of CHF 70 000; Directors serving as Audit Committee members were entitled to an additional fee of CHF 50 000. The Chairman of the Remuneration Committee was entitled to an additional fee of CHF 40 000; Directors serving as Remuneration Committee members were entitled to an additional fee of CHF 30 000. Directors serving on the Governance & Sustainability Committee were entitled to an additional fee of CHF 30 000 (AGM 2019 to AGM 2020: 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).

| (CHF)      | Board retainer | Audit Committee fee | Remuneration Committee fee | Governance & Sustainability Committee fee |
|------------|----------------|---------------------|----------------------------|---|
| Chairman   | 500 000        | 70 000              | 40 000                     | –   |
| Membership | 150 000        | 50 000              | 30 000                     | 30 000                                    |

The total remuneration of the Board of Directors for the mandate from AGM 2020 to AGM 2021 is equal to CHF 2 210 000, within the amount approved by the AGM 2020 (CHF 2 300 000).

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 pro-rata 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 2020 to AGM 2021.

|                   | Chairmanship   | Board membership | Audit Committee membership | Remuneration Committee membership | Governance & Sustainability Committee membership | Total remuneration | Proportion to be settled in cash | Proportion to be settled in shares <sup>1</sup> | Proportion to be settled in restricted shares <sup>1</sup> |
|-------------------|----------------|------------------|----------------------------|-----------------------------------|--|--------------------|----------------------------------|---|--|
| C. Grieder        | 500 000        | –                | –                          | –                                 | –  | 500 000            | 100%                             | –   | –  |
| S. Atiya          | –              | 150 000          | –                          | –                                 | 30 000   | 180 000            | 100%                             | –   | –  |
| P. Desmarais, Jr. | –              | 150 000          | –                          | –                                 | –  | 150 000            | 100%                             | –   | –  |
| A. F. von Finck   | –              | 150 000          | –                          | –                                 | 30 000   | 180 000            | 100%                             | –   | –  |
| I. Gallienne      | –              | 150 000          | –                          | 30 000                            | 30 000   | 210 000            | 100%                             | –   | –  |
| C. Grupp          | –              | 150 000          | –                          | –                                 | –  | 150 000            | 100%                             | –   | –  |
| T. Hartmann       | –              | 150 000          | 50 000                     | –                                 | –  | 200 000            | 100%                             | –   | –  |
| G. Lamarche       | –              | 150 000          | 70 000                     | –                                 | –  | 220 000            | 100%                             | –   | –  |
| S. R. du Pasquier | –              | 150 000          | –                          | 40 000                            | –  | 190 000            | 75%                              | –   | 25%  |
| K. Sorenson       | –              | 150 000          | 50 000                     | 30 000                            | –  | 230 000            | 100%                             | –   | –  |
| <b>TOTAL</b>      | <b>500 000</b> | <b>1 350 000</b> | <b>170 000</b>             | <b>100 000</b>                    | <b>90 000</b>                                    | <b>2 210 000</b>   |                                  |   |  |

1. Shares and restricted shares will be granted during fiscal year 2021

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

|                   | Chairmanship   | Board membership | Audit Committee membership | Remuneration Committee membership | Professional Conduct Committee membership | Total remuneration | Proportion to be settled in cash | Proportion to be settled in shares <sup>1</sup> | Proportion to be settled in restricted shares <sup>1</sup> |
|-------------------|----------------|------------------|----------------------------|-----------------------------------|---|--------------------|----------------------------------|---|--|
| P. Kalantzis      | 500 000        | –                | –                          | –                                 | –   | 500 000            | 100%                             | –   | –  |
| P. Desmarais, Jr. | –              | 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%  |
| <b>TOTAL</b>      | <b>500 000</b> | <b>1 350 000</b> | <b>200 000</b>             | <b>120 000</b>                    | <b>90 000</b>                             | <b>2 260 000</b>   |                                  |   |  |

1. Shares and restricted shares were granted during fiscal year 2020

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

The following table details the remuneration elements granted to each of the Directors for their tenure in fiscal year 2020. It includes both pro-rata temporis elements of remuneration for the mandate AGM 2019 to AGM 2020 and pro-rata temporis elements of remuneration for the mandate AGM 2020 to AGM 2021.

