CEOC INTERNATIONAL

CEOC International - Confederation of Inspection and Certification Organisations

What is the TIC Sector?

Market Trends

What the TIC Sector is

The independent Testing, Inspection and Certification (TIC) sector provides **conformity assessment services**, either for regulatory reasons or good practice, protecting the public and the environment helping industries and governments.

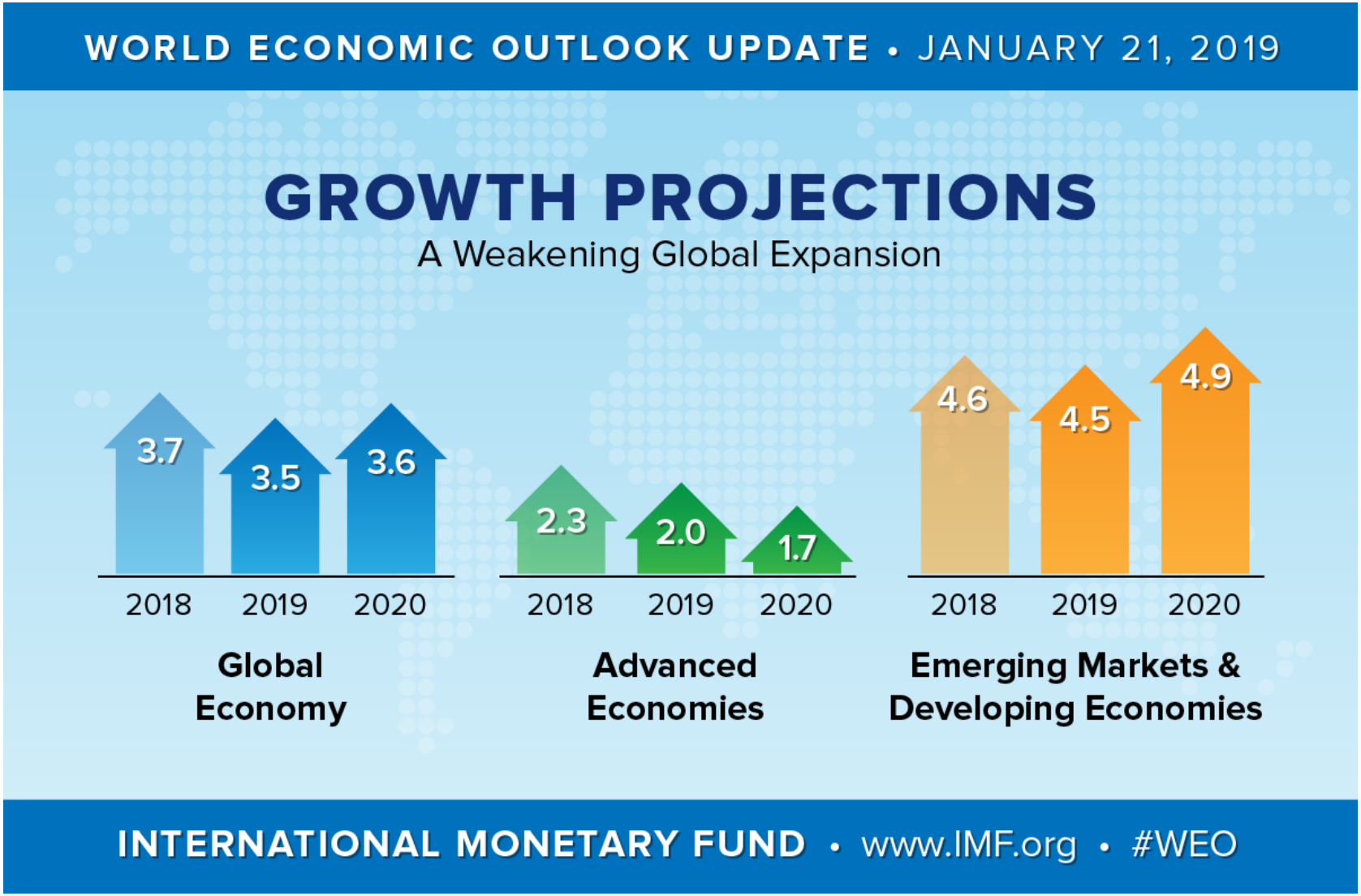
A notified body is an independent inspection and certification body which reviews the conformity assessment performed by the manufacturer and **testifies to its correctness** based on unified evaluation criteria.

The independence and competence of the notified body is guaranteed by means of **national notification** (normally mandated through accreditation) in the individual countries.

