

# THINK

## CODE OF INTEGRITY

### DEAR COLLEAGUES,

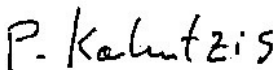
Integrity is at the heart of SGS. The trust that we inspire in our customers and stakeholders is the key to our success as an organisation and as individuals.

As leaders in our industry, we hold ourselves to the highest standard of professional behaviour. Our Code of Integrity is the expression of values which are shared throughout SGS, its various businesses and affiliates.

In order to achieve our goals, we aim to attract and retain employees who are passionate about delivering their work with leadership, fairness and honesty. We recognise that we have a responsibility to each other and to our customers to uphold our principles of integrity.

We are the custodians of the SGS brand and reputation and we continuously strive to defend the values they represent in the marketplace. We achieve this objective by conducting our business honestly and transparently. As part of this commitment, we encourage an open culture where we can exchange ideas and information, seek advice and raise concerns, without fear of retaliation.

This will allow us to serve the interests of our customers in the markets where we choose to operate, provide opportunities to our employees and create sustainable financial returns to our shareholders.



Peter Kalantzis  
Chairman of the Board



Frankie Ng  
Chief Executive Officer

SGS is the world's leading inspection, verification, testing and certification company. It was founded in 1878, out of the need for buyers and sellers to rely on an independent, honest and trustworthy third party to survey shipments of grain. Today, as SGS has grown and entered new areas of expertise, it continues to fulfill the role of an independent and professional third party which can be relied on by traders, producers, consumers and governments alike.

SGS's success rests on the trust it earns day after day from customers, employees, shareholders and from the communities where it conducts business.

This trust has been earned through the collective efforts of generations of SGS employees. SGS is focused on maintaining this trust through the effective implementation of this Code of Integrity.

## **APPLICATION OF THE CODE**

The Code applies to all employees, officers and directors of SGS and its affiliated companies. All aspects of the Code, which are not specifically related to SGS employees, must also be adhered to by contractors, consultants, freelancers, joint-venture partners, agents, subcontractors and anyone acting on behalf of, or representing, SGS.

## **UNDERSTANDING THE CODE**

It is the personal responsibility of each SGS employee to read and understand the Code and commit to uphold its principles. Employees are required to participate in periodic SGS integrity training. Employees in a management role must also ensure that all other employees reporting to them have been properly trained, fully understand, and are able to comply with the Code.

## **SEEKING GUIDANCE**

SGS is committed to a culture where issues of integrity and professional ethics can be raised and discussed openly. Guidance and support is available to help employees understand the Code and to help them make the right decision when faced with an ethical dilemma.

## **NO RETALIATION FOR GOOD FAITH REPORTS**

Employees are encouraged to speak out and report any concerns or suspicion that the Code is being violated. SGS ensures that no-one faces any form of retaliation or adverse consequences for having sought advice or reported a violation of the Code. Retaliation against an employee who has reported a violation in good faith will result in disciplinary action.

# **A CULTURE OF INTEGRITY**

## **SGS PRINCIPLES OF INTEGRITY**

- **Trust:** this is our single most valuable asset, the foundation of our brand and reputation. Customers rely on our integrity and this trust needs to be nurtured and safeguarded day after day. It can be jeopardised in an instant.
- **Honesty and transparency:** in everything that we do, we need to be truthful to ourselves, our customers and colleagues. No circumstances justify lies, deceit or a lack of honesty.
- **Accountability:** each of our actions and omissions has consequences. We accept the consequences of our choices and do not blame others for our actions.
- **Principles:** we believe in acting ethically, in fairness and respect for others. Our decisions will be guided by respect for principles and standards of good behaviour, not by arbitrary choices or personal preferences.

## **ASK YOURSELF THE RIGHT QUESTIONS**

- Do I suspect that the particular course of action may be illegal or unethical?
- How would this look if this decision were reported in a newspaper, or if I were to talk about this with my family and friends?
- Does the proposed course of action involve lying or being untruthful?
- Could the proposed course of action endanger the personal safety or health of others?
- Could the proposed course of action damage SGS or its reputation?
- Does the transaction have a legitimate business purpose?

If the proposed course of action fails any of these tests, you should seek advice and re-consider your decision.

