

**ANNUAL REPORTS 2016
FOR STIFTELSEN
DET NORSKE VERITAS**



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Contents

CEO'S INTRODUCTION	03
BOARD OF DIRECTORS' REPORT 2016	04
REPORT ON CORPORATE GOVERNANCE 2016	16
FINANCIAL STATEMENTS	32
AUDITOR'S REPORT	62

About Stiftelsen Det Norske Veritas

Stiftelsen Det Norske Veritas is a free-standing, autonomous and independent foundation whose purpose is to safeguard life, property and the environment. This purpose is achieved through its ownership of wholly or partly-owned companies – of which the most important is the DNV GL Group, a classification, certification and technical assurance and advisory company.

The DNV GL Group was formed following the merger between the two classification societies DNV and GL in September 2013. Stiftelsen Det Norske Veritas owns 63.5% of the DNV GL Group through Det Norske Veritas Holding AS. The remaining 36.5% is owned by Mayfair Beteiligungsfonds II GmbH & Co KG.

In addition to its main activity as majority owner of DNV GL Group, Stiftelsen Det Norske Veritas also owns real estate, most notably the headquarters premises at Høvik (outside Oslo) of both Stiftelsen Det Norske Veritas and the DNV GL Group in Norway

CEO'S INTRODUCTION

The purpose of Stiftelsen Det Norske Veritas is mainly realized through majority ownership of the DNV GL Group. 2016 was the first year of DNV GL's current strategy period - 2016 to 2020. After one year, the strategy has proven to be relevant, robust and adequate through challenging market developments and significant changes in the geopolitical arena. However, 2016 was the toughest year for DNV GL in 30 years because of the downturn in the maritime and upstream oil & gas markets.

I expect the challenging market situation for shipping and offshore oil & gas to continue during the period ahead, even allowing for a more optimistic outlook in selected sectors such as cruise. At the same time, I believe the renewable energy sector will grow significantly due to the drop in the cost of both renewable energy and energy storage, making this combination increasingly competitive.

DNV GL has taken some key decisions to improve its cost position and efficiency. Most of the effects will be realized during 2017 and I expect to see the full effect in 2018.

DNV GL is taking advantage of new digital technologies which create opportunities to deliver services more efficiently, drive a better customer experience and increase the impact of our services. DNV GL is the first classification society to offer drone-based tank surveys, with numerous such surveys already completed. The company has also successfully piloted digital certificates and is the first classification society ready to roll on that front.

In addition, DNV GL has been hired to do a groundbreaking Real Time Networks project for one of the UK's key gas distribution operators. Here, we are combining our expertise in pipelines, sensors, software, data analytics and digital solutions to enhance system performance.

To fortify its energy services, DNV GL acquired power systems expert Gothia Power in Sweden and Green Power Monitor in Spain. This strengthened not only DNV GL's

energy position but also the company's 'digital power position.' Green Power Monitor is a leading harvester of data from solar plants and uses this to provide insight and give advice to operators.

The potential for the smarter use of data is enormous. The key to unlocking this potential is trust and the ability to operate across silos. This is where I see DNV GL playing a critical role in the era of the Internet of Things. I see this as a natural extension of DNV GL's role as a widely trusted, independent party with deep domain expertise and strong analytics capabilities.

Stiftelsen Det Norske Veritas is also the owner of real estate. A new office building at the Veritas Centre at Høvik, with 10,000m² of offices and conference areas as well as a new underground car park for 200 cars, was finished in December 2016. DNV GL has signed a 10-year lease on this new building.

Despite the challenging conditions in many of DNV GL's markets, Stiftelsen Det Norske Veritas remains strong, with excellent solidity and financial strength. Our purpose of safeguarding life, property and the environment is more valid than ever before, and I'm confident that Stiftelsen Det Norske Veritas is well positioned to continue its role as an active owner and a global driver for a safe and sustainable future.



