

Challenging macro-economic and geopolitical climate:

DEKRA Positioned for the Future Thanks to Focus on Safety, Security and Sustainability

- Automated and connected driving: further investment at the Lausitzring test facility
- Renewable energies: new photovoltaic lab opened in China
- E-mobility: fast battery test patented and launched on the market
- Cyber security: leading technology companies join customer base
- Vehicle inspection business: expansion continues with entry into Spanish and Costa Rican market
- Hydrogen: support for launch of first truck rental fleet and BMW consumption test

DEKRA is managing to successfully withstand the economic and political upheaval in the crisis-ridden year 2022. The global expert organization expects to achieve sales of almost 3.7 billion euros this year, an increase of about 5%. “Thanks to our strong market position and the ongoing trend for greater safety, security, and sustainability, we remain on our growth target,” said Stan Zurkiewicz, who has been DEKRA CEO and Chairman of the Management Board since April 2022. The focus is on leveraging opportunities for growth in areas with great potential going forward, such as future mobility, cyber security, and sustainability. For the DEKRA boss, one particular area of interest will be the creation of a hydrogen economy. “If we want to accelerate the transition towards a hydrogen-based future, we will need to step up investments in hydrogen infrastructure and establish a comprehensive regulatory framework to assure safe adoption of the technology,” explains Zurkiewicz. “Then green hydrogen will be able to play a key role in combating climate change thanks to its wide range of potential applications.” The DEKRA CEO is also aiming to realize the digital transformation of DEKRA’s service portfolio, all while ensuring customers’ needs are placed front and center. This is how the expert organization will become the global partner for a safe, secure, and sustainable world.

In 2022, DEKRA worked hard on implementing its Strategy 2025. This revolves around five Corporate Focus Areas: Future Mobility, Cyber Security, Remote

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Services, AI & Advanced Analytics, and Sustainability. These Corporate Focus Areas reflect the fact that DEKRA's original mission "Safety" has now been expanded to include digital "Security", and "Sustainability". The addition of "Security" is necessary because as vehicles, machines, and systems become increasingly connected, software – and thus also cyber security – is playing an ever-more critical role. "Sustainability" has become the key megatrend. "Since it was founded back in 1925, DEKRA has pursued a vision of making the world a bit safer every day," explains Stan Zurkiewicz. "Given the huge impact of climate change, we have consciously decided to make sustainability part of our DNA. As an independent third party with extensive expertise, we help customers all over the world achieve their sustainability goals."

Clarity, Transparency and Trust

DEKRA is continuing to expand the range of services it offers, focusing on the issues of energy transition, the circular economy and ESG (Environmental, Social, Governance). For example, this year test, certification, inspection, expert, and training services have been developed and refined for the energy transition technologies, in particular for hydrogen, photovoltaics, wind power and batteries. Alongside this, DEKRA is developing services which will help firms, financial service providers, and investors to check the implementation and review of sustainability strategies. "By doing this we will provide more clarity, transparency and trust amongst the market participants", reported Zurkiewicz.

DEKRA's ambitions for achieving its own sustainability goals mirror its ambitions on the market. In 2022, the company was rewarded for its sustainability initiatives and measures with the top EcoVadis Platinum rating for the second time in a row. DEKRA is also working on a science-based target for reducing its CO₂ emissions in accordance with the goal to limit global warming to 1.5°C. Moreover, the non-profit organization CDP (Carbon Disclosure Project) has been commissioned to assess DEKRA's climate strategy against their stringent criteria. DEKRA started to record the environmental impact of its business processes in 2022. Overall, the expert organization is making good progress toward its goal of becoming carbon-neutral by 2025.

Investments in Testing Expertise for E-Mobility

New powertrain technologies, in combination with digitalization and new mobility solutions, are set to transform areas such as our vehicle inspection business over the medium to long term. For the DEKRA boss, this brings with it more opportunities than risks. DEKRA is investing to further expand their range of services as

well as their testing expertise. For instance, the expert organization patented a fast test for the traction batteries in used electric vehicles (EVs), positioning the company at the cutting edge in this field. Within just 15 minutes this test provides an accurate value for the battery's remaining capacity (known as its State of Health). This helps DEKRA to create transparency in the growing used EV market where the battery's remaining capacity is a key factor affecting the value.