| (CHF thousand)            | Board retainer | Representation fees | Committee fees | Total remuneration | Cash         | Shares value | Shares NB | Restricted shares value | Restricted shares NB | Employer social charges |
|---------------------------|----------------|---------------------|----------------|--------------------|--------------|--------------|-----------|-------------------------|----------------------|-------------------------|
| C. Grieder                | 418            | –                   | 25             | 443                | 443          | –            | –         | –                       | –                    | –                       |
| P. Kalantzis <sup>1</sup> | 113            | –                   | –              | 113                | 113          | –            | –         | –                       | –                    | 9                       |
| S. Atiya <sup>2</sup>     | 115            | –                   | 23             | 138                | 138          | –            | –         | –                       | –                    | 13                      |
| P. Desmarais, Jr.         | 190            | –                   | –              | 190                | 115          | 75           | 27        | –                       | –                    | 14                      |
| A. F. von Finck           | 149            | –                   | 41             | 190                | 190          | –            | –         | –                       | –                    | 17                      |
| L. von Finck <sup>1</sup> | 34             | –                   | –              | 34                 | 34           | –            | –         | –                       | –                    | 3                       |
| I. Gallienne              | 149            | –                   | 53             | 202                | 202          | –            | –         | –                       | –                    | 18                      |
| C. Grupp                  | 149            | –                   | 7              | 156                | 156          | –            | –         | –                       | –                    | 11                      |
| T. Hartmann <sup>2</sup>  | 115            | –                   | 39             | 154                | 154          | –            | –         | –                       | –                    | 14                      |
| G. Lamarche               | 149            | –                   | 65             | 214                | 214          | –            | –         | –                       | –                    | 19                      |
| S. R. du Pasquier         | 146            | –                   | 44             | 190                | 190          | –            | –         | –                       | –                    | 17                      |
| K. Sorenson               | 190            | –                   | 87             | 277                | 177          | –            | –         | 100                     | 36                   | 23                      |
| <b>TOTAL</b>              | <b>1 917</b>   | <b>–</b>            | <b>384</b>     | <b>2 301</b>       | <b>2 126</b> | <b>75</b>    | <b>27</b> | <b>100</b>              | <b>36</b>            | <b>158</b>              |

1. Until the AGM 2020

2. As of the AGM 2020

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

| (CHF thousand)            | Board retainer | Representation fees | Committee fees | Total remuneration | Cash         | Shares value | Shares NB | Restricted shares value | Restricted shares NB | Employer social charges |
|---------------------------|----------------|---------------------|----------------|--------------------|--------------|--------------|-----------|-------------------------|----------------------|-------------------------|
| P. Kalantzis              | 463            | –                   | 15             | 478                | 478          | –            | –         | –                       | –                    | 36                      |
| P. Desmarais, Jr.         | 113            | –                   | –              | 113                | 113          | –            | –         | –                       | –                    | 7                       |
| A. von Finck <sup>1</sup> | 37             | –                   | 8              | 45                 | 45           | –            | –         | –                       | –                    | 3                       |
| A. F. von Finck           | 154            | –                   | 69             | 223                | 223          | –            | –         | –                       | –                    | 19                      |
| L. von Finck <sup>2</sup> | 116            | –                   | –              | 116                | 116          | –            | –         | –                       | –                    | 10                      |
| I. Gallienne              | 154            | –                   | 31             | 185                | 185          | –            | –         | –                       | –                    | 16                      |
| C. Grieder <sup>2</sup>   | 116            | –                   | 85             | 201                | 201          | –            | –         | –                       | –                    | 17                      |
| C. Grupp                  | 154            | –                   | 31             | 185                | 185          | –            | –         | –                       | –                    | 13                      |
| C. Kirk <sup>1</sup>      | 37             | –                   | –              | 37                 | 37           | –            | –         | –                       | –                    | 3                       |
| G. Lamarche               | 154            | –                   | 46             | 200                | 200          | –            | –         | –                       | –                    | 18                      |
| S. R. du Pasquier         | 154            | –                   | 61             | 215                | 215          | –            | –         | –                       | –                    | 19                      |
| K. Sorenson <sup>2</sup>  | 75             | –                   | 25             | 100                | 100          | –            | –         | –                       | –                    | 9                       |
| <b>TOTAL</b>              | <b>1 727</b>   | <b>–</b>            | <b>371</b>     | <b>2 098</b>       | <b>2 098</b> | <b>–</b>     | <b>–</b>  | <b>–</b>                | <b>–</b>             | <b>170</b>              |

1. Until the AGM 2019

2. As of the AGM 2019

The overall remuneration paid to the Board of Directors in 2020 is higher than the overall remuneration paid in 2019, due to the increase of the committee fee for the Chairmen of the Audit Committee and of the Remuneration Committee, timing impacts of share awards versus cash payments, 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 2020. All amounts disclosed in this section include the Short-Term Incentive cash amount and restricted shares that will be granted in April 2021 with respect to performance in 2020 (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 2020.