Remi Eriksen
Chief Executive Officer

BOARD OF DIRECTORS' REPORT 2016

Stiftelsen Det Norske Veritas is a free-standing, independent Norwegian foundation whose long-lasting purpose is to safeguard life, property and the environment. This purpose is realized mainly through its majority ownership of DNV GL Group AS. In addition, Stiftelsen Det Norske Veritas has a portfolio of investments in real estate and securities. The Stiftelsen Det Norske Veritas group of companies (Det Norske Veritas) achieved revenues of NOK 20,852 million in 2016 and a net profit after tax of NOK 876 million.

Through its fully owned subsidiary Det Norske Veritas Holding AS, Stiftelsen Det Norske Veritas is the majority shareholder of DNV GL Group AS (DNV GL), with 63.5% of the shares, and the sole owner of the real estate company Det Norske Veritas Eiendom AS.

DNV GL GROUP AS (DNV GL)

DNV GL is the foremost vehicle for Stiftelsen Det Norske Veritas to achieve its purpose and vision.

Driven by its purpose of safeguarding life, property and the environment, DNV GL enables organizations to advance the safety and sustainability of their business. It provides classification and technical assurance along with software and independent expert advisory services to the maritime, oil & gas and energy industries. DNV GL also provides certification services to customers across a wide range of industries. Operating in more than 100 countries, its 13,550 professionals are dedicated to helping customers make the world safer, smarter and greener.

DNV GL is organized in a group structure with five business areas: Maritime, headquartered in Hamburg, Germany; Oil & Gas, headquartered in Høvik, Norway; Energy, headquartered in Arnhem, the Netherlands; Business Assurance, headquartered in London, UK; and Software, headquartered in Høvik, Norway. The Global Shared Services unit provides HR, Finance and IT support services to all business units and is headquartered in Høvik, Norway.

MARKET

In the maritime world, 2016 presented a set of particularly challenging market conditions for most shipping segments as well as the mobile offshore unit (MOU) segment. Rates remained under substantial pressure, asset values continued to deteriorate and 2016 was the third-highest year ever for scrapping. Despite this, the world fleet grew by 1% in terms of number of vessels and 3% in terms of gross tonnage (GT), as 2,618 ships with a total of 67 million GT were delivered. In the newbuilding market, just 940 ships, 18.3 million gross tonnes (GT), were contracted in 2016. This represents a 70% drop compared to 2015 and is the lowest total in 32 years (in terms of GT). The offshore market came to an almost complete halt, with new builds being cancelled or delayed from the yards and existing units entering lay-up on a vast scale.

Consequently, DNV GL's newbuilding order intake was much lower than in recent years. However, in a very depressed market, our share was significantly higher than in 2015 and DNV GL led all classification societies, with 25% of global orders by GT. In a highly competitive market for the fleet in service, strong efforts in Greece and Germany resulted in positive class entries in these regions. At the end of 2016, the DNV GL-classed fleet stood at 12,404 vessels and MOUs, totalling 277.5 million GT, an increase of 3.3% in gross tonnage.

The cruise market was once again a bright spot – with cruise newbuilding orders more than tripling and the majority of orders going to DNV GL. In contrast, in the

container market, 2016 was possibly the most impactful year since the invention of the 20-foot box. Global container capacity equalling nearly 600,000 TEU was removed from service – particularly the “out of favour” Panamax-size vessels.

Several new initiatives were launched in 2016 to help customers perform at the highest level, especially in compliance with international rules. The Port State Control (PSC) Initiative worked to raise crew awareness of the detainable items found on DNV GL ships and the preparation procedures for PSC inspections. This led to the DNV GL-classed fleet’s PSC statistics continuing to improve in 2016.

During 2016, DNV GL launched new digital services and tailored apps to make life easier for its customers. These include enabling customers to check regulatory compliance (MRV readiness), search for potential digital weaknesses, and find new opportunities quickly and easily through the MyDNVGL customer portal.

Direct Access to Technical Experts (DATE) is a service where customers can connect with the relevant expert and set a time for a request to be resolved. The service was used more than 20,000 times in 2016, with over 97% of requests being completed by the customer’s deadline and with 90% of customers giving the service a 4- or 5-star rating (out of 5).