## **NO TOLERANCE FOR VIOLATIONS**

Any breach of the Code, however small, can harm SGS's reputation and brand and is not tolerated. Violations of the Code will result in disciplinary action, including termination of employment and criminal prosecution for serious violations.

## SEEKING GUIDANCE OR RAISING A CONCERN

When in doubt about the meaning of the Code or its application to specific circumstances, employees should discuss this with their supervisor or manager, the Human Resources department or with the SGS legal department. Contact details of SGS's legal resources can be found on the intranet. Employees can also discuss any matter relating to this Code with internal auditors.

If it is not possible or appropriate for an employee to address a concern with his/her line management, the SGS Chief Compliance Officer can always be contacted. Employees who become aware of a violation or suspected violation of the Code are encouraged to make a report to the SGS Chief Compliance Officer.

The SGS Chief Compliance Officer can be contacted by current and former SGS employees, by customers or suppliers, or by third parties regarding matters relating to the Code of Integrity by any of the following ways:

- Post: SGS SA / to the Attention of the SGS Chief Compliance Officer / 1 place des Alpes, P.O. Box 2152, CH – 1211 Geneva 1
- Report: [integrityhelpline.sgs.com](https://integrityhelpline.sgs.com)
- Phone or Fax:
  - 📞 +41 (0)22 739 91 00
  - 📠 +41 (0)22 739 98 81 (line answered during business hours in Geneva)
- SGS Integrity Helpline: +1 800 461-9330 (toll free number/line open 24 hours, every day)

The SGS Integrity Helpline is operated by an independent service provider specialised in dealing with concerns regarding compliance and ethics. In most cases, the person calling the SGS Integrity Helpline is able to speak to an operator and receive feedback in their own language. Communications made to the Integrity Helpline are treated confidentially and are reported to the SGS Chief Compliance Officer who protects, when required, the anonymity of the informant.

When the SGS Chief Compliance Officer, a Human Resources manager, an internal auditor or an SGS in-house lawyer is contacted in relation to the Code of Integrity, the information provided is kept confidential and is only used to respond to or address the issue raised. Persons making a report are encouraged to provide their name and contact details but may also choose to keep their identity confidential. In this case, an appropriate means of communication can be designed to allow the caller to receive feedback without divulging his/her identity.

Suspensions of breaches of the Code of Integrity that are brought to the attention of the SGS Chief Compliance Officer are investigated fairly. When appropriate, feedback on the outcome of the investigation is communicated to the person making the complaint or the report.

## INTEGRITY OF SERVICES

All SGS services must be undertaken professionally and honestly in accordance with agreed standards, methods and policies. SGS maintains its independence of judgment and does not surrender to pressure and inducements to misrepresent findings or alter the results of its inspections, certifications, audits or testing. All findings must be adequately documented and no untruthful or misleading reports or certificates issued.

All findings and results must be accurately documented and must not be changed improperly. Findings and opinions issued by SGS are supported by true and accurate job files and activity reports maintained in accordance with relevant SGS Group policies.

## INTEGRITY OF FINANCIAL RECORDS

Information recorded in SGS financial records must be true and fair, timely and accurate. All transactions must be properly and accurately recorded and book entries must be supported by proper documentation issued by bona fide parties.

All records must be retained in accordance with applicable laws and SGS Group policies.

# CONFLICTS OF INTEREST

## CONFLICTS OF INTEREST: IN GENERAL

Conflicts of interest, or the possible appearance of a conflict of interest, must be avoided. SGS employees are expected to declare to their line manager (or to the SGS Chief Compliance Officer) as soon as they become aware that their personal interests or the personal interests of their close relatives or close friends may potentially conflict with the interests of SGS.

A conflict of interest arises when an employee's opportunity for personal gain could interfere with his/her judgment, objectivity, independence or loyalty to SGS.

The same applies when close relatives and close friends of an SGS employee have an activity or an interest which conflicts with SGS.

Conflicts of interest can arise in many ways. If in doubt, employees should seek guidance.

Employees must declare immediately in writing all such potential conflicts of interest to their manager and abstain from the decision-making process as long they are affected by a potential conflict of interest.