| (CHF thousand)   | Base salary  | Other cash allowances | Contributions to pension plans | Other contributions and benefits in kind | Total fixed remuneration |
|--|--------------|-----------------------|--------------------------------|--|--------------------------|
| <b>OPERATIONS COUNCIL (INCLUDING SENIOR MANAGEMENT)</b>      |              |                       |                                |  |                          |
| Cash (including allowances)                                  | 7 969        | 1 024                 | –                              | –  | 8 993                    |
| Contributions and benefits in kind                           | –            | –                     | 1 044                          | 320                                      | 1 364                    |
| Equity   | –            | –                     | –                              | –  | –                        |
| <b>TOTAL</b>   | <b>7 969</b> | <b>1 024</b>          | <b>1 044</b>                   | <b>320</b>                               | <b>10 357</b>            |
| <b>SENIOR MANAGEMENT (INCLUDING CHIEF EXECUTIVE OFFICER)</b> |              |                       |                                |  |                          |
| Cash (including allowances)                                  | 2 078        | 138                   | –                              | –  | 2 216                    |
| Contributions and benefits in kind                           | –            | –                     | 257                            | 21                                       | 278                      |
| Equity   | –            | –                     | –                              | –  | –                        |
| <b>TOTAL</b>   | <b>2 078</b> | <b>138</b>            | <b>257</b>                     | <b>21</b>                                | <b>2 494</b>             |
| <b>CHIEF EXECUTIVE OFFICER</b>                               |              |                       |                                |  |                          |
| Cash (including allowances)                                  | 1 000        | 64                    | –                              | –  | 1 064                    |
| Contributions and benefits in kind                           | –            | –                     | 101                            | 8  | 109                      |
| Equity   | –            | –                     | –                              | –  | –                        |
| <b>TOTAL</b>   | <b>1 000</b> | <b>64</b>             | <b>101</b>                     | <b>8</b>                                 | <b>1 173</b>             |

The aggregate total fixed remuneration of the members of the Operations Council did not exceed the maximum amount approved by the Annual General Meeting of Shareholders in 2019 (CHF 14 000 000). For 2021, the 2020 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 2019.

| (CHF thousand)   | Base salary  | Other cash allowances | Contributions to pension plans | Other contributions and benefits in kind | Total fixed remuneration |
|--|--------------|-----------------------|--------------------------------|--|--------------------------|
| <b>OPERATIONS COUNCIL (INCLUDING SENIOR MANAGEMENT)</b>      |              |                       |                                |  |                          |
| Cash (including allowances)                                  | 8 748        | 1 385                 | –                              | –  | 10 133                   |
| Contributions and benefits in kind                           | –            | –                     | 1 121                          | 394                                      | 1 515                    |
| Equity   | –            | –                     | –                              | –  | –                        |
| <b>TOTAL</b>   | <b>8 748</b> | <b>1 385</b>          | <b>1 121</b>                   | <b>394</b>                               | <b>11 648</b>            |
| <b>SENIOR MANAGEMENT (INCLUDING CHIEF EXECUTIVE OFFICER)</b> |              |                       |                                |  |                          |
| Cash (including allowances)                                  | 2 337        | 187                   | –                              | –  | 2 524                    |
| Contributions and benefits in kind                           | –            | –                     | 280                            | 29                                       | 309                      |
| Equity   | –            | –                     | –                              | –  | –                        |
| <b>TOTAL</b>   | <b>2 337</b> | <b>187</b>            | <b>280</b>                     | <b>29</b>                                | <b>2 833</b>             |
| <b>CHIEF EXECUTIVE OFFICER</b>                               |              |                       |                                |  |                          |
| Cash (including allowances)                                  | 1 000        | 74                    | –                              | –  | 1 074                    |
| Contributions and benefits in kind                           | –            | –                     | 101                            | 9  | 110                      |
| Equity   | –            | –                     | –                              | –  | –                        |
| <b>TOTAL</b>   | <b>1 000</b> | <b>74</b>             | <b>101</b>                     | <b>9</b>                                 | <b>1 184</b>             |

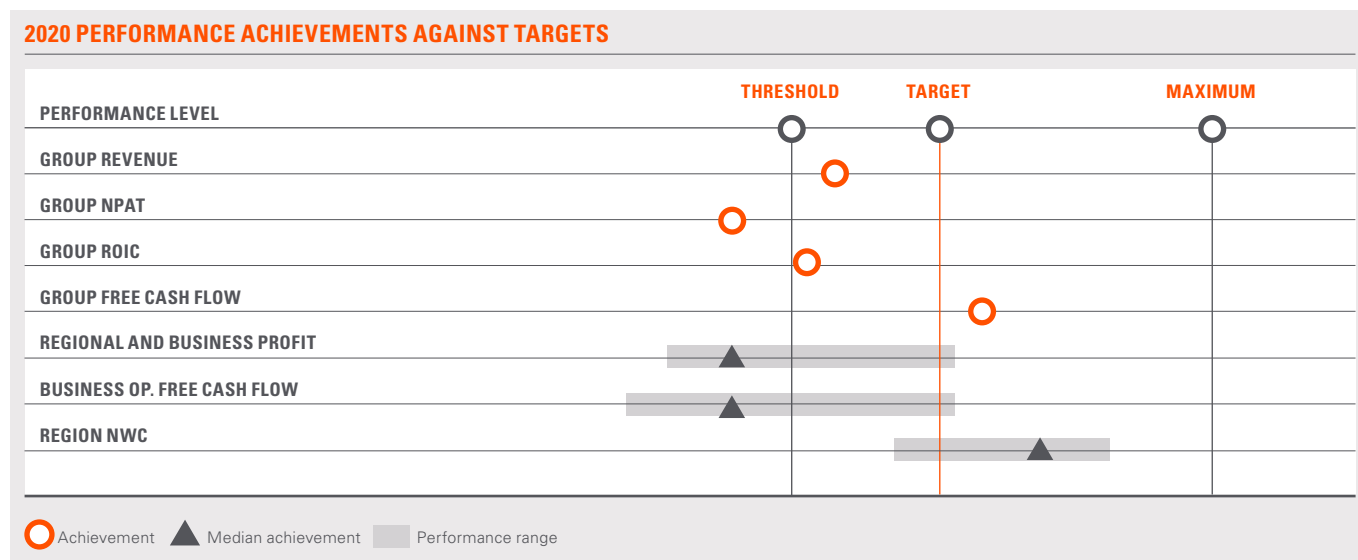
The decrease in fixed remuneration compared with 2019 reflects the change in the composition of the Operations Council.