In challenging market conditions, our customers’ focus has been on cost containment and reducing operating costs. The value proposition for our software for ship management and operations has proven attractive and we have achieved good growth and profitability for these software solutions. We experience good traction for these products in all markets, especially Asia.

The oil and gas industry is adjusting to a new normal, with more volatile oil and gas markets and lower price levels for all energy sources. All players have been forced to take painful cost-cutting measures by reducing their capital expenditure and headcount. Several companies throughout the value chain are also making strategic shifts in their

portfolio towards lower-cost projects, shorter investment cycles and higher levels of flexibility.

DNV GL has kept a strategic focus on long-term value creation for its oil and gas customers through investments in innovation and competence building. There has been a specific focus on digitalizing DNV GL’s service portfolio. This provides enhanced value for customers through models and information which are easily updated and utilized for the project’s lifetime. For example, the first digitally-enabled standards were introduced for the warranty approval of marine operations. The company also introduced an interactive reporting service with 3D visuals that brings quantitative risk assessments into the digital age.

By providing a neutral ground for industry collaboration and building on its deep technical expertise, the company launched 43 new joint industry projects to help oil and gas customers reduce both complexity and cost.

A solid order book for the pipeline business – with growth in demand for services across Europe and the Americas last year – reflected DNV GL’s expert position and track record for innovation in this area. In 2016, DNV GL celebrated the 40th anniversary of the industry’s first and still relevant global standard for the design, construction and operation of offshore submarine pipelines.

DNV GL continues to be at the leading edge of implementing new technologies in the pipeline market and is supporting a UK gas distribution operator with a project that will pave the way for networks that can handle mixed-source gas with varying energy content cost-effectively and securely.

In these challenging times, oil and gas customers are focusing on maintaining a high uptime and improving the efficiency and productivity of their assets. Our software solutions for the oil and gas market have seen good growth and increased their market share in upstream as well as midstream and downstream segments. Our integrity management and asset optimization solutions have experienced increased traction.

New important oil and gas contracts include a new master service agreement with Statoil for pipeline technology, platform technology, safety and structural reanalysis; in-service verification services to Australia's Ichthys project; and a significant contract with a major Middle East-based operator for site inspection services.

Demand increased for DNV GL's due diligence services, which support buyers, sellers and financiers throughout the value chain as they update their portfolios to be better positioned in the current market. At the same time, planning for the decommissioning of old oil and gas infrastructures has increased, and DNV GL is playing an important role to ensure this can be done in a safe and environmentally sound manner.

2016 was characterized by lower energy costs. Renewables have now become mainstream in the market and interests have shifted to optimizing operations and managing assets.

Consolidation in the wind turbine market led to fewer new models and less demand for type certificates, but wind project certification is a growing market in the US and Asia. In addition, new players, including oil companies, are entering the market and investing in large-scale infrastructure projects.

The integration of renewables into grids and rise of storage as a back-up solution require transmission and distribution grids to adapt and become more flexible. This drives the need for DNV GL's services for validating investments in storage, complex control systems and energy management. New, more complex grid infrastructures and the rise of super grids in Asia are driving the need to quality test high-voltage and high-power grid equipment.

With ageing grid infrastructures, asset reliability and performance is a key focus area for the company's grid and utility customers. DNV GL experienced good growth in the related software segment and sees increasing traction internationally.

To strengthen its energy services, DNV GL acquired power systems expert Gothia Power in Sweden and Spain's Green Power Monitor, a global leader in solar monitoring.

As a global assurance provider, DNV GL - Business Assurance works with a diverse customer base which continues to call for assurance in many ways and forms. Stakeholder and legislative drivers, coupled with complex and global value chains, continued to increase the need for independent third-party certification. Management system certification remained the main service.

The overall ISO management system certification market expanded by 3% worldwide (2015 figures). Within this market, DNV GL is maintaining a leading position in terms of market share and innovation.

The expansion of DNV GL's assurance portfolio continued, with growth of 13% in Product Assurance and 14% in Supply Chain Management and other assurance services that help companies work towards responsible consumption and production. Within the food and beverage industry, growth exceeded expectations once again. Similarly, healthcare services accelerated in 2016.

