Independent auditor's report

To: the general meeting of SGS Nederland Holding B.V.

Report on the financial statements 2021

Our opinion

In our opinion:

- the consolidated financial statements of SGS Nederland Holding B.V. together with its subsidiaries ('the Group') give a true and fair view of the financial position of the Group as at 31 December 2021 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- the company financial statements of SGS Nederland Holding B.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2021 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2021 of SGS Nederland Holding B.V., Spijkenisse. The financial statements include the consolidated financial statements of the Group and the company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2021;
- the following statements for 2021: the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flow; and
- the notes, comprising significant accounting policies and other explanatory information.

The Company financial statements comprise:

- the Company statement of financial position as at 31 December 2021;
- the Company income statement for the year then ended;
- the notes, comprising the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the Company financial statements.

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The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

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

Independence

We are independent of SGS Nederland Holding B.V. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit approach

We designed our audit procedures with respect to the key audit matters, fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, like our findings and observations related to individual key audit matters, the audit approach regarding fraud risks and the audit approach in relation to going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Overview and context

SGS Nederland Holding B.V. and its subsidiaries are independent service organisations that provide services relating to inspection, verification and certification for goods, products and the related environment, as well as consulting, storage and distribution for international trade and for national enterprises and government. The Group is comprised of several components and therefore we considered our group audit scope and approach as set out in the section 'The scope of our group audit'. We paid specific attention to the areas of focus driven by the operations of the Group, as set out below.

The important events that characterised the financial year 2021 were the corporate bonds issued in April 2021 and the acquisition of Brightsight B.V. The bonds are listed on the Luxembourg Stock Exchange and as a consequence, the Company applied IFRS for the first time in 2021. The net proceeds of the bond issuance have been lent to SGS SA. The loan mirrors the tenor of the loan. The loan to SGS SA increased the company's dependency on its ultimate parent. In the section 'Audit approach going concern' we described the impact on the entity's ability to continue as a going concern. Another important event during the financial year 2021 was the acquisition of Brightsight B.V. and its subsidiaries as of 30 April 2021, for a total consideration of EUR 77,805 thousand. The goodwill generated from this acquisition amounts to EUR 52,567 thousand. Brightside is a leading cybersecurity evaluation laboratory network for chip-based secure payment systems, secure identity solutions and IoT platforms. This affected the determination of the scope of our group audit and our audit procedures as described in the sections 'Materiality', 'The scope of our audit' and 'Key audit matters'.

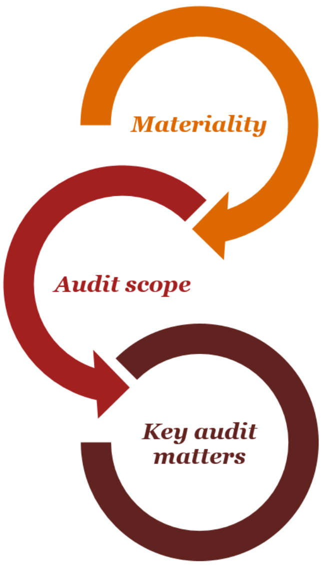
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the board of managing directors made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In note 2, paragraph 'Significant Accounting Estimates and Judgments' of the consolidated financial statements, the Company described the areas of judgement in applying accounting policies and the key sources of estimation uncertainty. Given the significant estimation uncertainty and the related higher inherent risks of material misstatement with respect to the acquisition of Brightside, the valuation of goodwill and uncertain tax positions, we considered these matters as key audit matters as set out in the section 'Key audit matters' of this report. In addition, we also considered the first-time adoption of IFRS as a Key audit matter.

Other areas of focus, that were not considered as key audit matters were the accounting for the issuance of the corporate bond on the Luxembourg Stock Exchange, the valuation of unbilled revenue and the remeasurement of the purchase price allocation of the A&S division as of 31 December 2020.

SGS Nederland Holding B.V. assessed the possible effects of climate change on its financial position. We discussed SGS Nederland Holding B.V.'s assessment and governance thereof with the board of managing directors and evaluated the potential impact on the financial position including underlying assumptions and estimates. The expected effects of climate change do not impact the key audit matters at this time.