## 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 behaviors.

In 2020, the achievement of financial targets at Group level, in the businesses and in the regions ranges from 47.3% to 108.7% (2019: 61.1% to 114.6%).

The chart below summarizes the 2020 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 60.9% of the target incentive opportunity for the CEO (2019: 108.9%) and ranges from 12.4% to 86.4% of the target incentive opportunity for the other members of the Operations Council (2019: 45.6% to 129.1%). 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 2020, SGS restricted shares will be allocated to the members of the Operations Council in April 2021, after the approval of the total Short-Term Incentive amount by the Annual General Meeting of Shareholders (in April 2020, 1 514 restricted shares were granted in settlement of the equity portion of the Short-Term Incentive 2019). 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 2020 performance year, and its comparison with the incentive opportunity.

| (CHF thousand)   | Minimum | Target       | Maximum       | Actual short-term variable remuneration |
|--|---------|--------------|---------------|---|
| <b>OPERATIONS COUNCIL (INCLUDING SENIOR MANAGEMENT)</b>      |         |              |               |   |
| Cash (including allowances)                                  | –       | 3 651        | 9 128         | 1 711                                   |
| Contributions and benefits in kind                           | –       | –            | –             | –                                       |
| Equity   | –       | 2 908        | 7 270         | 1 409                                   |
| <b>TOTAL</b>   | –       | <b>6 559</b> | <b>16 398</b> | <b>3 120</b>                            |
| <b>SENIOR MANAGEMENT (INCLUDING CHIEF EXECUTIVE OFFICER)</b> |         |              |               |   |
| Cash (including allowances)                                  | –       | 959          | 2 398         | 569                                     |
| Contributions and benefits in kind                           | –       | –            | –             | –                                       |
| Equity   | –       | 959          | 2 398         | 569                                     |
| <b>TOTAL</b>   | –       | <b>1 918</b> | <b>4 796</b>  | <b>1 138</b>                            |
| <b>CHIEF EXECUTIVE OFFICER</b>                               |         |              |               |   |
| Cash (including allowances)                                  | –       | 500          | 1 250         | 304                                     |
| Contributions and benefits in kind                           | –       | –            | –             | –                                       |
| Equity   | –       | 500          | 1 250         | 304                                     |
| <b>TOTAL</b>   | –       | <b>1 000</b> | <b>2 500</b>  | <b>608</b>                              |

The total short-term remuneration amount will be submitted for approval to the Annual General Meeting of Shareholders of 2021, 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 2019 performance year, and its comparison with the incentive opportunity.

| (CHF thousand)   | Minimum  | Target       | Maximum       | Actual short-term variable remuneration |
|--|----------|--------------|---------------|---|
| <b>OPERATIONS COUNCIL (INCLUDING SENIOR MANAGEMENT)</b>      |          |              |               |   |
| Cash (including allowances)                                  | –        | 3 645        | 9 113         | 3 646                                   |
| Contributions and benefits in kind                           | –        | –            | –             | –                                       |
| Equity   | –        | 3 353        | 8 383         | 3 356                                   |
| <b>TOTAL</b>   | <b>–</b> | <b>6 998</b> | <b>17 496</b> | <b>7 002</b>                            |
| <b>SENIOR MANAGEMENT (INCLUDING CHIEF EXECUTIVE OFFICER)</b> |          |              |               |   |
| Cash (including allowances)                                  | –        | 1 139        | 2 848         | 1 273                                   |
| Contributions and benefits in kind                           | –        | –            | –             | –                                       |
| Equity   | –        | 931          | 2 328         | 1 047                                   |
| <b>TOTAL</b>   | <b>–</b> | <b>2 070</b> | <b>5 176</b>  | <b>2 320</b>                            |
| <b>CHIEF EXECUTIVE OFFICER</b>                               |          |              |               |   |
| Cash (including allowances)                                  | –        | 500          | 1 250         | 545                                     |
| Contributions and benefits in kind                           | –        | –            | –             | –                                       |
| Equity   | –        | 500          | 1 250         | 545                                     |
| <b>TOTAL</b>   | <b>–</b> | <b>1 000</b> | <b>2 500</b>  | <b>1 090</b>                            |

The total 2019 short-term remuneration amount was approved by the Annual General Meeting of Shareholders of 2020, and the settlement for both the cash and the equity part were implemented shortly after.