## CLOSE RELATIVES: DEFINITION

Close relatives of an employee include: spouse or life partner; children, grandchildren; parents and grandparents; siblings; brothers- and sisters-in-law; sons- and daughters-in-law; and any person living with the employee. When appropriate, SGS affiliates can issue a local policy extending this list to other relatives to take local customs into account.

## PRIOR APPROVAL REQUIRED

Some potential conflicts of interest facing SGS employees can be resolved with prior approval and appropriate clearance by SGS. These include:

### DIRECTORSHIP OUTSIDE SGS

Serving on the board of directors of a company outside SGS, serving on the board of a professional or trade association or assuming a political appointment at a local or national level requires the prior approval of the SGS Chief Compliance Officer (for Operations Council members it requires the prior approval of the Professional Conduct Committee).

### WORKING OUTSIDE SGS

Taking a second job or employment outside SGS requires the prior written approval of the Managing Director of the affiliate and the Regional HR Manager. However, the following situations are not permitted: (i) working for a customer of SGS for which the employee performs services in the course of his/her employment with SGS; (ii) working for a competitor of SGS; or (iii) working for a company supplying goods or services to SGS.

### HIRING CLOSE RELATIVES

Hiring a close relative of an existing SGS employee requires the prior written approval of the Managing Director of the affiliate and the Regional HR Manager. In addition, the hiring of close relatives of Operations Council members, or managing directors of an SGS affiliate and of their direct reports, requires the prior written approval of the SGS Chief Compliance Officer.

In no circumstances, is an SGS employee permitted to hire, supervise or influence the terms and conditions of employment of a close relative.

## NOT PERMITTED

Some situations of conflicts of interest are forbidden to SGS employees. These include:

### SELF-DEALING

- Personally offering or participating in any form of professional or consultancy services to a customer or prospective customer of SGS.
- Competing with SGS or working for a competitor of SGS.
- Obtaining a personal gain, or procuring a personal gain for a close relative, by abusing a position within SGS or accessing SGS information.

### PERSONAL INVESTMENTS IN SUPPLIERS, COMPETITORS AND CUSTOMERS

- Knowingly engaging the services of a supplier or sub-contractor of SGS in which an employee or a close relative directly or indirectly has a significant shareholding or other financial interests is not permitted unless: (i) the potential conflict has been transparently declared to the employee's line manager and (ii) the employee affected by the conflict does not take part in the procurement process.
- Making a personal investment in a supplier, sub-contractor, competitor or customer of SGS is not permitted, unless by way of acquiring shares on a publicly traded stock exchange.

## USE OF COMPANY ASSETS AND RESOURCES

### SAFEGUARD COMPANY ASSETS AND FUNDS

SGS employees have a duty to safeguard and to use company assets and funds under their control appropriately. It is not permitted to use SGS assets or resources for any form of personal benefit or to perform work for an external party.

### USE OF IT RESOURCES

Company computers, network systems and electronic communication tools must be used for professional purposes, in accordance with SGS policies. Use of e-mail, internet and other modes of electronic communication may be monitored and audited by SGS (when permissible under relevant privacy laws) when suspicion of abuse arises.

### PROCUREMENT

SGS employees in charge of purchasing goods and services from suppliers or selecting sub-contractors must do so with the sole aim of securing the best overall value for such services, with due regard to supplier quality and reputation. When appropriate, competitive offers must be sought prior to selecting a supplier or sub-contractor. SGS does not award contracts to suppliers on the basis of personal preferences. Soliciting any form of personal advantages from a supplier or from a person seeking to offer services to SGS is strictly prohibited.

## BRIBERY AND CORRUPTION

### BRIBERY AND CORRUPTION

SGS does not engage in bribery or corruption of any form, in any of the countries where it operates. Employees, or anyone acting on behalf of SGS, must not offer or make payments to government officials, whether directly or indirectly, or offer them any gift or entertainment with the aim of influencing their decision, or encourage them to secure an improper advantage for SGS. This applies equally to officers and employees of private entities.

Any SGS employee who receives a demand for a bribe must report the matter immediately to his/her line manager and/or to the SGS Chief Compliance Officer.

### NO PAYMENT FOR BUSINESS

SGS does not pay or offer any form of improper incentive for the purpose of securing business for SGS.

### INTERMEDIARIES AND CONSULTANTS

SGS does not engage the services of third parties to offer bribes, illicit commission or kick-backs on its behalf.