In view of the ever-increasing number of new electric car models, DEKRA has decided to invest tens of millions of euros to build a test center for traction batteries at the DEKRA Technology Center. The new center should be operational in 2024 at the Lausitzring site in Klettwitz. It will be able to test and certify drive batteries as part of their development phase, homologation and type testing in addition to their quality control. "This decision continues our targeted investment in the global expansion of our test and certification structure for e-mobility," said Zurkiewicz.

New Test Rigs and Facilities

At our Arnhem site, a new open-air test facility for measuring the electromagnetic compatibility of large vehicles such as electric buses or electric trucks was inaugurated in 2022. In Klettwitz, a test rig for electric motors and drive axles went into operation. On behalf of the California Energy Commission, DEKRA has set up a Vehicle-Grid Innovation Laboratory in the San Francisco Bay Area. Thanks to the lab's services, the interoperability of the charging infrastructure will be improved, and secure Vehicle-to-Grid solutions can be introduced. "The new lab in California has been built to the same standard as our world-leading lab in the Netherlands. As such, we are well placed to generate further growth in the U.S.," explained the DEKRA CEO.

Additional business opportunities are opening up through the growing number of driver assistance systems and the megatrend of automated and connected driving. Zurkiewicz: "Future mobility solutions will be data-driven and set new requirements in terms of safety and security. In this context, DEKRA's role as an independent third party will become even more vital." For instance, software updates that are installed "over-the-air" may have critical safety and security implications and will need to be independently monitored. DEKRA's Trust Center concept will play a crucial role in this. The world's largest non-listed expert organization, along with other similar organizations, calls for non-discriminatory access to the raw safety, security, and environmental data from the vehicle.

Cybersecurity in demand

With regards to cyber security, DEKRA is reaping the benefits of the high demand from industry, particularly from the automotive sector. However, DEKRA's testing expertise in internet-enabled consumer products (as part of the Internet of Things) has enabled it to expand its business with leading technology and platform companies in 2022. For example, manufacturers of products for Amazon, Apple, and Google now regularly use DEKRA's services to validate their products and applications.

In the field of "Automotive Cyber Security", the expert organization was able to further consolidate its position on the market after achieving designation as a Technical Service by the German Federal Motor Transport Authority (KBA) in 2021. The Lausitzring test facility and the DEKRA Technology Center in Klettwitz (Brandenburg) played a key role in this. When DEKRA took over the the Lausitzring five years ago, it set out to change the focus from a racetrack which conducted some testing work, to a test track which also hosts some races. "We succeeded, and the Lausitzring is now Europe's largest independent test site for automated and connected driving," adds the DEKRA Chairman. As part of a later development, so-called city courses will be created. These will simulate driving scenarios in built-up areas to act as the basis for vehicle tests.

Innovation partner for future trends

According to market studies, investments in green hydrogen technologies and projects will amount to an estimated 150 billion euros by 2030 - i.e. production, application technologies, components and infrastructure. It is estimated that the market for the TIC industry (Testing, Inspection, Certification) will be worth around one billion euros by 2030. For example, DEKRA is already working on upcoming test standards for high-pressure gas pipelines and has already qualified some pipelines for hydrogen in Germany. DEKRA is also able to approve H2 filling stations according to "HRS Conformity"

When it comes to hydrogen, car manufacturers and suppliers also rely on the DEKRA Technology Center. In their powertrain and exhaust emissions laboratory, for example, before the launch of the BMW iX5 Hydrogen demonstration fleet, the Center independently tested the manufacturer's specifications relating to the vehicle's consumption figures. This is an important step to gaining regulatory approval for the small series.

As part of its innovation partnership with the start-up Hylane, DEKRA is supporting the first commercially operated rental fleet of hydrogen-powered commercial vehicles in Germany. The fleet will initially consist of 44 trucks from different manufacturers which will be rented out to customers throughout Germany. “With our expertise, we will help ensure that the partners involved continue to make progress on their journey to sustainable mobility,” said Stan Zurkiewicz.