The decrease in short-term variable remuneration compared to 2019 reflects the impact of the Covid-19 pandemic on the financial performance of the Group, and the change in the composition of the Operations Council.

### 5.3. LONG-TERM VARIABLE REMUNERATION

In 2020, the Group did not implement any Long-Term Incentive for the Operations Council members.

In 2019, the Group implemented a cash Long-Term Incentive for the two Operations Council members who were newly appointed. This incentive mirrors the 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 10 784 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 2020 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<br>PSUs granted | Total value<br>of the grant<br>(CHF Thousand) | Annualized value<br>of the grant<br>(CHF Thousand) <sup>1</sup> | 2019 Annualized<br>value of the grant<br>(CHF Thousand) <sup>2</sup> |
|--|---------------------------|---|---|--|
| <b>OPERATIONS COUNCIL (INCLUDING SENIOR MANAGEMENT)</b>      |                           |   |   |  |
| Cash (including allowances)                                  | –                         | –   | 1 172   | 1 042  |
| Contributions and benefits in kind                           | –                         | –   | –   | –  |
| Equity   | –                         | –   | 7 777   | 8 469  |
| <b>TOTAL</b>   | <b>–</b>                  | <b>–</b>                                      | <b>8 949</b>  | <b>9 511</b>   |
| <b>SENIOR MANAGEMENT (INCLUDING CHIEF EXECUTIVE OFFICER)</b> |                           |   |   |  |
| Cash (including allowances)                                  | –                         | –   | 980   | 898  |
| Contributions and benefits in kind                           | –                         | –   | –   | –  |
| Equity   | –                         | –   | 1 837   | 2 317  |
| <b>TOTAL</b>   | <b>–</b>                  | <b>–</b>                                      | <b>2 817</b>  | <b>3 215</b>   |
| <b>CHIEF EXECUTIVE OFFICER</b>                               |                           |   |   |  |
| Cash (including allowances)                                  | –                         | –   | –   | –  |
| Contributions and benefits in kind                           | –                         | –   | –   | –  |
| Equity   | –                         | –   | 1 500   | 1 500  |
| <b>TOTAL</b>   | <b>–</b>                  | <b>–</b>                                      | <b>1 500</b>  | <b>1 500</b>   |

1. The annualized value of the grant for the year 2020 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 2019 grant corresponding to the period from 1 January 2020 to 31 December 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 2019 grant corresponding to the period from the OC appointment to 31 December 2019

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<br>PSUs granted | Total value<br>of the grant<br>(CHF Thousand) <sup>1</sup> | Annualized value<br>of the grant<br>(CHF Thousand) <sup>2</sup> | 2018 Annualized<br>value of the grant<br>(CHF Thousand) <sup>3</sup> |
|--|---------------------------|--|---|--|
| <b>OPERATIONS COUNCIL (INCLUDING SENIOR MANAGEMENT)</b>      |                           |  |   |  |
| Cash (including allowances)                                  | –                         | 2 214  | 1 042   | –  |
| Contributions and benefits in kind                           | –                         | –  | –   | –  |
| Equity   | –                         | –  | 8 469   | 8 469  |
| <b>TOTAL</b>   | <b>–</b>                  | <b>2 214</b>   | <b>9 511</b>  | <b>8 469</b>   |
| <b>SENIOR MANAGEMENT (INCLUDING CHIEF EXECUTIVE OFFICER)</b> |                           |  |   |  |
| Cash (including allowances)                                  | –                         | 1 878  | 898   | –  |
| Contributions and benefits in kind                           | –                         | –  | –   | –  |
| Equity   | –                         | –  | 2 317   | 2 317  |
| <b>TOTAL</b>   | <b>–</b>                  | <b>1 878</b>   | <b>3 215</b>  | <b>2 317</b>   |
| <b>CHIEF EXECUTIVE OFFICER</b>                               |                           |  |   |  |
| Cash (including allowances)                                  | –                         | –  | –   | –  |
| Contributions and benefits in kind                           | –                         | –  | –   | –  |
| Equity   | –                         | –  | 1 500   | 1 500  |
| <b>TOTAL</b>   | <b>–</b>                  | <b>–</b>   | <b>1 500</b>  | <b>1 500</b>   |

1. Two members of the Operations Council (of whom one member of Senior Management), who have been appointed in 2019, were granted a LTI in cash for the period between their appointment and 31 December 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 31 December 2019