SGS does not use the services of intermediaries, agents, consultants, partners, joint-venture partners or contractors in cases where it suspects that such partners may engage in corruption or other illicit trade practices. No intermediary or sales agent can be engaged unless a proper due diligence process has been conducted to assess their suitability and whether the remuneration of the intermediary is compatible to the services provided. A request for hiring the intermediary must be supported by a member of the SGS Operations Council and authorised by the SGS Professional Conduct Committee. Intermediaries must be given, sign and acknowledge a copy of this Code and agree to work to its principles in all aspects of their relationship with SGS. SGS employees managing the use of an intermediary are responsible for regularly monitoring their compliance with the Code.

### FACILITATION PAYMENTS

Facilitation payments are one-off payments of a modest value made for the purpose of expediting or facilitating the performance by a low level public official of a routine action which SGS is legally entitled to. Demands by officials for facilitation payments must be strongly resisted and only granted when refusing could be detrimental to employees' welfare or could create a significant risk to SGS business.

### REPORTING AND ACCOUNTING

In the rare circumstances where a facilitation payment has to be made, the employee making or authorising the payment must report in writing the reason why the payment was unavoidable, the amount paid, the date and the recipient of the payment. Facilitation payments must be accounted in a manner that allows them to be audited. Depending on local practices and legislation, SGS affiliates can implement more detailed and restrictive rules or prohibit employees from making such facilitation payments.

### NO ADVERSE CONSEQUENCES FOR REFUSING TO PAY A BRIBE

No SGS employee will be penalised for refusing to pay a bribe, for refusing to engage in corrupt practices or refusing to make a facilitation payment.

# POLITICAL DONATIONS AND CHARITABLE CONTRIBUTIONS

## NO POLITICAL OR RELIGIOUS DONATIONS

SGS upholds a strict policy of neutrality in the political process of any country where it operates. SGS does not contribute funds or resources to any political party, elected official or candidate for public office in any country, and does not support any political campaign. SGS does not support any religious organisation.

## CHARITABLE CONTRIBUTIONS

Donations by SGS to charitable organisations or direct investments by SGS in not-for-profit programmes in the communities where it operates (including assistance in emergency relief efforts following a natural disaster, funding of education, health care, research or similar not-for-profit investments) require the prior written approval of the SGS Chief Operating Officer responsible for the region concerned. Charitable contributions in excess of CHF 10,000 require the prior approval of the SGS Professional Conduct Committee.

Approval for any form of charitable contributions will not be given if they are intended or appear to influence government officials or third parties to grant improper advantages to SGS.

# GIFTS AND ENTERTAINMENT

## GENERAL PRINCIPLES

No gift, hospitality or entertainment should be offered or accepted if they influence improperly or create the appearance of an improper influence on business decisions.

Gifts, hospitality and entertainment shall not exceed what is usual in normal business relations. Any form of entertainment that could be damaging to the reputation of SGS must be avoided. The following rules clarify the expected standard of behaviour of SGS employees.

Affiliates may introduce more detailed and restrictive policies for their employees, taking into account local conditions.

## GIFTS OFFERED TO SGS EMPLOYEES

SGS employees must never accept:

- Payment of cash, tips, loans or cash equivalent gifts from suppliers or customers.
- Any personal gifts, favours, entertainment or hospitality when those are given in connection with services performed by SGS.
- Employees involved in decisions on procurement or selection of suppliers must not accept personal gifts offered by suppliers or prospective suppliers. Usual hospitality and entertainment, including participation in trade fairs and similar professional events which are sponsored by suppliers, is acceptable, subject to reporting and clearance obligations.

## REPORTING AND CLEARANCE OBLIGATIONS

Employees are required to report and seek the prior approval of the SGS affiliate's Managing Director before accepting any gift of a value above CHF 100. For gifts of a value above CHF 500 they must gain approval of the SGS Chief Compliance Officer.

If gifts received cannot be refused or returned without causing offence, the person receiving the gift should choose a suitable method of disposal, for example donation to a chosen charity.

## GIFTS OFFERED BY SGS TO BUSINESS RELATIONS

Personal gifts offered by SGS to customers or business relations require the prior approval of the SGS affiliate's Managing Director for any gift of a value above CHF 100 and, in addition, for gifts of a value above CHF 500, the approval of the SGS Chief Compliance Officer.