Since photovoltaic systems are set to play a much bigger role in sustainable power generation, DEKRA has continued to invest in its testing capacities in China, where most solar modules are made. As part of this strategy, the state-of-the-art solar laboratory to date was inaugurated in Shanghai in 2022. “The DEKRA Shanghai Renewable Energy Testing Center gives us the testing and certification resources we need to ensure that the solar industry can continue to grow and play its part in protecting our climate,” said the DEKRA boss

Digitalization of services

The investments DEKRA makes in digitalizing its services go beyond cyber security and automotive services. This investment also plays an important role in other Corporate Focus Areas, such as remote services for industrial facilities. “The use of digital technology means that testing personnel no longer have to work in hazardous environments which are cramped, toxic, or have a potentially explosive atmosphere,” explained Stan Zurkiewicz. Nowadays, such tasks can be carried out by remote-controlled robots equipped with sturdy cameras, for example in nuclear power plants in Scandinavia. This is complemented by digital inspection solutions for industrial facilities, using sensor data that is recorded continuously and enables online monitoring. The same principle is also used to monitor air quality in real time.

DEKRA is pooling its expertise in digitalization with its expertise in consulting, for example by looking at behavioral occupational safety measures. This approach has enabled Canadian National Rail (CN Rail) to considerably improve the safety of its employees. Within two years, the company, which has a workforce of 24,000 and a rail network of 36,000 kilometers, succeeded in reducing its injury rate by 32%. Accident costs fell by 49 million US dollars, and they reached 525 days without a fatal accident in June 2022.

Vehicle inspection: following entry into Costa Rica now active in 24 markets

One highlight of 2022 was our entry into the periodic vehicle inspection market in Costa Rica. From a total of eleven bidders the government of the Central American country chose DEKRA to operate its vehicle inspection program. “It makes us proud and underlines our position as the global market leader,” said Stan Zurkiewicz of the successful contract award. With the addition of Costa Rica, DEKRA now carries out vehicle inspections in 24 countries, five of them on the American continent. DEKRA will initially operate the national “Inspección Técnica Vehicular” vehicle inspection program for two years, with their 450 employees inspecting around two million vehicles annually. DEKRA has also been performing vehicle inspections in Spain since the middle of 2022. Now with the addition of Costa Rica, the number of inspections conducted annually by DEKRA across the globe will increase to over 30 million. Revenue from vehicle inspections, DEKRA’s largest business segment, is expected to increase by 4% to 1.3 billion euros in 2022.

Outlook

Safety and security are basic needs for everyone, all across the globe – particularly in times of crisis. “We take our mission to provide safety, security, and sustainability very seriously,” said Stan Zurkiewicz. DEKRA will therefore continue to work in a focused and disciplined manner on implementing its Strategy 2025 in the coming months. Despite a difficult and challenging environment, the DEKRA Chairman believes that the expert organization will also continue to grow in 2023. However, he is expecting sales growth in the low-to-mid single digits. The war in Ukraine and the resulting geopolitical tensions, soaring energy prices, and high inflation are all putting pressure on global economic activity and will cause a recession in several markets.

About DEKRA

DEKRA has been active in the field of safety for almost 100 years. Founded in 1925 in Berlin as Deutscher Kraftfahrzeug-Überwachungs-Verein e.V., it is today one of the world’s leading expert organizations. DEKRA SE is a subsidiary of DEKRA e.V. and manages the Group’s operating business. In 2022, DEKRA generated preliminary sales totaling almost EUR 3.7 billion. The company currently employs over 48,000 people (as of 30.09.2022) in approximately 60 countries on all continents. With qualified and independent expert services, they work for safety on the road, at work and at home. These services range from vehicle inspection and expert appraisals to claims services, industrial and building inspections, safety consultancy, testing and certification of products and systems, as well as training courses and temporary work. The vision for the company’s 100th

birthday in 2025 is that DEKRA will be the global partner for a safe, secure, and sustainable world. With a platinum rating from EcoVadis, DEKRA is now in the top one percent of sustainable businesses ranked.