The integration of Noomas was completed successfully, supporting the expansion of the aquaculture portfolio to address the entire aquaculture value chain.

In 2016, we initiated projects exploring big data concepts and data custodian roles in the aquaculture and healthcare sectors. Due to the collaboration with industry players, experts and governmental bodies, these projects have the potential to address major industry challenges by building trust into digital platforms, data sharing and data analytics. Working to preserve health or provide food, the activities will continue to support our Life Science strategy in 2017 and beyond.

Despite continued challenging and contracting markets in 2016, all DNV GL - Software's product lines either maintained or increased their revenue.

All product lines grew their market share. Sales to new customers accounted for 27% of total sales. DNV GL - Software secured 255 new accounts in 2016, while the total volume of new licence sales contracted by 14% compared to 2015. Software consulting services once again experienced strong annual growth in revenue.

Operational efficiency and cost management are continuing to improve the financial performance of our software business. All product lines except for one show profitable operations, and are still in accordance with our business plan.

INNOVATION

Innovation is a cornerstone of DNV GL's business model. It is also central to the differentiation strategy that enables DNV GL to meet its strategic goals and has allowed the company to become a preferred and trusted risk-management and technology advisor to the maritime, energy, oil & gas and life science industries.

Consequently, the company is upholding its commitment to invest 5% of its annual revenues in research and innovation activities despite ongoing cost-cutting measures. The purpose is to deliver the best insight and technical abilities to help its customers work safer, smarter and greener. Innovative solutions and foresight are co-created and shared with the industries in which DNV GL is active.

Of the total 5% of annual revenues invested in research and innovation, one fifth is allocated to long-term strategic research. To support the company's strategic ambition of becoming a data-smart company, over half of the research and innovation activities are dedicated to digitalization and automation.

INVESTMENTS IN REAL ESTATE AND FINANCIAL MARKETS

Stiftelsen Det Norske Veritas' and DNV GL's headquarters have been co-located in the Veritas Centre at Høvik, just outside Oslo, Norway, since 1976. The headquarters' site is owned by the fully owned subsidiary Det Norske Veritas Eiendom AS. DNV GL is the main tenant of Det Norske

Veritas Eiendom AS and a lease has been entered into on arm's length terms.

The main office buildings, Veritas 1 (1976) and Veritas 2 (1983), comprise a total of 72,000m² of office space and two multi-storey car parks for 1,050 cars. A new office building, Veritas 3, with 10,000m² of offices and conference areas as well as a new underground car park for 200 cars, was finished in December 2016 and DNV GL has signed a 10-year lease on this new building.

Stiftelsen Det Norske Veritas and Det Norske Veritas Holding AS have a NOK 4.1 billion portfolio of financial investments, mainly in money market funds. This portfolio is diversified and highly liquid, has a low interest rate risk and low credit risk, and produced a return of NOK 102 million in 2016.

FINANCIAL PERFORMANCE

The consolidated statements for Det Norske Veritas include Stiftelsen Det Norske Veritas and all the companies in which Stiftelsen Det Norske Veritas directly or indirectly has a controlling interest. The financial statements have been prepared in accordance with the Norwegian Accounting Act and Regulations on Simplified IFRS.

Det Norske Veritas recorded revenues of NOK 20,852 million in 2016, a decline of 11% compared to 2015. The negative growth reflects 3% currency effects and non-organic growth and a 14% decline in business volume.

DNV GL Group AS achieved operating revenues of NOK 20,834 million in 2016, a revenue decline of NOK 2,556 million from 2015. The nominal growth is -11%, and reflects a contraction in business volume from the Maritime and Oil & Gas segments. Currency-neutral organic growth was -12%, while non-organic growth accounted for 1%. The non-organic growth includes acquisitions of Noomas, Gothia Power and Green Power Monitor and the divestment of the Oil & Gas Material & Failure Analysis laboratory in Germany. The positive currency effect weakened throughout the year and ended at 2%.

The Maritime business area recorded revenues of NOK 8,216 million. That corresponds to a contraction of 17% compared to 2015, with an accelerated business-volume contraction in the second half of 2016.