We ensured that the audit teams at both group and component level included the appropriate skills and competences which are needed for the audit of SGS Nederland Holding B.V. We therefore included specialists in the areas IT, taxation and valuation in our team.

The outline of our audit approach was as follows:



Materiality
- Overall materiality: EUR 2.5 million.

Audit scope
- We conducted audit work in three locations in the Netherlands. We paid particular attention to the material acquisition of Brightsight B.V. that took place in 2021.
- Site visits were conducted to the different locations in the Netherlands. Additionally, we held virtual meetings during the COVID-19 restrictions.
- Audit coverage: 82% of consolidated revenue, 98% of consolidated total assets and 79% of consolidated profit before tax.

Key audit matters
- First-time adoption of IFRS
- Acquisition of Brightsight B.V.
- Uncertain tax position
- Valuation of intangible assets

First-year audit consideration

After our appointment as the Company's auditors, we developed and executed a comprehensive transition plan. As part of this transition plan, we carried out a process of understanding the strategy of the Group, its business, its internal control environment and IT systems. We looked at where and how this affected the Company's and the Group's financial statements and internal control framework. Additionally, we read the prior year financial statements and we reviewed the predecessor auditor's files and discussed the outcome thereof. Based on these procedures, we obtained sufficient and appropriate audit evidence regarding the opening balances. Furthermore, we prepared our risk assessment, our audit strategy and our audit plan, which we discussed with the board of managing directors.

Materiality

The scope of our audit was influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgement we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall group materiality	EUR 2.5 million
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement, we used 1% of revenues.
Rationale for benchmark applied	We used this benchmark and rule of thumb (%) based on our analysis of the common information needs of the users of the financial statements. On this basis, we believe that revenues are an important metric for the financial performance of the Company due to its growth strategy.
Component materiality	Based on our judgement, we allocate materiality to each component in our audit scope that is less than our overall group materiality. The range of materiality allocated across components was between EUR 1.5 and EUR 2 million.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the board of managing directors that we would report to them any misstatement identified during our audit above EUR 130,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

SGS Nederland Holding B.V. is the parent company of a group of entities, as included in note 2 'Basis for consolidation'. The financial information of this group is included in the consolidated financial statements of SGS Nederland Holding B.V.

We tailored the scope of our audit to ensure that we, in aggregate, provide sufficient coverage of the financial statements for us to be able to give an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of operations of its components, the accounting processes and controls, and the markets in which the components of the Group operate. In establishing the overall group audit strategy and plan, we determined the type of work required to be performed at component level by the group engagement team and by each component auditor.

Our audit primarily focussed on the significant components of the Group: SGS Nederland Holding B.V., SGS Nederland B.V. and SGS Environmental Analytics B.V. For these entities we performed audit work on the complete financial information (full scope).

The group engagement team performed the audit work for group entities SGS Nederland Holding B.V., SGS Nederland B.V. and SGS Environmental Analytics B.V. For components Brightsight B.V., SGS Food Analytics B.V. and SGS Search Ingenieursbureau B.V. we performed audit work on specified balances, classes of transactions and disclosures, to achieve appropriate coverage on financial line items in the consolidated financial statements. No other component auditors have been involved.

In total, in performing these procedures, we achieved the following coverage on the financial line items:

Revenue	82%
Total assets	98%
Profit before tax	79%

None of the remaining components represented more than 5% of total group revenue or total group assets. For those remaining components we performed procedures to corroborate our assessment that there were no significant risks of material misstatements within those components.

As part of its global organisation, SGS has a shared service centre in Poland, that supports the global organisation in a variety of areas, including a significant part of processing transactions regarding to cash and cash equivalent, property, plant and equipment, trade payables, subcontractor's expenses, depreciation and amortisation and other operating expenses for SGS Nederland B.V. We have instructed our team in Poland regarding, amongst others, our risk analysis, materiality and the scope of the work. During the audit we had multiple calls with the team to discuss the work performed. We also performed a file review on the work performed.

In the current year, the group audit team held virtual meetings as well as visited the Company in so far COVID-19 restrictions allowed. COVID-19 did not have a significant impact on the performance of the audit. The group engagement team performed the audit work on the group consolidation, financial statement disclosures and a number of more complex items at the head office.

