

## SGS Australia Modern Slavery Statement 2023

**This Modern Slavery Statement is a joint statement on behalf of SGS Australia Holdings Pty Ltd (ACN 004 269 023) and its Australian related entities mentioned below (“SGS Reporting Entities”) for the calendar financial year ending 31 December 2023:**

- SGS Australia Pty Ltd (ACN 000 964 278); and
- SGS Scientific Services Pty Ltd (ACN 008 736 221)

This is our fifth Modern Slavery Statement. In accordance with the *Modern Slavery Act 2018* (Cth) (**‘the Act’**), this statement sets out what SGS Australia did in 2023 to ensure that modern slavery practices did not take place within our supply chains or in any part of our business. It also sets out the SGS Group’s current plans and improvements to strive for in 2024 and beyond.

We recognise that we have a responsibility under the Act to take a strong approach to reject any forms of modern slavery. As a group, SGS:

- a. has pledged to promote ethical business practices and policies to ensure that all workers used in its operations are protected from being abused and exploited in our supply chain; and
- b. expects and imposes the same high standards from all of our contractors, suppliers and other business partners within our supply chain.

In order to prepare this joint Modern Slavery Statement, each of the SGS Reporting Entities were engaged and the entities they own or control were consulted (collectively referred to as **‘SGS Australia’**). All SGS Australia entities are subject to SGS Australia policies and systems and are also part of the wider SGS Group arrangements. The contents of this Modern Slavery Statement are, accordingly, applicable to all SGS Australia entities.

### **GROUP STRUCTURE, OPERATIONS AND SUPPLY CHAIN**

SGS is the world’s leading inspection, verification, testing and certification company. With more than 99,600 employees globally, SGS operates a network of more than 2,600 offices and laboratories in more than 125 countries, helping to ensure quality and integrity of products and systems.

SGS SA, a Swiss company, is the ultimate parent company of the SGS Group and the SGS Reporting Entities.

Our supply chain draws on the services of global, regional, and national suppliers. As a responsible major purchaser, SGS ensures that goods and services are sourced sustainably and that our suppliers respect and do not operate in violation of human rights. Our Procurement Policy details the key principles, criteria and guidelines for all contracting activity and supplier selection across the SGS Group. It also defines supplier requirements associated with quality, value, efficiency, and human rights.

SGS Australia's supply chain is quite diverse and geographically dispersed, and through structured sourcing processes, we select the best option for SGS while continuing to support local suppliers that meet our business and sustainability requirements.

Our Chief Compliance Officer is responsible for managing compliance with the SGS Code of Integrity, while the SGS Supplier Code of Conduct ('**Code of Conduct**') is jointly managed by our global procurement and corporate sustainability teams.

To bring our human rights commitment to life, SGS has implemented the principles of the United Nations Global Compact and United Nations Guiding Principles (UNGPs) on business and human rights. We also uphold our employees' rights to have collective representation and to enter into collective bargaining agreements where permissible under local laws.

## **HUMAN RIGHTS AND MODERN SLAVERY CONSIDERATIONS AT SGS**

At SGS Australia, we deliver on our human rights commitments by adopting the following guiding principles:

- Workers are treated with dignity at work and free from discrimination;
- Strict prohibition against the engagement of bonded labour, child labour and forced labour;
- Zero-recruitment-fee policy to ensure that our employees are not at risk of being in a debt bondage situation;
- Workers are hired through proper and legal channels upon stringent pre-employment screening;
- Labour agreements and awards are respected and upheld;
- Worker representation is respected and upheld;
- Workers are provided with preventative healthcare in the form of pre-employment and period health surveillance to ensure early detection of potential ill health;
- Working conditions are safe at all time.

## **WHAT WE HAVE ACHIEVED IN 2023**

We are fully committed to supporting human rights and preventing violations across our global network. Over 75% of our annual spend goes on regional and local suppliers, which is illustrative of our dedication to supporting the communities in which we operate.

The SGS Group has recently published its SGS 2023 Sustainability Report, which reports on the environmental and societal impacts of our business activities using our Value to Society (V2S) model.