The Oil & Gas business area reported revenues of NOK 4,955 million, representing a volume contraction of 18%.

The Energy business area posted revenues of NOK 3,583 million, reflecting nominal growth of 2% that comes from favourable currency effects and the acquisitions of Gothia Power and Green Power Monitor.

Business Assurance concluded the year with nominal growth of 4% and revenues of NOK 3,146 million. Supply Chain Management and Assurance services contributed to significant growth beyond the Management System Certification services.

The Software business area delivered profitable nominal growth of 4% and external revenues of NOK 859 million in a challenging market.

In 2016, total revenues for the real estate company, Det Norske Veritas Eiendom AS, amounted to NOK 238 million, of which NOK 18 million was revenue from companies outside the Group.

Lower business volume in Maritime and Oil & Gas in 2016 as well as capacity adjustments led to a reduction in the earnings before interest, tax, amortizations and impairment (EBITA) from NOK 2,502 million in 2015 to NOK 1,389 million in 2016, reflecting an EBITA margin of 6.7%. Significant one-off cost elements related to the downsizing of the organization and the corresponding reduction in office space were reflected in 2016.

Goodwill impairment test at year-end 2016 showed that Energy is in an impairment situation. A goodwill impairment of NOK 299 million has been reflected in the income statement for 2016.

After the goodwill impairment and NOK 531 million amortization of intangible assets, the operating profit

(EBIT) decreased by NOK 1,407 million, from NOK 1,966 million in 2015 to NOK 559 million in 2016.

The net financial income was NOK 834 million in 2016, compared to NOK 39 million in 2015. NOK 682 million of this originates from an arbitral award related to the financial settlement between Stiftelsen Det Norske Veritas and Mayfair Vermögensverwaltung SE when DNV and GL merged in 2013 and NOK 102 million is the return on Stiftelsen Det Norske Veritas' and Det Norske Veritas Holding AS' investments in bank deposits and money market funds. The remaining net amount of NOK 50 million includes positive currency effects of NOK 50 million, settlements with Mayfair Vermögensverwaltung SE related to pre-merger issues of NOK 42 million and net interest costs from defined benefit pension plans of NOK 39 million.

The 2016 tax expense of NOK 517 million represents an average tax rate of 37%.

The net profit for 2016 was NOK 876 million, compared to NOK 1,233 million for 2015.

The net cash flow for the year was positive by NOK 314 million. The cash flow from operations was NOK 792 million in 2016, influenced by improved accounts receivable collection and an overall reduction in working capital. The cash flow from investments was NOK -194 million in 2016. Net investments of NOK 418 million in tangible fixed assets were mainly in laboratories in Arnhem, the Netherlands, as well as office-related and IT-equipment investments. Of the investments in intangible assets, NOK 327 million was primarily related to new software platforms. Acquisitions totalled NOK 235 million and divestments NOK 155 million in 2016. Settlements with the minority shareholder in DNV GL related to pre-merger events and the merger agreement led to a positive cash effect of NOK 623 million. The NOK 285 million negative cash flow from financing activities includes NOK 100 million net repayments of external loans and NOK 185 million dividend payments to the minority shareholder in DNV GL.

At the year-end, Det Norske Veritas had liquidity reserves of NOK 7,789 million and unused credit lines of NOK 3,100 million. Det Norske Veritas has a strong balance sheet with an equity ratio of 71% of total assets. Due to the strengthening of NOK against most currencies, foreign currency losses of NOK 1,057 million relating to net investments in foreign subsidiaries were reflected in the equity in 2016.

Net actuarial losses of NOK 86 million from defined benefit pension plans were reflected in equity at the year-end. NOK 159 million of the actuarial losses was caused by changed assumptions in the actuarial calculations, while gains of NOK 100 million follow from the actual return on the plan assets in the Norwegian pension.

The accounts of the parent company, Stiftelsen Det Norske Veritas, show a loss of NOK 1 million for the year. The Board of Directors proposes to cover the loss from other equity.