By performing the procedures outlined above at the components, combined with additional procedures exercised at group level, we have been able to obtain sufficient and appropriate audit evidence on the Group's financial information, as a whole, to provide a basis for our opinion on the financial statements.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the internal control system. This included the board of managing directors' risk assessment process, their process for responding to the risks of fraud and monitoring the internal control system. For our risk assessment we took into consideration the section 'Fraud, bribery and internal control failure' of the report from the board of managing directors for management's fraud risk assessment.

We evaluated the design and relevant aspects of the internal control system and in particular the fraud risk assessment, as well as the code of integrity, whistle blower procedures and incident registration, among other things. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls designed to mitigate fraud risks.

We asked members of the board of managing directors whether they are aware of any actual or suspected fraud. This did not result in signals of actual or suspected fraud that may lead to material misstatements.

As part of our process of identifying fraud risks, we, evaluated fraud risk factors with respect to financial reporting on fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We identified the following fraud risks and performed the following specific procedures:

Identified fraud risks	***Our audit work and observations***
Management override of controls Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. That is why, in all our audits, we pay attention to the risk of management override of controls in: • The appropriateness of journal entries and other adjustments made in the preparation of the financial statements. • Estimates. • Significant transactions, if any, outside the normal course of business for the entity. We pay particular attention to tendencies due to possible interests of management.	We evaluated the design and implementation of the internal control system in the processes of generating and processing journal entries, making estimates, and monitoring projects. We also paid specific attention to the access safeguards in the IT system and the possibility that these lead to violations of the segregation of duties. We performed our audit procedures primarily substantive based. We selected journal entries based on risk criteria and conducted specific audit procedures for these entries. These procedures include, amongst others, inspection of the entries to source documentation. With respect to the audit procedures, we performed journal entry testing procedures on the following criteria: unexpected account combinations and journals posted by management. We also paid particular attention to consolidation and elimination entries, focusing on testing entries that affect revenue and results in the relevant fiscal year. We performed substantive audit procedures on significant transactions outside the normal course of business, e.g. bond issuance, business combinations.

Identified fraud risks	*Our audit work and observations*
	We also performed specific audit procedures related to important estimates of management, including valuation of goodwill, determination of the business combination and uncertain tax provisions as included in the Key Audit Matters. In addition, we performed specific audit procedures related to the valuation of the unbilled revenue and work in progress. With regard to management's accounting estimates, we evaluated key estimates and judgements for bias, including retrospective reviews of prior year's estimates. Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to management override of controls.
Fraud in revenue recognition Although the bonus is a relatively small part of total remuneration there is some pressure on management to meet financial targets and an incentive to overstate revenues in order to meet the bonus KPIs. In addition, there may be perceived pressure to meet targets from stakeholders/shareholder. The revenue stream consists of various business lines that are reported as one revenue line in the financial statements. Management could overstate revenue by posting non-existent revenue transactions, either during the period or in the cut-off period at year-end using the unbilled revenue postings.	We evaluated the design and implementation of the internal control system and assessed the effectiveness of relevant controls in the processes related to revenue reporting. Furthermore, we performed the following: • Reconciliation of consolidated financial statements to the trial balances as well as the detailed specification of revenue. • Test of origin of debtors and debtor confirmations with respect to unsettled revenue transactions. • We selected journal entries based on risk criteria and conducted specific audit procedures for these entries. These procedures include, amongst others, inspection of the entries to source documentation. Regarding to audit procedures, we performed journal entry testing procedures on the following criteria: unexpected account combinations and journals posted by management. • We performed test of details with respect to accuracy, and existence/occurrence on revenue transactions. • We tested, on a sample basis, the performance obligation and transaction prices of the revenue transactions based on sales agreements, delivery documents, sales invoices and cash receipts. We performed test of details with respect to unbilled revenue, test unbilled revenue reversals in the next year and test accuracy and existence/occurrence of the unbilled revenue position as at 31 December 2021.With respect to the satisfaction of the performance obligations over time we have assessed individual contracts to determine the appropriate application of IFRS 15. In addition, we evaluated indications of possible management bias with respect to unbilled revenue. In addition, at the end of the year, we conducted specific substantive audit procedures regarding the cut-off of projects in progress to determine that there were no shifts in results per individual project and/or between the current and next financial year.

Identified fraud risks	*Our audit work and observations*
	Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to revenue recognition.