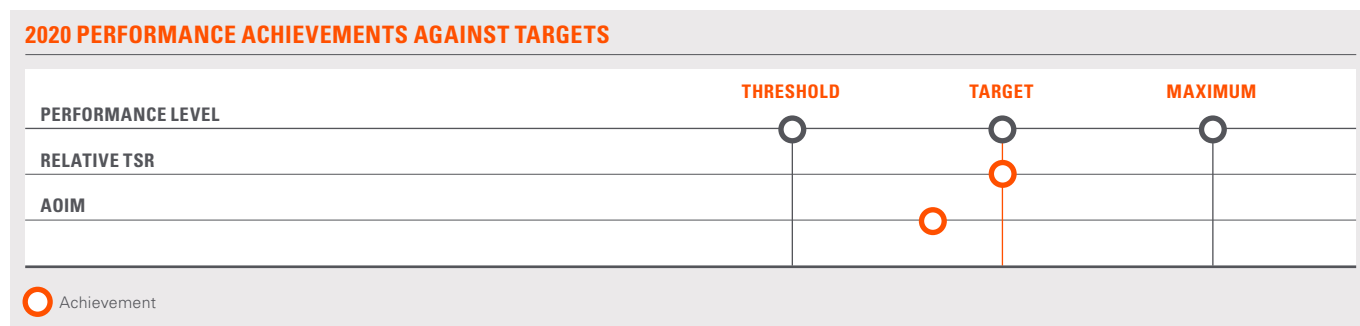
3. The annualized value of the grant for the year 2018 is one third of the total value of the 2018 grant at grant date

### Vesting of the 2018-2020 PSUs Long-Term Incentive and of the 2019 Cash Long-Term Incentive

On 1 February 2021 the 2018-2020 PSUs Long-Term Incentive and the 2019 cash Long-Term Incentive vested, according to the vesting conditions and the performance conditions.

The assessment of the performance conditions has been performed by the Board of Directors, based on the recommendation of the Committee. Whilst the relative TSR performance did not require any special consideration, the AOIM performance has been reassessed to take into account both the exceptional impact that Covid-19 pandemic had on the 2020 financial performance of the Group, and the actual performance of the first two years of the plan.

The chart below summarizes the performance achievements against targets for the two metrics.



The table below details the vesting of the 2018-2020 PSUs Long-Term Incentive plan and of the 2019 Cash Long-Term Incentive plan.

|  | Number of PSUs granted in 2018 | Value at grant (CHF Thousand) <sup>1</sup> | Number of PSUs outstanding at vesting date | Number of shares allocated | Value at vesting (CHF Thousand) <sup>2</sup> |
|--|--------------------------------|--|--|----------------------------|--|
| <b>OPERATIONS COUNCIL (INCLUDING SENIOR MANAGEMENT)</b>      |                                |  |  |                            |  |
| Cash (including allowances)                                  | –                              | 2 214                                      | –  | –                          | 1 845  |
| Contributions and benefits in kind                           | –                              | –  | –  | –                          | –  |
| Equity <sup>3</sup>  | 10 784                         | 25 806                                     | 9 248                                      | 7 716                      | 20 887                                       |
| <b>TOTAL</b>   | <b>10 784</b>                  | <b>28 020</b>                              | <b>9 248</b>                               | <b>7 716</b>               | <b>22 732</b>                                |
| <b>SENIOR MANAGEMENT (INCLUDING CHIEF EXECUTIVE OFFICER)</b> |                                |  |  |                            |  |
| Cash (including allowances)                                  | –                              | 1 878                                      | –  | –                          | 1 565  |
| Contributions and benefits in kind                           | –                              | –  | –  | –                          | –  |
| Equity   | 2 905                          | 6 952                                      | 2 303                                      | 1 920                      | 5 197  |
| <b>TOTAL</b>   | <b>2 905</b>                   | <b>8 830</b>                               | <b>2 303</b>                               | <b>1 920</b>               | <b>6 762</b>                                 |
| <b>CHIEF EXECUTIVE OFFICER</b>                               |                                |  |  |                            |  |
| Cash (including allowances)                                  | –                              | –  | –  | –                          | –  |
| Contributions and benefits in kind                           | –                              | –  | –  | –                          | –  |
| Equity   | 1 881                          | 4 501                                      | 1 881                                      | 1 568                      | 4 245  |
| <b>TOTAL</b>   | <b>1 881</b>                   | <b>4 501</b>                               | <b>1 881</b>                               | <b>1 568</b>               | <b>4 245</b>                                 |

1. For the equity part: based on the average closing share price of the 20 trading days preceding the grant date

2. For the equity part: based on the closing share price at vesting date

3. The number of PSUs granted in 2018 reported in this table includes PSUs granted to one OC member who was appointed to the OC in 2019, and was not OC member at the time of grant

### Discontinued share option plans

The members of the Operations Council were entitled to a Share Option grant until 2014. As of the 2015 performance year, 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.