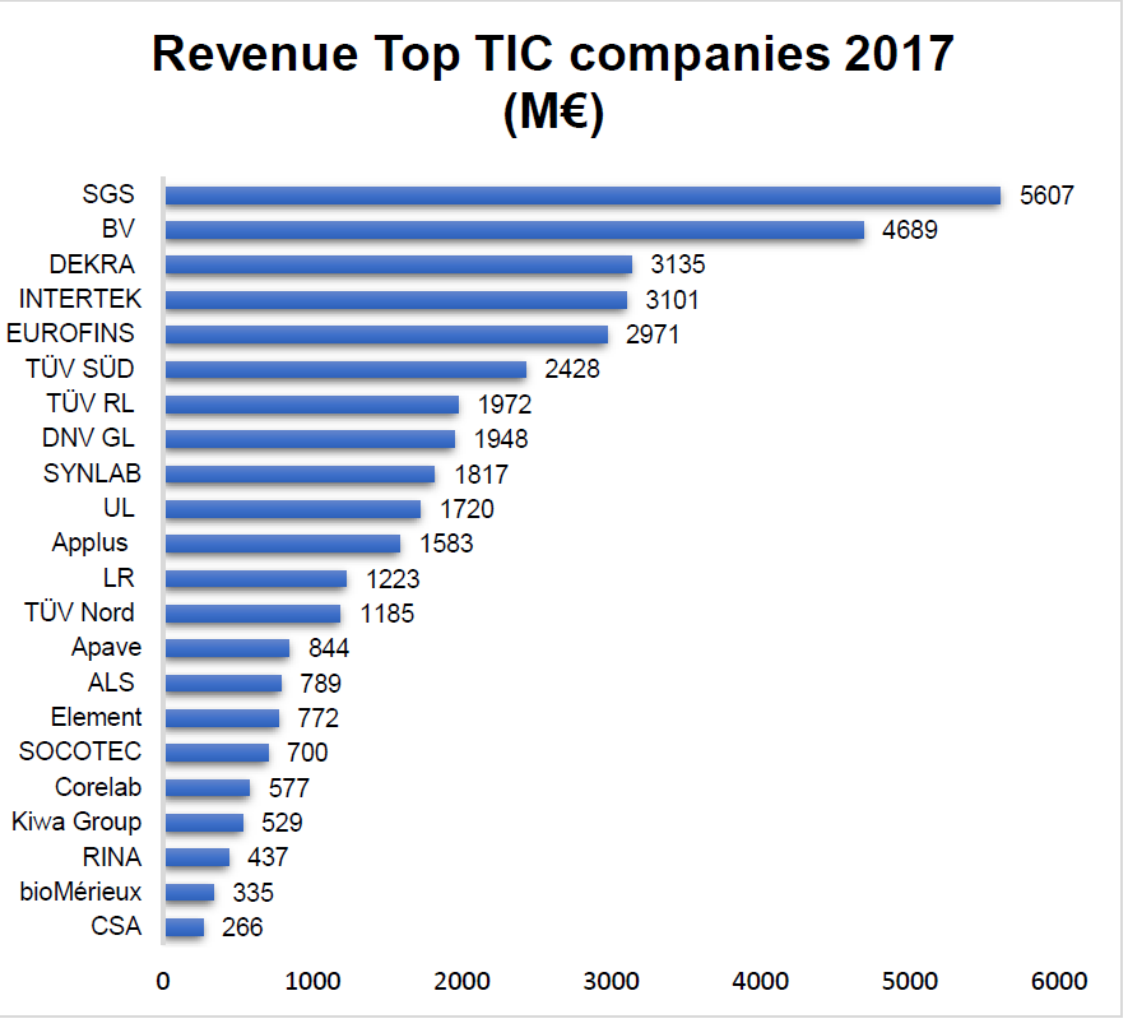
What we do

- ✓ **We aim to promote safety and reduce accidents through independent conformity assessment.**
- ✓ **We represent the common interests of our sector, as well as those of our members, to the EU institutions and to all European or international organisations and associations dealing with directives, regulations, standards and accreditation.**
- ✓ **We keep our members informed of significant matters (with respect to the above), and establish CEOC International positions for them to follow.**

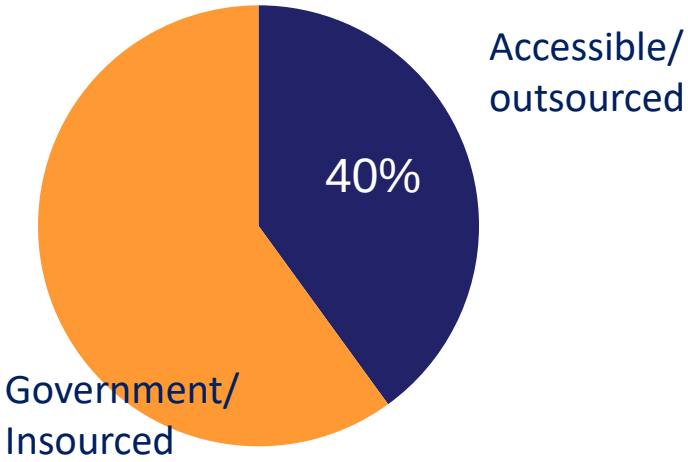
WORLD ECONOMIC OUTLOOK



Testing-Inspection-Certification Market



The global TIC market is valued at around €200bn. It is expected to grow at a CAGR of 5.4% over the forecast period (2019-2024).



Source: Bureau Veritas Annual Report 2016 & CATALIST report 2016

TIC Industry advantages

Why the TIC industry remains resilient through the economic cycle

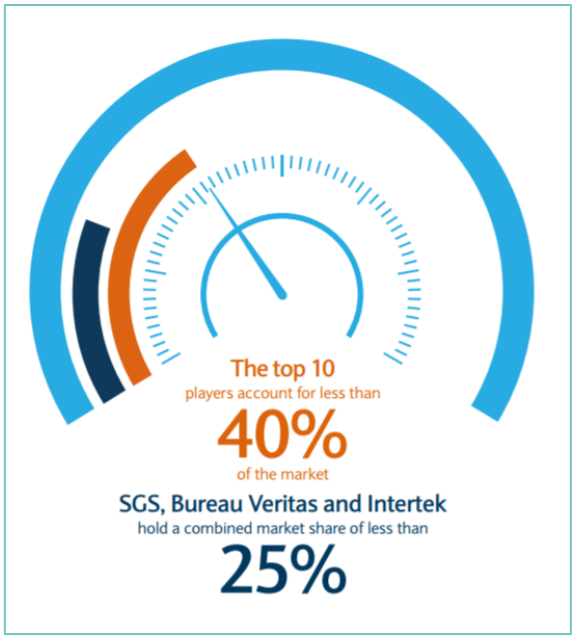
- Operators deliver higher margins and require lower capital expenditure than other business services sectors
- Good revenue visibility, due to longer-term contracts and framework agreements – sustained by regulation
- Strong merger and acquisition policy

