

## INSTRUCTIONS FOR THE BOARD OF DIRECTORS

Adopted by the Board of Directors 15 October 2013.

### PREAMBLE

The composition of the Board of Directors of Stiftelsen Det Norske Veritas (the “Board”) as well as the Board’s overall functions are regulated by the Statutes of Stiftelsen Det Norske Veritas (the “Statutes”) sections 3 and 4.

These instructions for the Board (the “Instructions”) are established with reference to the Statutes section 4 first paragraph, according to which the Board shall draw up instructions for its own work. The Instructions repeat, reflect and supplement the Statutes.

Stiftelsen Det Norske Veritas is hereinafter referred to as the “Foundation”.

The Instructions were adopted by the Board of Directors on 23 August 2012, amended on 14 February 2013, and further amended on 15 October 2013. The Board may at any time amend the Instructions.

The objective of these Instructions is to provide an overview of the Board’s functions, duties and responsibilities, the rules relating to notice of meeting and other procedures in relation to board meetings, and the Chief Executive Officer’s responsibilities and duties towards the Board, within the framework of the Norwegian Foundation Act, the Norwegian Accounting Acts and the Statutes. The Instructions are binding on the members of the Board and the Chief Executive Officer, and apply correspondingly to deputy members when attending meetings.

The Instructions apply correspondingly to an elected Board observer as for Board members, except for the right to demand a meeting to be convened according to section 3.1 and the voting rights as specified in section 3.7.

## 1 THE DUTIES AND RESPONSIBILITIES OF THE BOARD

### 1.1 General

The Board is the Foundation’s supreme authority. The rights, duties and responsibilities of the Board follow from the Foundation Act, the Accounting Act and other relevant legislation, the Statutes and these Instructions.

The Foundation is the parent entity to Det Norske Veritas Holding AS which main functions are to manage the ownership in DNV GL Group AS, and to manage other assets. DNV GL Group AS is managing the DNV GL group of companies.

The overall duties of the Board are set out in the Statutes section 4 as follows:

*"The Board of Directors directs the activities of the Foundation and exercises any functions not explicitly vested in other governing bodies of the Foundation. The Board of Directors shall supervise the day-to-day management and the activities of the Foundation in general. In particular the Board of Directors shall ensure satisfactory organization of the Foundation's activities and ensure that accounting and financial management are subject to adequate control. The General Manager shall be appointed by the Board of Directors. The Board of Directors shall also ensure that satisfactory procedures are established for determination of classification rules. The Board of Directors determines further instructions for its work."*

## 1.2 The Board's authority

The Board has the authority to make decisions in all matters which in the Statutes are not explicitly vested with the Council or other governing bodies of the Foundation.

The Board may delegate authority to other bodies, positions and persons through the Chart of Authority, these Instructions and in case by case. The Chief Executive Officer's responsibility for the day-to-day management and delegation of tasks do no deprive the Board's authority.

The Board shall approve and annually review the Chart of Authority.

## 1.3 Governance, strategy and planning

The Board shall direct and oversee the activities of the Foundation.

The Board shall determine the objectives and strategies for the Foundation in collaboration with the Chief Executive Officer. The Board shall in particular ensure that the purpose of the Foundation as stated in the Statutes section 1 is achieved through the indirect ownership in DNV GL Group AS, and that the other assets of the Foundation are managed in the long term interest of the Foundation.

The Board shall approve the Foundation's business plan, financial plan and budgets, and, if necessary, establish further guidelines for the Foundation's operations.

## 1.4 Oversight duties

The Board shall keep itself informed of the Foundation's activities, and is under an obligation to ensure that:

- the day-to-day management delegated by the Board to the Chief Executive Officer is carried out in an adequate manner;
- the accounting and financial management are subject to adequate control;
- the Board's resolutions are followed up;
- the Foundation and its fully owned subsidiaries are subject to adequate internal control and that the Board considers whether a separate internal auditor for the Foundation should be appointed; ;
- the Board meets with the auditor(s) at least once per year without representatives from the management are present; and

- feed-back from the auditors are observed and due attention is paid to their recommendations.

### **1.5 Reporting**

The annual accounts and report shall be adopted by the Board and signed by all Board members and the Chief Executive Officer. The Board shall issue an annual report on corporate governance. The annual accounts and reports shall be submitted to the Control Committee and the Council.