No Share Options granted before 2015 are outstanding at the end of 2020.



#### 5.4. TOTAL REMUNERATION

The tables below present all components of the remuneration earned in 2020 and 2019 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 2020

| (CHF thousand)   | Total fixed remuneration | Total short-term variable remuneration | Total 2020 remuneration before LTI | Total long-term variable remuneration <sup>1</sup> | Annualized long-term variable remuneration <sup>1</sup> | Total 2020 remuneration | 2020 Annualized remuneration | Employer social charges |
|--|--------------------------|--|------------------------------------|--|---|-------------------------|------------------------------|-------------------------|
| <b>OPERATIONS COUNCIL (INCLUDING SENIOR MANAGEMENT)<sup>2</sup></b>      |                          |  |                                    |  |   |                         |                              |                         |
| Cash (including allowances)  | 8 993                    | 1 711                                  | 10 704                             | –  | 1 172   | 10 704                  | 11 876                       | –                       |
| Contributions and benefits in kind                                       | 1 364                    | –                                      | 1 364                              | –  | –   | 1 364                   | 1 364                        | 1 378                   |
| Equity   | –                        | 1 409                                  | 1 409                              | –  | 7 777   | 1 409                   | 9 186                        | –                       |
| <b>TOTAL</b>   | <b>10 357</b>            | <b>3 120</b>                           | <b>13 477</b>                      | <b>–</b>   | <b>8 949</b>  | <b>13 477</b>           | <b>22 426</b>                | <b>1 378</b>            |
| <b>SENIOR MANAGEMENT (INCLUDING CHIEF EXECUTIVE OFFICER)<sup>3</sup></b> |                          |  |                                    |  |   |                         |                              |                         |
| Cash (including allowances)  | 2 216                    | 569                                    | 2 785                              | –  | 980   | 2 785                   | 3 765                        | –                       |
| Contributions and benefits in kind                                       | 278                      | –                                      | 278                                | –  | –   | 278                     | 278                          | 359                     |
| Equity   | –                        | 569                                    | 569                                | –  | 1 837   | 569                     | 2 406                        | –                       |
| <b>TOTAL</b>   | <b>2 494</b>             | <b>1 138</b>                           | <b>3 632</b>                       | <b>–</b>   | <b>2 817</b>  | <b>3 632</b>            | <b>6 449</b>                 | <b>359</b>              |
| <b>CHIEF EXECUTIVE OFFICER</b>   |                          |  |                                    |  |   |                         |                              |                         |
| Cash (including allowances)  | 1 064                    | 304                                    | 1 368                              | –  | –   | 1 368                   | 1 368                        | –                       |
| Contributions and benefits in kind                                       | 109                      | –                                      | 109                                | –  | –   | 109                     | 109                          | 174                     |
| Equity   | –                        | 304                                    | 304                                | –  | 1 500   | 304                     | 1 804                        | –                       |
| <b>TOTAL</b>   | <b>1 173</b>             | <b>608</b>                             | <b>1 781</b>                       | <b>–</b>   | <b>1 500</b>  | <b>1 781</b>            | <b>3 281</b>                 | <b>174</b>              |

1. The annualized value of the grant for the year 2020 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 2019 grant corresponding to the period from 1 January 2020 to 31 December 2020

2. 21 FTE (Full-Time Equivalent)

3. 3 FTE

##### Total and annualized remuneration 2019

| (CHF thousand)   | Total fixed remuneration | Total short-term variable remuneration | Total 2019 remuneration before LTI | Total long-term variable remuneration <sup>1</sup> | Annualized long-term variable remuneration <sup>2</sup> | Total 2019 remuneration | 2019 Annualized remuneration | Employer social charges |
|--|--------------------------|--|------------------------------------|--|---|-------------------------|------------------------------|-------------------------|
| <b>OPERATIONS COUNCIL (INCLUDING SENIOR MANAGEMENT)<sup>3</sup></b>      |                          |  |                                    |  |   |                         |                              |                         |
| 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                       | –                       |
| <b>TOTAL</b>   | <b>11 648</b>            | <b>7 002</b>                           | <b>18 650</b>                      | <b>2 214</b>                                       | <b>9 511</b>  | <b>20 864</b>           | <b>28 161</b>                | <b>1 341</b>            |
| <b>SENIOR MANAGEMENT (INCLUDING CHIEF EXECUTIVE OFFICER)<sup>4</sup></b> |                          |  |                                    |  |   |                         |                              |                         |
| 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                        | –                       |
| <b>TOTAL</b>   | <b>2 833</b>             | <b>2 320</b>                           | <b>5 153</b>                       | <b>1 878</b>                                       | <b>3 215</b>  | <b>7 031</b>            | <b>8 368</b>                 | <b>401</b>              |
| <b>CHIEF EXECUTIVE OFFICER</b>   |                          |  |                                    |  |   |                         |                              |                         |
| 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                        | –                       |
| <b>TOTAL</b>   | <b>1 184</b>             | <b>1 090</b>                           | <b>2 274</b>                       | <b>–</b>   | <b>1 500</b>  | <b>2 274</b>            | <b>3 774</b>                 | <b>201</b>              |