We incorporated an element of unpredictability in our audit. We also reviewed lawyer's letters. During the audit we remained alert to indications of fraud. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance of laws and regulations. Whenever we identified any indications of fraud, we re-evaluated our fraud risk assessment and its impact on our audit procedures.

Audit approach going concern

As disclosed in note 2, paragraph 'Going concern' of the consolidated financial statements, management performed their assessment of the entity's ability to continue as a going concern for 12 months from the date of preparation of the financial statements and has, despite the fact that the Company's financial position is to a large extend dependent on the parent company, not identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (hereafter: going-concern risks). Our procedures to evaluate management's going-concern assessment included, amongst others:

- considering whether management's going-concern assessment includes all relevant information of which we are aware as a result of our audit, inquiring with management regarding management's most important assumptions underlying their going-concern assessment;
- evaluating management's current budget including cash flows for at least 12 months from the date of preparation of the consolidated financial statements taken into account current developments in the industry and all relevant information of which we are aware as a result of our audit;
- analysing whether the current and the required financing has been secured to enable the continuation of the entirety of the entity's operations, including compliance with relevant covenants;
- assessing whether the parent company's financial support is enforceable by examining the underlying letter of support, including determining whether the letter of support has been approved at the appropriate level within the parent company and evaluated whether support letters provided for in the past have been honoured;
- considering whether the parent company has the ability to fulfil its commitments from the letter of support if called upon to do so based on the audited financial statements of the parent company and through discussions with the parent company's auditor;
- assessing whether in the section 'Going Concern' on page 18 of the financial statements, management has adequately disclosed the going-concern risk and management's plans to deal with these;
- performing inquiries of management as to their knowledge of going-concern risks beyond the period of management's assessment.

Our procedures did not result in outcomes contrary to management's assumptions and judgements used in the application of the going-concern assumption. We found the disclosure in the section 'Going Concern' on page 18 of the financial statements to be adequate.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to management. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

Key audit matter	*Our audit work and observations*
First-time adoption of IFRS *Note 3 to the consolidated financial statements* The Company applies International Financial Reporting Standard (IFRS) as adopted by the European Union (EU) for the first-time in 2021. IFRS 1 – 'First Time Adoption of International Financial Reporting Standards' requires an entity to comply with each IFRS effective at the reporting date for its first IFRS financial statements. In particular, it sets out the requirements, and exemptions from the requirements, with regard to a Company's opening IFRS balance sheet that it prepares as a starting point for its accounting under IFRSs. In addition, it requires disclosures that explains how the transition from the Dutch accounting standard to IFRSs affected the Company's reported financial position, financial performance and cash flows. We considered this area to be a key audit matter given the complexity of the analysis and schedules to be included regarding the transition from Dutch GAAP to IFRS.	Our audit approach consisted of the following procedures, in particular: • We reconciled the consolidated income statement as at 31 December 2020 and the consolidated statement of financial position as at 31 December and 1 January 2020 in accordance with Part 9 of Book 2 of the Dutch Civil Code and the Dutch Accounting Standard Board (Dutch GAAP) with the consolidated financial statements as at 31 December 2020 issued on 2 April 2021. • We verified the correct application of IFRS 1 and the completeness and accuracy of the reclassifications and remeasurements made by the Company as well as the exceptions applied in the first-time adoption of IFRS as included in note 3 of the financial statements. • We verified the notes explaining the principal adjustments made by the Group in restating its Dutch GAAP financial statement, including the statement of financial position as at 1 January 2020 and the financial statement as at, and for, the year ended 31 December 2020. • We tested the mathematical accuracy of the reconciliation figures. • We assessed the adequacy of the disclosures of the consolidated financial statements prepared under IFRS. Our audit procedures did not indicate any material findings with respect to the first-time adoption of IFRS.
Acquisition of Brightsight B.V. *Note 4 to the consolidated financial statements* Effective as of 30 April 2021, SGS Nederland Holding B.V. acquired 100% of the shares in Brightsight B.V. and its subsidiaries. The acquisition was accounted for as a business combination using the acquisition method in accordance with IFRS 3.	As part of our audit, we initially assessed the preconditions for the Company obtaining control. We focused on determining over which assets and liabilities SGS Nederland Holding B.V. obtained control. We also verified the acquisition date. To that end, we inspected and assessed the contractual agreements and other relevant documents.