The Board shall establish guidelines for the Foundation's reporting of financial and other information, including who is entitled to speak on behalf of the Foundation in various subjects.

### **1.6 Financial policy and use of funds**

The Board shall determine the objectives for the long-term solidity and financing of the Foundation. The Board shall ensure that the Foundation at any time has an equity which is sound in relation to the risk and extent of the operations of the Foundation.

The Board shall ensure that the financial policy, including policies for distribution of annual profits between the operational companies and the Foundation, is presented to and discussed with the Council.

### **1.7 Governance regime**

The Board shall ensure that the members of the Board are elected as board members in Det Norske Veritas Holding AS and DNV GL Group AS as well, and that all remunerations for these offices are in accordance with the Council's recommendations.

The Board shall be aware of possible conflicts of interest in transactions between the Foundation and its subsidiaries on one hand, and DNV GL Group AS and its subsidiaries on the other hand. The Board shall ensure that appropriate measures to mitigate such conflicts of interests are applied, for example to obtain independent advice.

### **1.8 Executive management and compensation.**

The following matters shall be decided by the Board:

- The employment terms and conditions for the Chief Executive Officer
- The key performance indicators (KPIs) for the Chief Executive Officer against which he/she shall be measured
- The process for appointment of a new Chief Executive Officer
- Principles and significant agreements regarding management services provided by other entities

The Board shall carry out an annual performance review and assessment of the key performance indicators (KPIs) of the Chief Executive Officer.

If the Board decides to appoint an internal auditor, the Board shall decide on employment matters related to the internal auditor.

The Board shall determine the compensation to the statutory auditor.

The Board shall each year prepare for an advisory vote by the Council a declaration regarding remuneration for senior executives.

The Board shall determine compensation to Council members and Council committee members, based on recommendation from the Council.

#### **1.9 Duties vis-à-vis the Council**

The members of the Board shall normally participate in the meetings of the Council. The Chairman of the Board is obliged to be present at the Council meetings, unless this is clearly unnecessary or a lawful excuse for non-appearance is provided.

The Board shall submit proposals to the Council as stated in the Statutes. The Board shall support the Council in its role related to the election of the statutory auditor.

The Board shall consider statements and proposals made by the Council to the Board and report back to the Council in the following Council meeting.

#### **1.10 Board evaluation**

The Board shall evaluate its own performance and expertise at the closing of every board meeting and on an annual basis, without members of management being present. A report from the annual self-assessment shall be given to the Nomination Committee.

## **2 THE CHIEF EXECUTIVE OFFICER'S FUNCTIONS AND DUTIES TO THE BOARD**

#### **2.1 The Chief Executive Officer's functions**

The Chief Executive Officer is responsible for the day-to-day management of the Foundation, and shall comply with the guidelines and orders issued by the Board for the day-to-day management of the Foundation's activities. The Chief Executive Officer may not make decisions in matters that, in relation to the Foundation's situation, are of an extraordinary nature or major importance. If the Chief Executive Officer is in doubt on whether a matter is within his/her authority, the Chief Executive Officer shall confer with the Chairman of the Board. The Chairman of the Board makes the final decision in such a case.

The Board authorizes the Chief Executive Officer to make decisions in matters that are of an extraordinary nature or major importance when such decision cannot be awaited without major disadvantage to the Foundation. The Board shall be notified as soon as possible of the decision.

The Chief Executive Officer is authorized to make decisions in accordance with the Chart of Authority. The Chief Executive Officer may delegate authority to his/her subordinates in accordance with the Chart of Authority.

The Chief Executive Officer shall ensure that the Board's strategy and instructions are implemented in fully owned subsidiaries within the framework of the relevant company legislation.

Further guidelines for the functions and duties of the Chief Executive Officer are set out in the Instructions for the Chief Executive Officer.

## 2.2 The Chief Executive Officer's duties to the Board

The Chief Executive Officer shall at least every fourth month at a meeting or in writing, make a statement to the Board on the Foundation's operations, position and performance development. The Chief Executive Officer shall inform the Board immediately of issues of major significance for the Foundation.

The Board may at any time demand that the Chief Executive Officer reports to the Board on specific matters. The individual members of the Board may make such demands to the Chief Executive Officer, however so that the whole Board is informed of such demands being made.