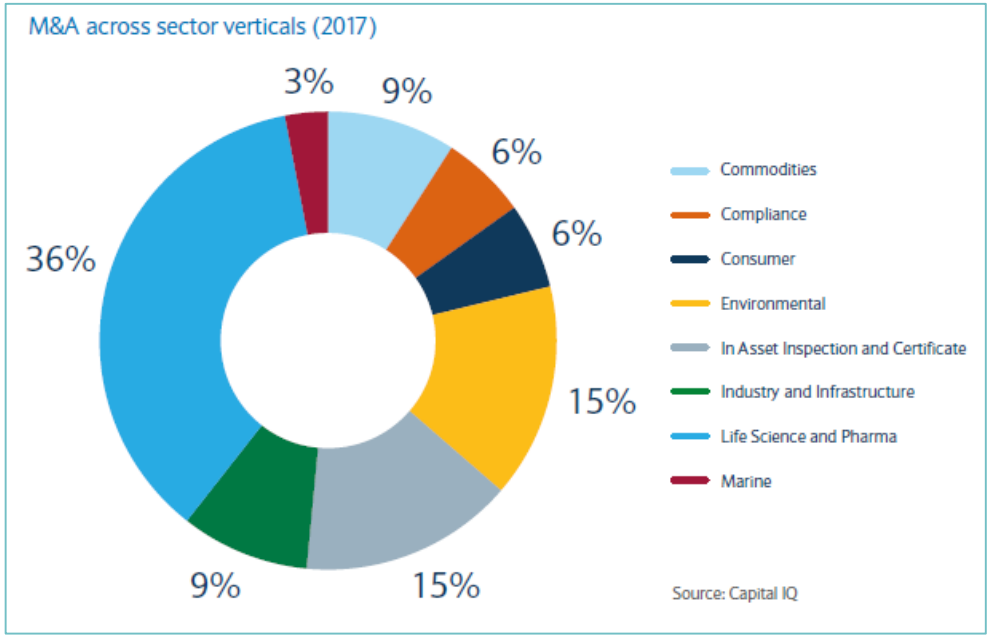
Source: CLEARWATER TIC outlook 2018

Testing-Inspection-Certification Market

The market is highly fragmented. SGS, Bureau Veritas and Intertek – hold a combined market share of less than 25%. The top 10 players account for less than 40% of the market.

DEKRA, ALS and UL have also gathered scale and international presence while remaining more sector-focused.