The Board confirms that the going concern assumption applies and that the financial statements have been prepared on this basis. The Board regards Det Norske Veritas' financial performance as satisfactory and liquidity as very good. Both parameters contribute to a robust platform to achieve our strategic targets and maintain our independence as a financially strong and trusted foundation. The Board also confirms that, to the best of its knowledge, the information presented in the financial statements gives a true and fair view of the assets, liabilities, financial position and results of Det Norske Veritas for the period, and that there are no material events after the balance sheet date affecting the 2016 financial statements.

STRATEGY

The strategy of Stiftelsen Det Norske Veritas is to continue to safeguard life, property and the environment through being the majority shareholder in DNV GL and to grow and expand the business of DNV GL. Stiftelsen Det Norske Veritas will ensure that its equity and available funds are sufficient and provide the required liquidity and flexibility for it to be a long-term majority owner of DNV GL.

DNV GL's objective is to build further resilience to volatile market conditions in its existing core industries, and the company also wants to become a trusted assurance provider within the life science sector. Both organic and non-organic growth are being pursued within healthcare and food safety and sustainability, which are markets with significant growth potential. The objectives of safeguarding life and building trust and confidence in these industries fit well with the company's purpose, vision and values.

The governance of and shareholding in DNV GL are based on a shareholders' agreement with Mayfair Beteiligungs-fonds II GmbH & Co KG.

The strategy for the real estate activities is that Stiftelsen Det Norske Veritas will remain the owner of the headquarter premises at Høvik in Norway and further develop the potential of this area to meet the need for office facilities of its subsidiary companies located in the Oslo area.

ORGANIZATION

DNV GL is the main component of Stiftelsen Det Norske Veritas' consolidated accounts. All those working to fulfil the purpose of Stiftelsen Det Norske Veritas are employed by DNV GL. Management and administrative services for Stiftelsen Det Norske Veritas, Det Norske Veritas Holding AS and Det Norske Veritas Eiendom AS are provided by resources in the Norwegian subsidiary DNV GL AS pursuant to a Management Services Agreement entered into on arm's length terms.

A dedicated management resource is seconded from DNV GL AS to Det Norske Veritas Holding AS as advisor to the Chairman of the Board under the Management Services Agreement.

The total number of employees at year-end 2016 was 13,550. The decline of almost 2,500 employees over the last two years reflects that 2016 has been the most challenging year for DNV GL in 30 years due to the continued downturn in the maritime and oil & gas markets. The employees represent 115 countries, and groups of more than 100 employees come from 20 of these nationalities. The largest regions in terms of number of employees are

the Nordics, West and South-East Europe, North America, Central Europe and Northern Asia.

The Board considers its purpose, vision and values to be instrumental in attracting and retaining the diverse workforce necessary in the global markets. Likewise, the Board emphasizes the importance of the sound management of human and labour rights. A career in Det Norske Veritas should not be hindered by nationality, gender or age if the employee has the competence, attitude and values needed for the role. The Board of Directors of Stiftelsen Det Norske Veritas consists of four men and six women. The Board's combined expertise represents a range of stakeholders, markets and disciplines. The composition of the Board changed in August 2016. Liselott Kilaas was appointed as a new member of the Board, and Liv Aune Hagen and Nina Ivarsen were elected as new members of the Board by and among DNV GL employees. The Board would like to thank Hilde Tonne, Silje Grjotheim and Odd E. Sund for their past contributions as board members.

To maintain a lean management structure, Det Norske Veritas applies DNV GL's management system to the extent that this is relevant. For selected areas, the Board has decided on specific management policies for Stiftelsen Det Norske Veritas, Det Norske Veritas Holding AS and Det Norske Veritas Eiendom AS.

GOVERNANCE

Stiftelsen Det Norske Veritas considers sound corporate governance to be fundamental in securing trust in the fulfilment of its purpose "to safeguard life, property and the environment" and a cornerstone for achieving the greatest possible value creation over time in the best interests of Det Norske Veritas' stakeholders.

The Board maintains its practice of reporting annually on corporate governance according to principles that apply to listed public limited companies in Norway. It applies these corporate governance principles to the extent relevant for Stiftelsen Det Norske Veritas, which has no shareholders or owners.