Key audit matter	Our audit work and observations
The identifiable assets acquired and the liabilities assumed of Brightsight were recognized at their acquisition-date fair value. Taking into account the consideration transferred of EUR 77,805 thousand and the fair value of the assets and liabilities, this resulted in goodwill of EUR 52,567 thousand. The goodwill relates mainly to the value of expected synergies and the value of the qualified workforce that do not meet the criteria for recognition as separable intangible assets. Due to the estimation uncertainties and the scope of discretion in measuring the assets acquired and liabilities assumed, as well as the overall material effect of the amounts involved in the acquisition on the financial position and financial performance, including the first-time consolidation of Brightsight B.V. and its subsidiaries, the acquisition was subject to risk of material misstatement due to error and/or fraud. We therefore considered this acquisition as key audit matter.	We reconciled the components of the consideration transferred with the underlying agreements and articles of association, the contractually agreed purchase prices, purchase price adjustments, and the payments made. Furthermore, we assessed the recognition and measurement of the assets and liabilities underlying the acquisition. This included their identification, the application of consistent accounting and measurement policies, and their fair value accounting as of the date of first-time consolidation. In this context, we assessed the external report from management's experts for the purchase price allocation. As well as assessing the external appraiser's professional qualifications, capacities and objectivity, we also assessed the appropriateness of, among other things, the models on which the valuations were based and the valuation inputs and assumptions used. Given the special characteristics relating to the calculation of the fair values in the context of the business combination, our valuation specialists assisted us in the process. Another focus point of our audit was to assess the disclosures in the notes required under IFRS 3. Our audit procedures did not indicate material findings with respect to the estimates and judgements in the accounting for this business combination assessment.
Uncertain tax provision *Notes 2 and 12 to the consolidated financial statements* In 2015, SGS Nederland B.V. entered into a process to agree on a Bilateral Advanced Pricing Arrangement (BAPA) with the Direct Taxation department of the Dutch Ministry of Finance and the State Secretariat for International Financial Matters in Switzerland. The BAPA was closed with no resolution between the competent authorities and both parties (SGS Nederland Holding B.V. and SGS Societe Generale de Surveillance SA/SGS Group Management S.A.) have applied for a Mutual Agreement Procedure (MAP) at the beginning of May 2019. As at 31 December 2021, there has been no agreement on the Network Access Fee that would be accepted by the respective taxation authorities.	With the assistance of our tax professionals our audit procedures included, amongst others: • The assessment of the technical merits and the amount recorded for uncertain tax positions. This included using our knowledge of, and experience with, the application of tax laws by the relevant income tax authority to evaluate the Company's interpretations and assessment of tax laws with respect to uncertain tax positions. • We discussed management's process to assess the risk of a tax liability as a result of the taxation authority not accepting the Network Access Fee treatment and tested the measurement and timing of recognition of the current tax liability. • We tested the prepayments made by the Company to the local tax authorities.