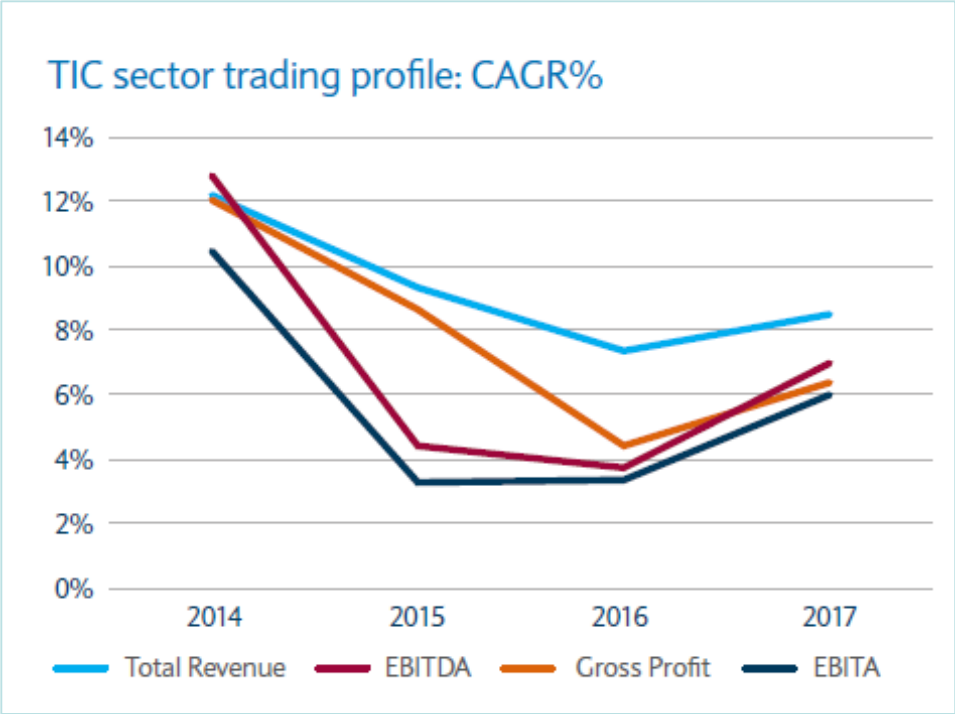




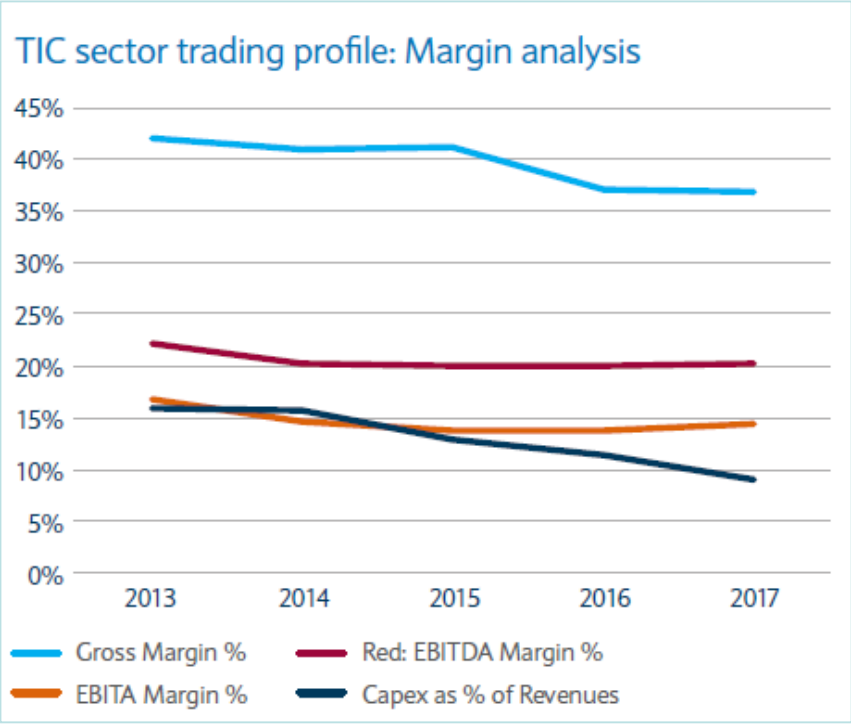
Source: CLEARWATER TIC outlook 2018

TIC Industry advantages

Compound Annual Growth Rate (CAGR)



Margin Analysis



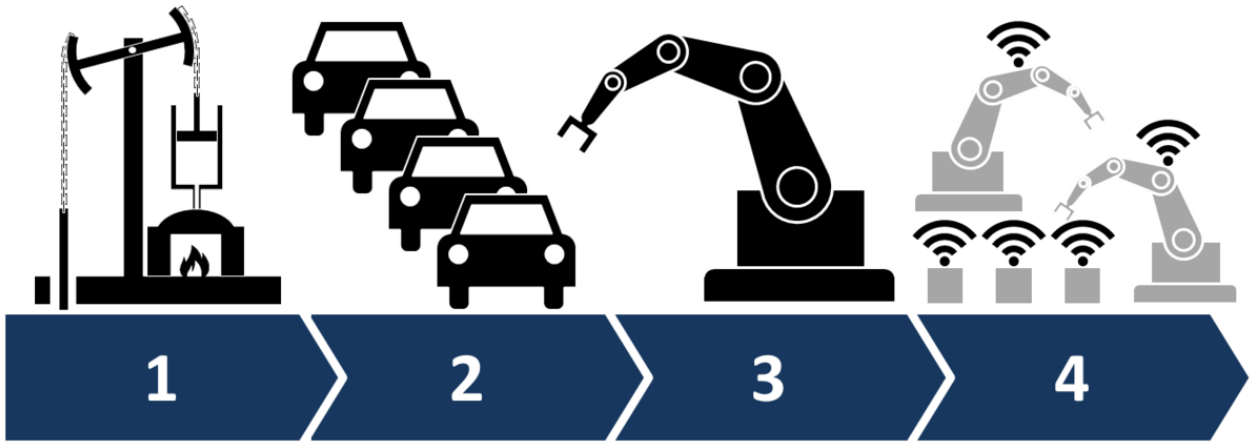
Source: CLEARWATER TIC outlook 2018

What's next?

THE EVOLUTION OF THE WORLD & THE TIC SECTOR

THE EVOLUTION OF THE WORLD & THE TIC SECTOR

FOURTH INDUSTRIAL REVOLUTION

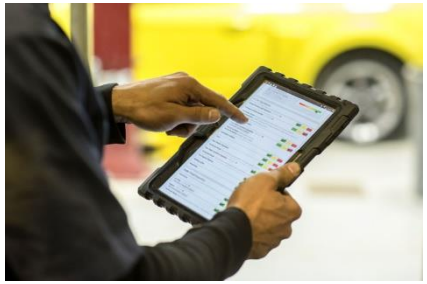


OPPORTUNITIES FOR NEW BUSINESS MODELS, PRODUCTS AND MORE EFFICIENT MANUFACTURING PROCESSES

TIC & Digitalization

New developments in automation,robotics and artificial intelligence are affecting the entire business services industry. TIC is no exception.