The Chief Executive Officer shall present the annual accounts and annual report to the Board. The Chief Executive Officer shall also ensure that the annual accounts and annual report are prepared in accordance with applicable legislation and financial reporting standards.

The Chief Executive Officer shall prepare matters that are to be dealt with by the Board in consultation with the Chairman of the Board. A matter shall be prepared so that the Board members have adequate basis for dealing with it.

## 3 BOARD MEETING PROCEDURES

- 3.1 The Chairman of the Board shall convene meetings according to the Board's annual plan. The Chairman may also at his or her discretion convene additional meetings in order to deal with specific items. The Chairman shall convene additional meetings if so requested by a Board member or by the Chief Executive Officer. The Board shall convene at least two times per year.
- 3.2 Notice of the meetings of the Board together with details of the agenda is prepared by the Chief Executive Officer and the Chairman. Notice of the meeting, agenda and supporting documentation shall be made available to the Board members one week prior to the meeting, unless topics arise that need to be addressed urgently. In such circumstances the required documentation should be received as early as possible.
- 3.3 The agenda of ordinary meetings shall normally include a report from the Chief Executive Officer. The report shall be given both in writing and orally in the meeting. The Board shall also be informed of the status on the implementation of the Board's previous resolutions. Each Board member may suggest additional items on the agenda of the meeting by giving the Chairman five days prior notice. If all Board members agree, items can be included in the agenda also at the meeting. The Board shall effectuate any inspections they consider necessary in order to perform its tasks. The Board shall effectuate such inspections if so demanded by one or more members of the board.
- 3.4 The Chairman may in special cases decide that a matter can be submitted in writing or be dealt with in some other adequate manner. The Chairman of the board shall ensure that the members wherever possible can participate in a collective consideration of matters that are dealt with outside meetings. A Board member and the Chief Executive Officer may require that the matter is dealt with in a meeting.
- 3.5 The meetings are chaired by the Chairman or, in the absence of the Chairman, by the Vice-Chairman. If both the Chairman and the Vice-Chairman are absent, the Board shall elect a person to chair its discussions.

- 3.6 The chairman shall in the beginning of each meeting or agenda item inform the Board of discussions he/she has had with the Chief Executive Officer prior to the board meeting about the relevant issues. In order to ensure a more independent consideration of matters of a material character in which the Chairman of the Board is, or has been, personally involved, the Board should consider if the deliberations of such matters should be chaired by some other member of the Board.
- 3.7 The Board forms a quorum when at least seven members are present. All resolutions are adopted by ordinary majority. In the event of an equal vote, the person who chairs the discussions, cf 3.5, has the casting vote. The Board may not adopt resolutions unless all the Board members have wherever possible been invited to participate in the discussion of the matter. If any Board member is absent and there is a deputy, the deputy shall be called.

For the purpose of elections and appointments, the person who obtains the largest number of votes shall be deemed to be elected or appointed. The Board may decide in advance to hold renewed voting if nobody obtains a majority of the votes cast. In the event of an equal vote in the election of an ad hoc chairman, the election will be decided by drawing of lots. In other cases, the person who chairs the discussions, cf. 3.5, has the casting vote.

This section 3.7 does not apply to a Board observer. The observer has no voting rights. The observer shall not be included when considering if the Board forms a quorum.

- 3.8 The Chief Executive Officer shall participate in the meetings of the Board, except as otherwise decided by the Board in each case. The Chief Executive Officer is not entitled to vote.
- 3.9 In addition to the Chief Executive Officer and the secretary to the Board, the meetings of the Board shall be open to attendance only by such persons from the executive management as the Chairman and the Chief Executive Officer shall designate. The Chairman may also invite other persons and experts to attend the meetings of the Board.
- 3.10 The Board shall determine what information, if any, to be distributed from each Board meeting. Unless otherwise decided, the Chairman speaks on behalf of the Board.