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 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 31 December 2019

3. 23 FTE (Full-Time Equivalent)

4. 4 FTE

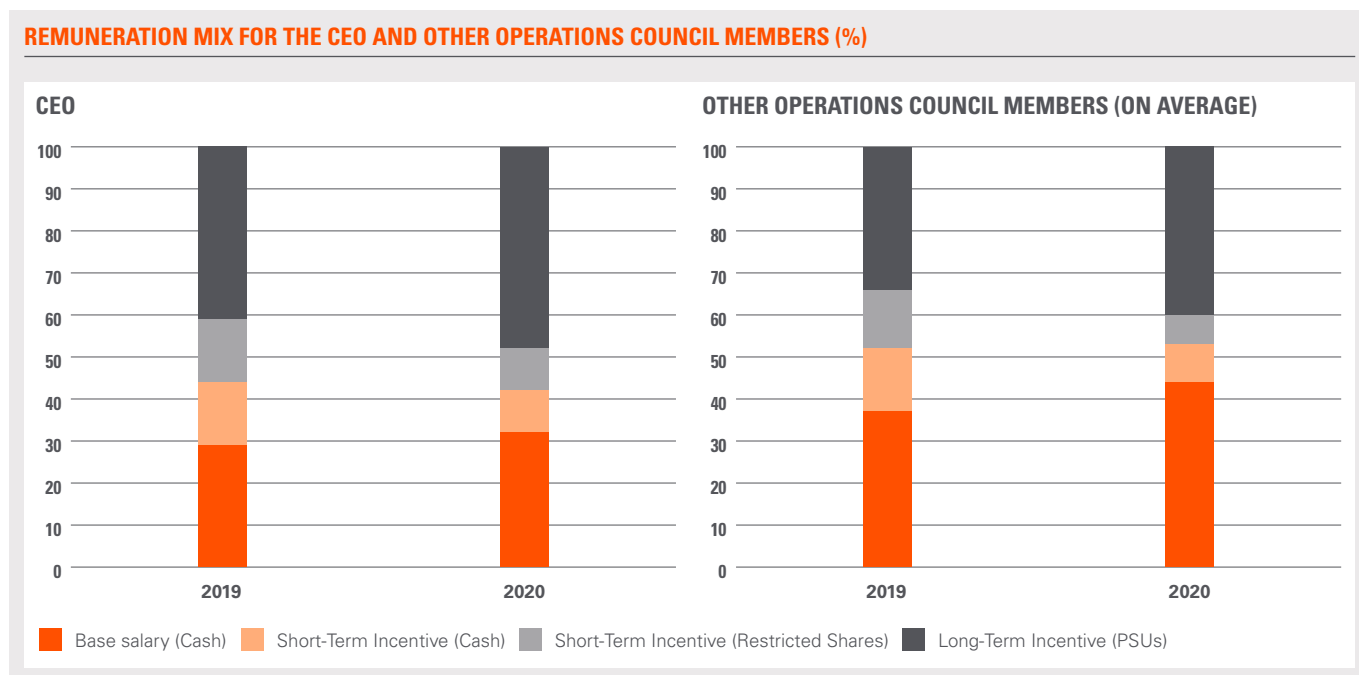
## 5.5. REMUNERATION MIX

In 2020, the part of remuneration at risk (Short-Term Incentive and Long-Term Incentive) for the CEO represents 68% of the total remuneration (2019: 72%); the part of remuneration settled in equity instruments (Restricted Shares and PSUs) represents 58% of the total remuneration (2019: 57%). For the other members of the Operations Council, the part of remuneration at risk represents, on average, 56% of the total remuneration (2019: 62%); the part of remuneration settled in equity instruments represents, on average, 48% of the total remuneration (2019: 47%).

The Long-Term Incentive is considered at his annualized value. For both 2020 and 2019, 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 2020 and 2019.



## 5.6. OTHER COMPENSATION ELEMENTS

### 5.6.1. SEVERANCE PAYMENTS

No severance payments were made in 2020 to members of the Operations Council (unchanged from prior year).

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

Consideration for non-compete of CHF 240 000 has been paid in 2020 to a former member of the Operations Council (in 2019 no other payment was made to any member or former member of the governing bodies).

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

As at 31 December 2020, no loan, credit or outstanding advance was due to the Group from members or former members of its governing bodies (unchanged from prior year).



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## 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 2020, presented on pages 112 to 121.

#### **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 2020 comply with Swiss law and articles 14 – 16 of the Ordinance.

#### **Deloitte SA**

Matthew Sheerin  
Licensed Audit Expert  
Auditor in Charge

Aurelie Darrigade  
Licensed Audit Expert

Geneva, 23 February 2021