Digital inspection and integrated sensors are replacing physical inspection

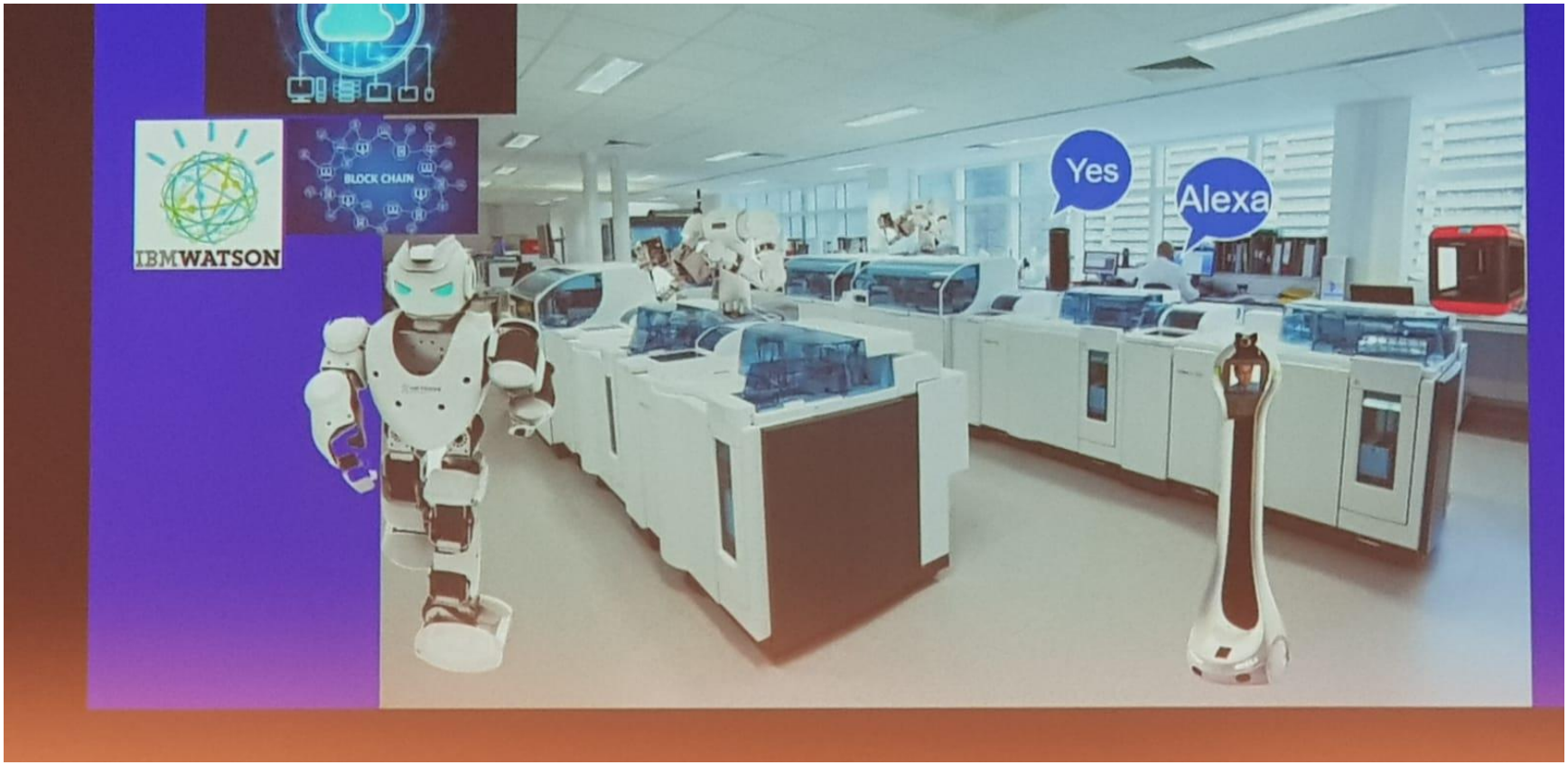


Traditionally very labour-intensive Inspection Services are being transformed by the use of technology such as drones to help with e.g. crop management

The firms best placed for success will be those with scalable operating models, unique market positioning and a digitally enabled growth agenda.

Source: CLEARWATER TIC outlook 2018

TIC & Digitalisation



Cooperation with other Associations

A stronger team in Brussels

TIC COUNCIL

THE INDEPENDENT VOICE OF TRUST

TIC Council

The Independent Voice of Trust

- Born from the merger of IFIA and CEOC
- ≈ 90-member companies & organizations active in more than 160 countries
- TIC Council has its head office in Brussels. It also has an office in Washington and presence in India.

VISION

For the TIC Council to be recognized and trusted globally as the voice of the independent testing, inspection and certification industry, and to stand for best practice and the highest standards in safety, quality, health, ethics and sustainability.

MISSION

As the voice of the global independent testing, inspection and certification industry, the TIC Council engages governments and key stakeholders to advocate for effective solutions that protect the public, support innovation and facilitate trade.

The TIC Council works with its members to promote best practices in safety, quality, health, ethics and sustainability.

TIC Council Compliance Programme

Protect the trust, social responsibility and reliability of the sector

Principles:

- Integrity
- Conflict of Interest
- Confidentiality and Data Protection
- Anti-Bribery
- Fair Business Conduct
- Health and Safety
- Fair Labour

! Set the highest ethical business practices in the TIC industry.

TIC COUNCIL STRATEGIC OBJECTIVES

Advocacy

To advocate with a unified voice for a balanced and informed regulatory framework.

1

Perception

To enhance the reputation and raise awareness of the role of independent TIC through a unified TIC platform.

2

Best Practices

To continuously raise the standards of the TIC industry's practices in order to enhance trust in the TIC industry.