In 2023, SGS Group has:

- Increased percentage of women in leadership with women at CEO-3 level from 31.1% in 2022 to 31.9% in 2023;
- Reduced our Total Recordable Incident Rate by 20% and Lost Time Incident Rate by 10% as compared to 2018;
- Increased our sites certified to ISO 45001 or ISO 14001 standards from 562 sites in 2022 to 644 sites in 2023;
- Increased our sites dual certified to ISO 45001 and ISO 14001 standards from 229 sites in 2022 to 278 sites in 2023;

- Increased operation integrity training per employee from 30.4 hours per full time employee in 2022 to 34.7 hours in 2023;
- Continued performing annual risk assessments on human right across the SGS Group; Further developed our human rights due diligence program to avoid violations across our global operations;
- Trained 100% of our employees on our human rights principles annually;
- Ensured that at least 75% of our expenditure is with suppliers who have either signed and committed to our Code of Conduct, or are committed to comparable standards within their own internal policies. On a local level, 90% of SGS Australia's suppliers have signed and committed to our Code of Conduct;
- Ensured that the majority of our strategic suppliers have completed our Sustainability Self-Assessment Questionnaire. This is a continuing effort of SGS Australia;
- Achieved a 46% rate of employees covered by collective bargaining.

## **WHAT WE AIM TO ACHIEVE BY 2030**

By 2030, SGS Group aims to:

- Strive towards an equitable representation of genders at CEO-3;
- Reduce our Total Recordable Incident Rate by 30% and Lost Time Incident Rate by 20%;
- HSE certify the majority, if not all, of our main operational sites (integrated ISO 45001 and ISO 14001 certification);
- Continue performing annual risk assessments on human right across the SGS Group;
- Keep developing our human rights due diligence program to avoid violations across our operations;
- Deliver 7 million hours of training per year to employees, clients and communities. Among the key objectives in these training sessions is raising awareness about modern slavery amongst our employees and clients, as well as educating them on everyday modern slavery risks and the reporting mechanisms available to them.
- Ensure that at least 90% of our expenditure is with suppliers who have agreed with our Code of Conduct or committed to comparable standards within their own policy.

Lastly, a new Human Rights Taskforce was created, with the purpose of coordinating our global approach to human rights, including the actions to prevent, mitigate and remediate any human right adverse impact present in our value chain. The Taskforce is comprised of high-ranking representatives from seven different functions that play a role in the company's approach to human rights and steered by Corporate Sustainability.

## **MODERN SLAVERY RISKS IDENTIFICATION**

Through the SGS Group's Risk Management and Governance, Risk and Compliance framework, we are integrating sustainability risks directly into our management process. With this mechanism, the different business lines, functions, and affiliates can identify and assess potential sustainability risks from both our direct operations and our supply chain and report the corresponding mitigation actions associated with them.

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In parallel, we run a desk annual macro risk assessment of potential sustainability risks in the countries where we operate. This macro risk assessment provides an objective double check of the risk evaluations made by the different business lines, functions, and affiliates.

Based on our management process and macro risk assessment, we have identified that there is minimal risk of modern slavery in our directly employed workforce, due to the regulation of the Australian workplace legislation which applies to our workforce and guiding principles and measures identified above. In terms of our supply chain, and including forced and bonded labour, human trafficking, descent-based slavery, servitude, and child slavery, the assessment concluded that the residual risk (which considers our mitigation programs described in this statement) is very low.

## **MODERN SLAVERY AVOIDANCE AND RISK MANAGEMENT MECHANISMS**

### **Human Rights Policy**

SGS SA's Human Rights Committee, formed in early 2017 and chaired by the Chief Executive Officer, is ultimately responsible for and oversees the implementation of our human rights commitments across the SGS Group. It has implemented a publicly available Human Rights Policy, which mandates SGS affiliates to protect and respect human rights, including whilst selecting and managing employees, suppliers and business partners.

### **Our Code of Integrity – our employees and representatives**

For many years the entire SGS Group has operated under a publicly available Code of Integrity applicable to all employees, consultants, joint-venture partners, agents, subcontractors and anyone acting on behalf of, or representing, SGS. This Code contains a clear prohibition on child labour and forced labour, breach of which will result in disciplinary proceedings, dismissal for misconduct for employees, and contract termination for other parties (i.e. suppliers).

All new employees are trained in the Code of Integrity upon joining SGS and all existing employees and contractors must undertake annual refresher courses.