#### **4 MINUTES OF MEETINGS**

- 4.1 The language of the meetings of the Board shall be English and the minutes and all documents pertaining thereto shall be in the English language.
- 4.2 The minutes shall at least provide the time and place, name the participants, the mode of procedure, the Board's observations and resolutions. If a resolution is not unanimous, the names of the members having voted for and against shall be stated. Members who do not agree on a resolution may require that his or her opinion is to be entered in the minutes.
- 4.3 The secretary to the Board shall be responsible for the preparation of minutes of the proceedings of the meetings of the Board. Suggested minutes from Board meetings shall be sent to the Board members within a week after the meeting. The minutes shall be presented to the Board for approval at its next meeting. The minutes shall be signed by the participants.
- 4.4 The secretary to the Board shall be responsible for the custody of the minutes and other documents relating to the proceedings of the Board.
- 4.5 The minutes from the Board meetings shall be submitted to the Control Committee and to the Chairman and the Vice-Chairman of the Council.

- 4.6 The Board shall receive copies of minutes from meetings in the Council and the Control Committee. Such minutes shall be submitted to the Board as soon as they are available.

## 5 IMPARTIALITY

- 5.1 A Board member cannot participate in the discussion or decision of any matter which is of such particular importance to the Board member or any closely-related party of the Board that the Board member must be regarded as having a special and prominent personal or financial interest in the matter. The same applies to the Chief Executive Officer. Each Board member and the Chief Executive Officer are individually responsible for ensuring that they are not disqualified from discussing any particular matter.
- 5.2 Members of the Board shall disclose any interests they themselves or their closely-related parties may have in the outcome of any particular matter. The rest of the Board shall decide whether there exist such weighty special interests that can be deemed to constitute a conflict of interest.
- 5.3 The Board members shall inform the secretary to the Board of employments, offices, financial and other significant interests that may have bearing on their partiality.
- 5.4 Agreements between the Foundation and a Board member or the Chief Executive Officer are subject to Board approval. Agreements between the Foundation and third parties in which a Board member or the Chief Executive Officer may have a special interest are also subject to Board approval.

## 6 DUTY OF CONFIDENTIALITY

- 6.1 The Board members have a duty of confidentiality with respect to any information that is not publicly known concerning the customers of the Foundation and its subsidiaries that comes to their knowledge by virtue of their office. The same applies to information regarding the Foundation, its subsidiaries and business partners. The duty of confidentiality does not apply in relation to the Control Committee or the external auditor. The duty of confidentiality does not apply to information lawfully requested by authorities or other parties.
- 6.2 The duty of confidentiality implies that the members shall not disclose information that comes to the members knowledge by virtue of their office, and that is not publicly known, unless with consent from the Chairman of the Board. Members must also take due care so that confidential information does not come into the possession of unauthorized persons.
- 6.3 The duty of confidentiality pursuant to the provisions above in this section 6 shall not constitute an obstacle to Board members consulting with third parties, if such consultation is necessary in order for the Board members to adequately carry out its duties as Board members, provided that the third party consulted has or undertakes to observe the same duty of confidentiality with respect to the information as the Board member him/herself.
- 6.4 The duty of confidentiality pursuant to the provisions above in this section 6 shall not constitute an obstacle to the Chairman of the Board, or a person specially appointed by the Board or Chairman of the Board, giving information to third parties provided that this is necessary and in the best Foundation's interest, provided that the third party receiving the information has or undertakes to observe the same duty of confidentiality with respect to the information as the Chair of the Board or the person appointed.

- 6.5 The proceedings of the Board are confidential unless otherwise is stated in these Instructions or in the Statutes, and unless otherwise is decided in each individual case. Individual Board members may not make their dissent known to third parties without the prior written consent of the Chairman of the Board.
- 6.6 Upon termination of their office as Board members, the Board members are obliged to shred or return to the Foundation all documents and other material related to the office as Board members.

## **7 CODE OF CONDUCT**

- 7.1 The members of the Board shall adhere to the Code of Conduct of DNV with the exception that members of the Board may have employments, offices or financial interests beyond what is permitted for employees.

## **8 GROUP GOVERNANCE**

- 8.1 The Board meetings of the Foundation and Det Norske Veritas Holding AS shall to the extent practical be held in parallel.
- 8.2 The Board of directors of the Foundation's subsidiaries are obliged to furnish the Board with information that is necessary for the purpose of considering the Group's position and the results of the Group's operations.
- 8.3 The Foundation shall inform the Board of directors of the Foundation's subsidiaries of matters that may be of importance to the Group as a whole. The Foundation shall also inform the Board of directors of subsidiaries about resolutions that may be of importance to the subsidiary, before they are finally adopted.

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