3

ADVOCACY

Government Affairs

Accreditation and Standardisation

Anti-Counterfeiting

Engage with stakeholders to ensure a balanced and informed regulatory framework that promotes innovation and facilitates trade

PERCEPTION

Communications

Create trust by enhancing the reputation and raising awareness of the role of independent TIC through a unified TIC platform

BEST PRACTICES

Sectorial Committees

- **CIPC**
  - IEC
  - Medical Devices
  - Smart tech
- **Industrial Inspection Services**
  - CML
  - Pressure Equipment
  - NDT
  - COH
  - Energy
- **Food & Agriculture**
- **Petroleum Committee**
  - Labs test
  - Tech Safety
  - Regional cttees
- **Gov Services**
- **Metals & Minerals**
  - Digital Transformation

To deliver the technical content such as code of practices and bulletins to build credibility

Global Industrial Services Committee- GISC

- Establishing a global overview of the safety of industrial installations.
- Liaise on I.S. with international institutions such as ISO, IEC, IAF, ILAC, EC, WB etc
- Liaise on I.S. with the international industry associations BE, ANSI, EU Turbines, etc.
- Liaise with on I.S. with other TIC associations such as ICNDT, EFNDT, ETICS, IACS etc.
- Liaise with the European Technology Platform Industrial Safety-ETPIS.
- Liaise the European Pressure Equipment Research Council-EPERC.
- Digitalisation of industrial inspections in all business areas.
- Training programs for I.S. inspectors.
- Organisation of an international industrial safety conference.

EUROLAB & TIC Council

Close cooperation and participation in the TIC Council relevant committees with a focus on the testing issues covered by the TIC Council

Why Brussels?

Dialogue with European/International Institutions

TIC Sector and Media

There is a need for a strong and joint communication strategy for the industry

Joint Communications Strategy

Politico,
11 December 2015

December, 2015

Tüv Rheinland is a private company you've likely never heard of, but its responsibilities range from testing for car safety to certifying the safety of breast implants.

These so-called notified bodies were responsible for some aspect of product safety in two of the bigger public scandals in Europe in recent years, putting the spotlight on the way EU tests and approves a wide variety of consumer products, and raising the political heat in Brussels for an overhaul of this system.

Joint Communications Strategy

FT, 19 November 2015

The man who brought down Volkswagen

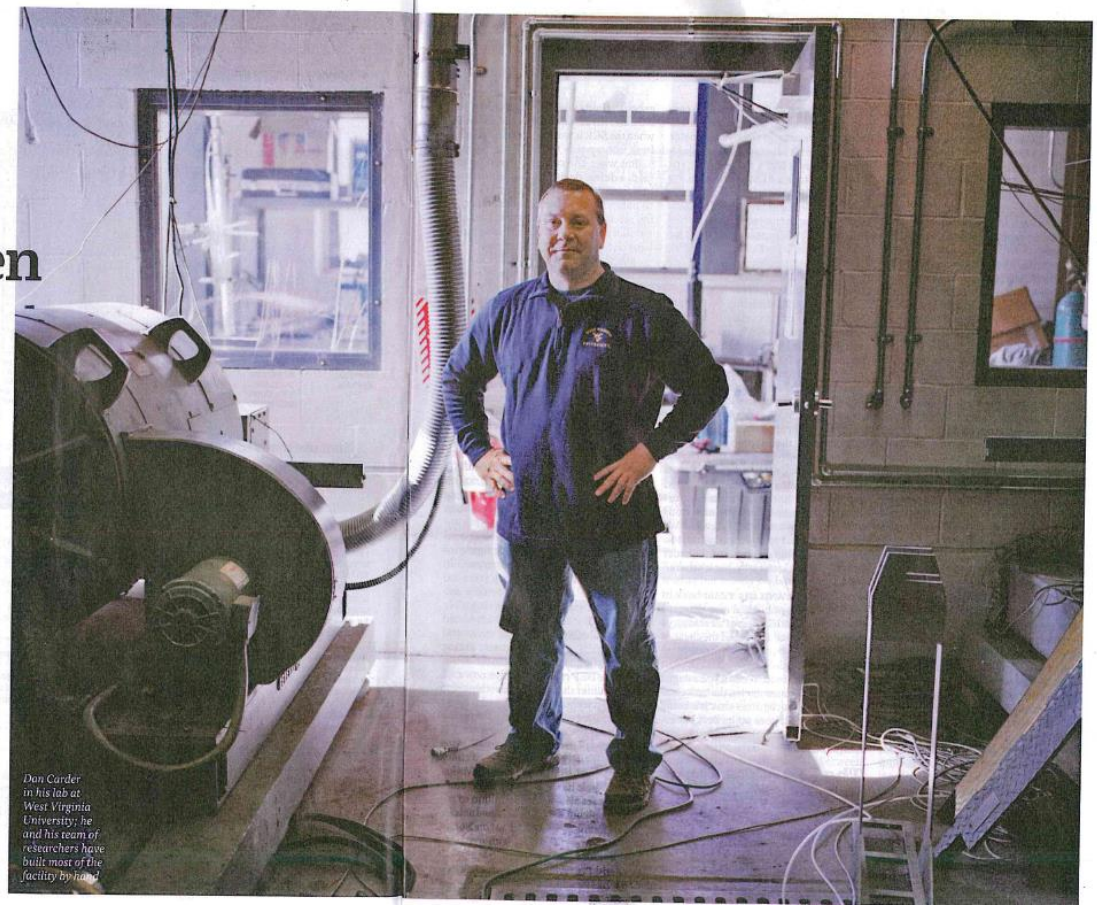
How a tiny lab busted a giant automaker—and what it shows about the future of cheating

By Charlotte Alter / Morgantown, W.Va.