Key audit matter	*Our audit work and observations*
In assessing how an uncertain tax treatment may affect the determination of the taxable profit (loss), the Group assumes that a taxation authority will examine amounts and have full knowledge of all related information. The Group reflected the uncertainty over the taxable profit by using the sum of probability-weighted amount in a range of possible outcomes. As at 31 December 2021, this resulted in the recognition of an income tax liability of EUR 15,651 thousand and a corresponding loss of such amount, of which EUR 1,465 thousand relates to 2021. The Group paid the tax assessments received from the Dutch Tax authority of EUR 18,707 thousand in total to mitigate any interest risk, resulting in a current tax asset for uncertain tax positions of EUR 3,056 thousand as at 31 December 2021. The Group objected those assessments. We considered this area to be a key audit matter given the magnitude of the amounts involved, the complex nature of these analysis and the significant judgements in the determination of the current tax position.	• We examined the documentation outlining the matters in dispute and/or at risk and the benchmarks relied upon for transfer pricing and used our knowledge of the tax laws and other similar taxation matters to assess the available evidence, management's judgemental processes and recognition of an income tax liability. • We challenged management on the different scenarios, range of possible outcomes, to predict the resolution of the uncertainty. We also assessed the adequacy of the disclosures related to uncertain tax positions. Based on our audit procedures, we believe that, given the uncertainty in the estimates and necessary judgements made, the recorded tax liability is at an acceptable level.
Valuation of intangible assets Note 15 and 16 to the consolidated financial statements In the consolidated financial statements of SGS Nederland Holding B.V. as at December 31, 2021, an amount of EUR 214,382 thousand is reported as 'Goodwill', and the Company's goodwill is tested for impairment at least annually and whenever events or changes in circumstances indicate their carrying value as part of the groups of CGUs tested may not be fully recoverable. For the other intangible assets of EUR 78,365 thousand a triggering event assessment has been performed. For the purpose of impairment testing the Group has adopted a method for assessing goodwill and other intangible assets recognised under the acquisition method of accounting on the individual CGU level or for groups of CGUs. These assets are allocated to groups of CGUs which are expected to benefit from the business combination.	We evaluated management's process over the impairment assessment including the appropriateness of management's identification of the Group's CGUs, indicators of impairment, discount rates and forecasts. We have challenged management, primarily on their assumptions applied to which the outcome of the impairment test is the most sensitive, in particular, the projected sales growth, operating margin developments, discount rates and (terminal) growth rates. Our audit approach consisted of the following procedures, in particular: • We assessed the appropriateness of the impairment testing methodology. • We reconciled the five-year cash flow projections to the budget and long-term plan that have been approved by management. • We tested and challenged, with the support of our valuation specialist, the reasonableness of the long-term growth rate after the forecast period and the discount rate. • We tested the mathematical accuracy of the model.

Key audit matter	*Our audit work and observations*
The discounted cash flow model is based on the value-in-use methodology and the key assumption used were the discount rates, growth rates, operating margin and expected changes to selling prices or direct costs during the period. The assessment of the recoverability of the goodwill and other intangible assets balance are dependent on the estimation of future cash flows. Management's judgement is required in determining the future business results, the long-term growth rate after the forecast period and the discount rate applied to the forecasted cash flows. Refer to the corresponding accounting policy in note 2 – Significant accounting policies and exchange rates and Note 15 – Goodwill and Note 16 Other intangible assets in the notes to the consolidated financial statements. We considered this area to be a key audit matter given the magnitude of the amounts involved, the complex nature of these analysis and the significant judgements and unobservable inputs to estimate the value-in-use of the goodwill and other intangible assets.	• We assessed the quality of the cash flow projections by comparing the actual results of the groups of CGUs to the prior year's budget to identify in retrospect whether any of the assumptions might have been too optimistic. • We evaluated the Company's sensitivity analysis of key assumptions to ascertain the effect of changes in those assumptions on the value-in-use. • We assessed the adequacy of the disclosures included in note 15 related to goodwill. For the other intangible assets we assessed management's triggering event analysis in which no such triggering events were identified and as a result no impairment calculations were required. We found the valuation of intangible assets and the related disclosures in the financial statements reasonable in the context of the applicable financial reporting framework.

Report on the other information included in the annual report

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains all the information regarding the report from the board of managing directors and the other information that is required by Part 9 of Book 2of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The board of managing directors is responsible for the preparation of the other information, including the report from the board of managing directors and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Our appointment

We were appointed as auditors of SGS Nederland Holding B.V. on 11 November 2021 by the board of managing directors. This followed the passing of a resolution by the shareholders at the annual general meeting held on 23 March 2021.

No prohibited non-audit services

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

Services rendered

The services, in addition to the audit, that we have provided to the Company or its controlled entities, for the period to which our statutory audit relates, are disclosed in note 9 – Other operating expenses to the consolidated financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the board of managing directors

The board of managing directors is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the board of managing directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the board of managing directors should prepare the financial statements using the going-concern basis of accounting unless the board of managing directors either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The board of managing directors should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Rotterdam, 15 September 2022
PricewaterhouseCoopers Accountants N.V.

Original has been signed by A.A. Meijer RA

Appendix to our auditor's report on the financial statements 2021 of SGS Nederland Holding B.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.
  Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. In this respect, we also issue an additional report to the board of managing directors in accordance with article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related actions taken to eliminate threats or safeguards applied.

From the matters communicated with management, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.