Offering to pay for travel and accommodation of government officials or business partners at SGS sponsored events, or for the purpose of visiting an SGS operation, requires the prior approval of two members of the Operations Council (in principle one COO and one EVP). If the cost of such travel and accommodation exceeds a value equivalent to CHF 10,000, the approval of the SGS Chief Compliance Officer is required.

## **FAIR COMPETITION**

SGS conducts its business using competitive and fair market practices. It does not engage in any understanding or agreements with competitors with the effect of biasing or improperly influencing the markets in which it operates.

Specifically, SGS does not engage in discussions regarding pricing, contractual terms, market allocations, division of territories or customers. SGS does not discuss competitive bid processes with competitors.

SGS does not market its services and capabilities in a deceptive or misleading way, and does not make disparaging or untruthful allegations regarding competitors.

SGS does not obtain confidential information on competitors by using illegal or unethical means.

Laws regulating competition are complex and vary from jurisdiction to jurisdiction. Advice must be sought from SGS legal resources.

## **EMPLOYEE RELATIONS**

### **NO DISCRIMINATION**

All SGS employees must be treated and evaluated solely on their job-related skills, qualifications, behaviour and performance. SGS bases all aspects of the employment relationship on the principle of equal opportunity, regardless of race, colour, gender, religion, political affiliation, union membership, nationality, sexual orientation, social origin, age or disability. Discrimination based on these criteria is not tolerated.

### **BULLYING AND SEXUAL HARASSMENT**

Any form of abuse, harassment and bullying is prohibited. Unwelcome sexual advances, requests for sexual favours or inappropriate physical contact are not tolerated. All employees are expected to treat their fellow employees with respect. Employees must be truthful and respectful at all times in dealing with their staff members, colleagues and management. This extends to SGS customers, suppliers, their employees and management.

### **PROHIBITION OF CHILD LABOUR OR FORCED LABOUR**

SGS does not employ children under the age of completion of compulsory schooling or, in any case, under 16 years. If hired, young workers between the ages of 16 to 18 are protected from any type of work which may harm their health, welfare, safety or education.

SGS does not engage in any form of slavery, sale or trafficking of children, debt bondage or serfdom, forced or compulsory labour. SGS does not use under any circumstances, any forced, bonded or prison labour.

### **FREEDOM OF ASSOCIATION**

SGS recognises the right of its employees to form and join trade unions and bargain collectively. In situations in which the right to freedom of association or collective bargaining is restricted under law, SGS facilitates parallel means of independent and free association and bargaining. Employees' representatives have access to the necessary time and facilities to carry out their representative functions.

### **COMPLIANCE BY SUPPLIERS AND SUB-CONTRACTORS**

SGS does not use suppliers or sub-contractors who use forced labour or child labour, and uses reasonable due diligence and monitoring to ensure that suppliers and sub-contractors comply with this requirement.

## **ENVIRONMENT, HEALTH AND SAFETY**

### **ENVIRONMENT**

SGS endeavours to reduce the impact of its activities on the environment by promoting the efficient use of natural resources, reducing and preventing pollution and minimising emissions of harmful substances and greenhouse gas emissions.

### **HEALTH AND SAFETY**

Employees must be provided with safe working environments, conditions and equipment with appropriate steps in place to prevent injuries and occupational illnesses.

SGS employees are expected to report and record any work-related accident or pollution incident as required by SGS policies or relevant laws. No employee will be penalised for reporting an accident or a pollution incident.

## CONFIDENTIALITY

SGS respects and protects the confidential information that is entrusted by customers and third parties in the course of business and takes appropriate measures to prevent accidental disclosure.

SGS respects the privacy and confidential nature of the personal information of its employees. SGS only acquires and maintains the personal data of employees, customers and business partners to the extent required for the effective operation of its business or for complying with legal requirements. No employee should seek access to personal or confidential data, unless for a legitimate business purpose.

Employees must maintain the confidentiality of SGS information and the personal data of colleagues and not disclose or discuss any sensitive information regarding SGS financial performance, investment, strategies, plans or customers. This obligation continues after the end of the employment relationship.