THIS IS ONE of those parts of West Virginia where people fix one another's tractors just because it's neighborly. Nestled in the Appalachian Mountains, just 200 miles (320 km) from the D.C. headquarters of the Environmental Protection Agency, Dan Carder's lab at West Virginia University in Morgantown is the folksy antithesis to the bureaucracy in Washington. It seems more like an auto-body shop than a science lab—Carder welded the pipes himself, the insulation is held together by foil tape, and the air smells like diesel fuel. Here, on threadbare chairs and a tiny budget, Carder and his team discovered the emissions problem in Volkswagen diesel cars that could cripple one of the world's biggest automakers.

You might be wondering how a tiny team of engineers discovered the problem with Volkswagen before the EPA figured it out. After all, the EPA has an annual budget of over $8 billion, with $12 million specifically allocated to oversee compliance with transportation regulations. Yet Carder and his team found the emissions discrepancy on a $69,000 grant from the International Council on Clean Transportation (and that includes the cost of diesel fuel). The scandal could cost Volkswagen billions of dollars, since the company admitted to using defeat devices to cheat on emissions tests. And now that the EPA says it has found additional defeat devices on Porsche and Audi cars, it seems as if the problem might be even bigger than anyone initially imagined.

Carder and his team at WVU's Center for Alternative Fuels Engines and Emissions (CAFEE) could have sprung from a 1940s comic book: a plucky gang of West Virginia scientists working together to expose the lies of a powerful German company. But this story is really about the future of cheating and the ability (or inability) of government regulators to catch it. Cars, like drugs or planes or so many other products we ask the government to regulate, keep getting more complex. Yet regulations often evolve more slowly than the products,



Dan Carder in his lab at West Virginia University; he and his team of researchers have built most of the facility by hand

Joint Communications Strategy

FT, 20 December 2016

Automobiles

In a jam: the gap between fuel consumption in the real world compared with laboratory tests is widening, says a report — Valentyn Ogirenko/ Reuters

Car fuel efficiency figures fail real world test

PETER CAMPBELL
MOTOR INDUSTRY CORRESPONDENT

Carmakers' claims about the fuel consumption of vehicles sold in the EU are increasingly misleading, resulting in a growing gap between performance on the road and in official tests, according to a leading environmental group.

Cars sold in the EU last year consumed 42 per cent more fuel on average during real world driving conditions compared with official laboratory tests, a report by Transport & Environment said.

That compares with figures showing that cars sold in 2012 consumed 28 per cent more fuel on the road than during the tests conducted by regulators.

The Transport & Environment report reviewed 16 brands. Those with the biggest gap between fuel consumption on the road and in official tests were found to be Mercedes-Benz, Audi and Smart. Some other carmakers did not fare much better. Daimler, parent of Mercedes and Smart, and Audi, owned by Volkswagen, said they complied with relevant legal requirements.

'The gap between the fuel economy measured in tests and [that] achieved by the average driver [is] widening'

As well as raising issues about whether car buyers were being misled, Transport & Environment also highlighted how the real world fuel performance translated into higher carbon dioxide emissions compared with those recorded in official tests.

The group's conclusions pinpointed some of the shortcomings in the EU testing regime for vehicle emissions: an issue brought into sharp focus during the VW scandal last year.

"The gap between the fuel economy measured in laboratory tests and [that] achieved by the average driver of the same car [is] widening at a staggering rate," the Transport & Environment report said. "The overwhelming cause is carmakers manipulating the undemanding and poorly prescribed emissions tests; and choosing to fit technology to improve the efficiency of the car that works much better in the test than on the road."

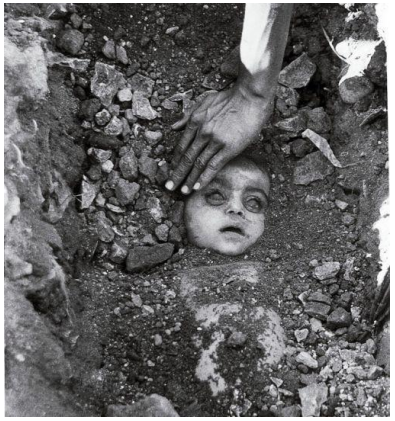
Manufacturers knew the parameters used in laboratory tests, including the pattern of driving, so were able to tweak their fuel economy systems to perform most effectively in these conditions.

The report is based on data collected by the International Council on Clean Transportation, a research firm, which compared the laboratory and on-the-road emissions of more than 1m vehicles across the EU.

Mercedes cars used 54 per cent more fuel on average on the road last year than claimed in sales brochures. Audi and Smart used 49 per cent more fuel.

Daimler said there would "always be differences" between laboratory monitoring and real world driving. "Our vehicles are certified and approved according to the relevant regulations," it added. Audi said it followed "the rules and only use allowed legal measurements and configurations".