### **Our Supplier Code of Conduct**

SGS procures various goods including equipment, consumables, property and utilities for the provision of our services. We also purchase services through sub-contractors, temporary/agency staff, recruitment agencies and various professional advisors and other services such as facilities management services.

SGS has a Supplier Code of Conduct that is publicly available and sets out SGS's requirement that all suppliers and their suppliers operate a zero-tolerance approach to modern slavery and that non-compliance can result in the termination of our relationship with any supplier. SGS Australia continues to require acceptance and compliance to our Supplier Code of Conduct as part of the engagement and onboarding of any suppliers to our supply base.

### **Our Supplier Due Diligence Process**

The SGS Group Procurement and Quality functions evaluate our supplier base utilising a detailed self-assessment questionnaire to obtain information from new and certain existing suppliers to enable us to give each an ethical risk rating. This rating dictates how often we will audit that supplier and the depth of the review required. Working with the SGS Group in 2023, most of our strategic suppliers were assessed through questionnaires. Through this process, SGS Australia has found none of its suppliers to be in potential risk of breaching modern slavery requirements.

## **Our Training**

SGS runs an annual Integrity training, which addresses many areas of ethics, trust and human rights and restates the mechanisms by which one can report concerns. It includes topics such as child labour, forced labour, freedom of association and discrimination, working hours, and health and safety. The training is conducted by eLearning and is mandatory to all employees. In addition, since December 2021, SGS has implemented mandatory global e-learning module on human rights which has been translated into 19 languages. The training is mandatory for all SGS employees and covers the human rights issues present in our Human Rights Policy, as well as all the whistleblowing channels available for employees.

## **Integrity Helpline**

For many years SGS SA has had an established Integrity Helpline available to employees and suppliers to enable confidential and anonymous reporting of possible legal and policy violations without recrimination. Reports can also be made directly to the Compliance function in Switzerland or Australia. Details are contained in the Code of Integrity, the Human Rights Policy, the Supplier Code of Conduct, on our internal and external websites and in our integrity training. We remind our staff and suppliers of the Helpline by which they can report issues involving misconduct in our business and supply chain in relation to modern slavery and we highlight the recommended means of escalating perceived issues.

SGS also has a 'Non-Retaliation' policy whereby employees are protected from any form of retaliation or adverse consequences for having sought advice or reported a violation of the Supplier Code of Conduct and Code of Integrity.

## **Remediation**

We put mitigation and remediation actions in place whenever a breach of our Code of Integrity is identified through our Integrity Helpline. In the instance where there is any suspected cases of modern slavery we will ensure that it is reported to the Australian Federal Police for investigation and for any immediate dangers of a person is brought to our attention, it will be reported by dialling Triple Zero.

## **EFFECTIVENESS OF OUR MECHANISMS**

SGS Australia did not detect any violations of the Modern Slavery Act within our supply chain or business in 2023. We shall continue to review our operations and supply chain and report on the progress of all modern slavery avoidance initiatives in our Modern Slavery Statement next year.

Further, the SGS Group is committed to the transparent reporting of all our human rights commitments and performance through our Annual Report and our Corporate Sustainability Report.

## **OUTLOOK AND REVIEW OF THIS POLICY**

SGS is endeavouring to further enhance its human rights due diligence. To that end, the company will continue to identify, prevent and mitigate human rights risks through its company risk management framework.

Likewise, the Human Rights Taskforce will continue working together with the SGS Group on identifying and implementing additional mitigation actions where needed.

Furthermore, the company will continue to annually update its human rights training, and will work on further promoting the utilisation of the Integrity Helpline and other reporting channels for human rights violations.

This policy will be reviewed annually and we may update this policy from time to time.

**APPROVAL**

This Statement is made pursuant to the *Modern Slavery Act 2018* (Cth).

This Statement was approved by the Board of Directors of SGS Australia Holdings Pty Ltd, being the principal governing body of the SGS Reporting Entities, on 25<sup>th</sup> June 2024.

This statement is signed by an authorised representative of the SGS Australia Holdings Pty Ltd:

*Johan O'Connell*

26/6/2024

Dated: .....

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**Johan O'Connell, Managing Director**

On behalf of the Board of Directors of SGS Australia Holdings Pty Ltd