## INTELLECTUAL PROPERTY

SGS protects its own intellectual property and respects the intellectual property of others.

Through its employees' work and capacity for innovation, SGS generates valuable ideas, services, business processes and strategies. This intellectual property plays a central part in generating competitive advantage and must be protected against dissemination and misuse.

SGS's intellectual property can take many forms, including processes, designs, methods, operating procedures, commercial and marketing strategies, customers' information, pricing and costing models. Employees must not disclose, copy or use this intellectual property except for its intended purpose.

Employees must apply the same degree of care when being exposed to customers' intellectual property.

SGS does not knowingly infringe upon a third party's intellectual property. Using unlicensed software, using or reproducing copyrighted materials without authorisation or knowingly breaching a valid patent is prohibited.

## EXTERNAL COMMUNICATION

SGS is a publicly traded company and is subject to disclosure obligations intended to allow investors to make timely and informed investment decisions. SGS provides consistent, accurate, transparent and clear information to its shareholders and investors, to the market and to the community at large regarding its business and activities. Communications to shareholders, investors, the media and the public regarding SGS, its business and its financial performance, must only be made by authorised persons.

No employee shall speak on behalf of SGS, discuss or disclose any information regarding SGS to the media, to financial analysts, to current or potential investors, or issue any public statement on behalf of SGS unless specifically authorised to do so.

Personal opinions, with regards to religion and politics, or any form of objectionable content cannot be expressed on SGS letterhead, e-mail or in any other context where such opinions or materials could appear to be attributable to SGS.

When participating in online discussion forums and social media, SGS employees must comply with the Code of Integrity and the SGS Social Media Policy.

## INSIDER DEALING

Employees must not pursue any personal investment or business opportunity on the basis of non-public information regarding SGS, its customers or suppliers.

Employees are prohibited from trading in SGS shares, options and other securities issued by SGS while in possession of non-public insider information which, if disclosed, could have an impact on the share price of SGS. Information is non-public if it has not been officially disclosed by SGS in accordance with stock exchange regulations.

Insider information typically includes non-public financial results, draft strategic plans of the Group, proposals for acquisitions and mergers, and planned changes in the senior management. Advice must be sought from SGS legal resources prior to any form of transaction which could fall within this category.

In the course of its business, SGS sometimes obtains important non-public information regarding customers or third parties. Employees are prohibited from trading in shares of customers or such third parties while in possession of such confidential information.

It is forbidden to pass any such information, or give investment tips to third parties or close relatives on the basis of insider knowledge obtained in the course of employment with SGS.



## COMPLIANCE WITH LAWS

SGS complies with applicable laws in the countries where it does business. Legislation covering various aspects of SGS's activities can be complex. Employees need to know the rules that apply to SGS and to them as individuals. If in doubt, legal advice must be sought from SGS legal resources. Ignorance of the law is no excuse.

When this Code or SGS policies impose more stringent standards than those mandated by applicable laws, employees must comply with the more stringent standards. When in doubt as to how to resolve a contradiction between this Code and applicable laws, employees should seek guidance.

In the course of SGS business, employees may be contacted by regulatory agencies or government officials in relation to an enquiry involving SGS. In the event of non-routine requests for information or documentation, employees must seek advice from SGS legal resources. Under no circumstances should anyone acting on behalf of SGS attempt to mislead, conceal evidence, destroy documents or otherwise obstruct any legitimate investigation.

## IMPLEMENTATION

The Code of Integrity was approved by the Operations Council and by the Board of Directors of SGS. The Professional Conduct Committee of the Board of Directors receives regular reports on breaches and oversees its implementation.

The Code takes effect from February 2012 and replaces the previous 2004 version.

SGS affiliates are authorised to adopt more detailed or restrictive policies in areas covered by this Code, with the prior written approval of the SGS Chief Compliance Officer.

## CONTACT INFORMATION

### COMPLIANCE CONTACT

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CH – 1211 Geneva 1

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[integrityhelpline.sgs.com](mailto:integrityhelpline.sgs.com)

[www.sgs.com](http://www.sgs.com)

A special thank you to all employees and stakeholders for their constructive contribution to our Code of Integrity.

[WWW.SGS.COM](http://WWW.SGS.COM)

WHEN YOU NEED TO BE SURE