Industrial accidents involving pressure equipment



Bhopal (1984, 3500)

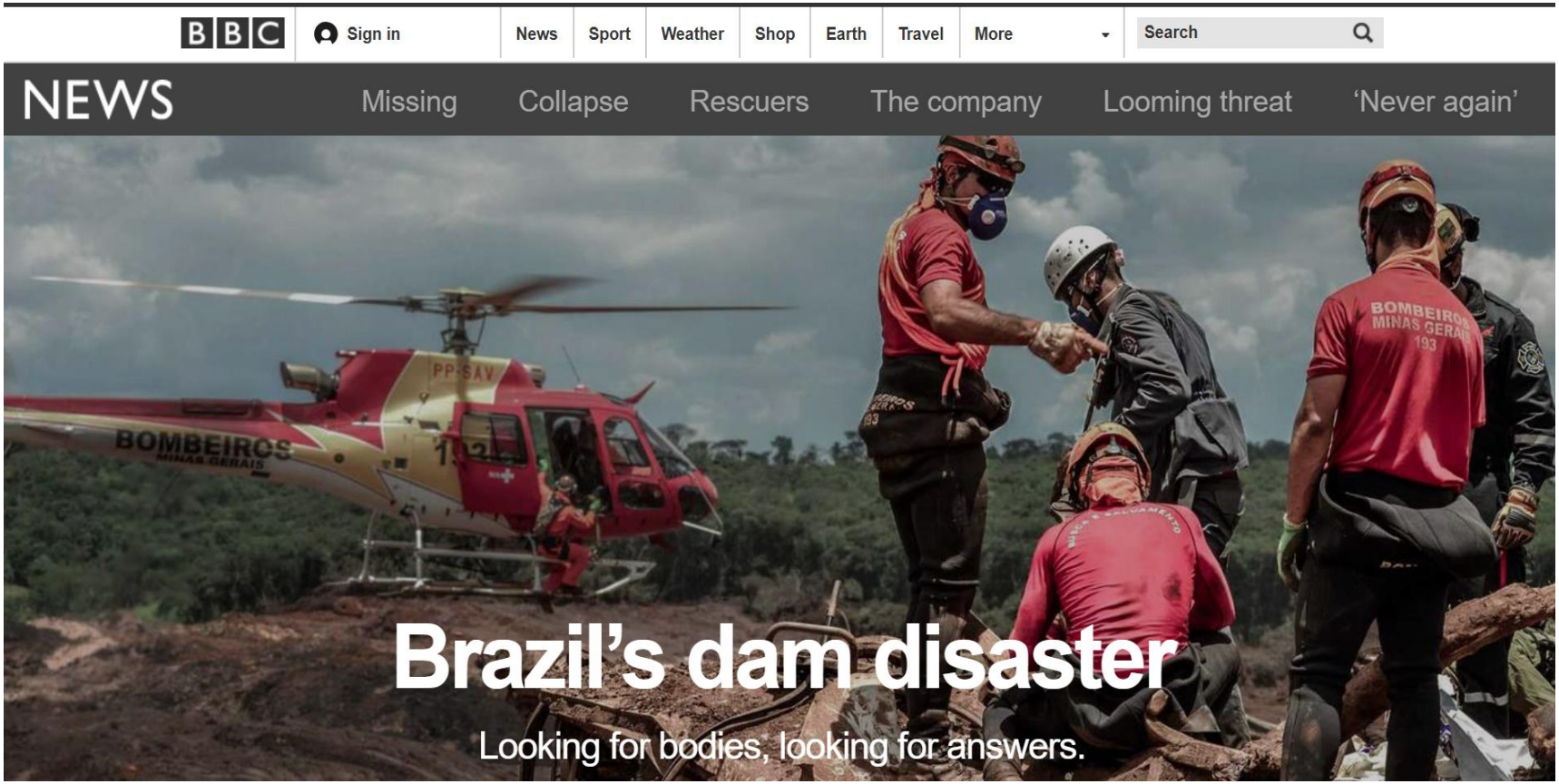
Deepwater Horizon (2010, 11)

West Texas Fertilizer (2013, 14)

Gas Explosion Kaohsiung Taiwan (2014, 32)

Boiler Explosion Gazipur Bangladesh (2016, 23)

Joint Communications Strategy



TIC Outlooks 2019

A positive future ahead & awareness raise for the added-value of TIC services

Testing-Inspection-Certification Market

2019 outlook: trends to follow & drivers of growth

- The push towards outsourcing – and the privatisation of state-owned laboratories
- Increasing levels of regulation have triggered a transition from a voluntary-based risk management approach to mandatory testing services (e.g. after vehicle emissions scandal)
- TIC players expand into new markets and developing economies
- Globalisation as major growth element of the TIC industry
- General increases in global wealth that will have increased expectations on level of safety and quality
- TIC has an increasingly important role in helping all industries saving costs

Source: CLEARWATER TIC outlook 2018

TIC outlook 2019

- The TIC sector is well placed to display continued resilience and growth in the face of political and economic uncertainty in 2019.
- Capital expenditure is set to increase further as TIC players take advantage of the potential of new technologies to transform the sector, often by forging partnerships with specialist providers.
- Other factors triggering growth in 2019 include further outsourcing of TIC functions by industry, tightening regulation in many fields and a growing need to ensure brand protection.

TIC outlook 2019

- Multinational TIC operators are set to expand further into developing economies, chiefly through new acquisitions, with China a prime target.

- Second-tier players are likely to be more acquisitive than the biggest businesses, which are now finding it more challenging to create value from new transactions

- Private equity-backed platforms will continue to be a prime source of new deals over the next two years

CEOC INTERNATIONAL

Thank You!

Any Questions?

Providing Safety in an Uncertain World

The Voice of the Independent Safety Professionals

CEOC INTERNATIONAL

INTERNATIONAL CONFEDERATION OF INSPECTION AND CERTIFICATION ORGANISATIONS

Thank you for your attention!