In 2016, the Board continued to further develop and refine the company's corporate governance model and role as a majority owner and holding company without direct involvement in business operations. This work is carried out continuously, in close cooperation with the other governing bodies of Stiftelsen Det Norske Veritas.

Through its fully owned subsidiary Det Norske Veritas Holding AS, Stiftelsen Det Norske Veritas is the majority shareholder of DNV GL, owning 63.5% of the shares. Mayfair Beteiligungs-fonds II GmbH & Co KG is a minority shareholder of DNV GL, owning 36.5% of the shares.

After the merger of DNV and GL in 2013, the two shareholders of DNV GL have had some disputes based on certain representations and warranties in the Business Combination Agreement and on how to govern DNV GL in accordance with Norwegian law and the Shareholders' Agreement.

The first arbitration proceedings were initiated by Det Norske Veritas in the autumn of 2014 and, on 21 March 2016, the Arbitration Institute of the Stockholm Chamber of Commerce awarded Det Norske Veritas a compensation of NOK 699 million (including interest) and in addition a compensation of NOK 24 million for legal costs.

The second arbitration proceedings were initiated by Mayfair Vermögensverwaltung SE in July 2015 and, on 13 June 2016, the Arbitration Institute of the Stockholm Chamber of Commerce dismissed the claims made by Mayfair Vermögensverwaltung SE in their entirety and ordered Mayfair Vermögensverwaltung SE to procure the removal of two of the directors of DNV GL Group AS nominated by Mayfair. Furthermore, Mayfair Vermögensverwaltung SE was ordered to reimburse Det Norske Veritas' legal costs of NOK 9 million.

The Business Combination Agreement from 2013 includes clauses related to settlements between the shareholders when conclusions are reached related to tax from the pre-merger period and other pre-merger events. In the autumn of 2016, a procedure for the smooth handling of such cases was agreed on between the DNV GL shareholders.

The Board issues a separate corporate governance report intended to match, to the extent possible and reasonable, the highest requirements in relevant laws and guidelines, such as the Norwegian Public Limited Companies Act and Code of Practice for Corporate Governance (the “Code of Practice”). This report is published on www.detnorskeveritas.com.

CORPORATE RISK MANAGEMENT

The Board underlines the importance of continuously having a comprehensive understanding of the risks facing Det Norske Veritas that could affect its purpose, vision, values, reputation and key objectives.

Det Norske Veritas has processes in place to proactively identify such risks at an early stage to initiate adequate risk mitigating measures and actions, assign roles and responsibilities and evaluate whether the residual risk is acceptable. The Board formally reviews the risk management status and outlook twice a year. The review of risks and opportunities is conducted as part of both the strategy revision process and the annual plan process.

DNV GL calculates its risk-adjusted equity on an annual basis, taking into consideration the most important risk factors. Based on value-at-risk methodology, the analysis includes potential losses from operations, foreign-exchange exposure, financial investments and pension plan assets and liabilities. The book equity less the maximum calculated loss illustrates DNV GL's total risk exposure and the amount that can be lost in a worst-case scenario. This exercise gives the Board a measurable overview of the key quantified risks and DNV GL's capacity to take on additional risk.

The risk related to the activities outside DNV GL is moderate. Det Norske Veritas' main financial risks are market risk (interest rate and foreign currency risk), credit risk and liquidity risk.

Interest rate risk: as Det Norske Veritas has limited external borrowings, its exposure to interest rate risk is primarily related to DNV GL's defined benefit pension com-

mitments. Lower interest rates over the past few years have led to an increase in the pension commitments. The Group's policy is to limit the number of new entrants to defined benefit pension schemes. In addition, there is limited exposure to the risk of changes in market interest rates related to DNV GL's forward exchange contracts.

Foreign currency risk: Det Norske Veritas has revenues and expenses in approximately 70 currencies stemming from DNV GL activities. Six currencies (NOK, EUR, USD, CNY, KRW and GBP) make up approximately 75% of the total revenue. In many currencies, the company has a natural hedge through a balance of revenue and expenses. DNV GL's foreign currency policy focuses on hedging expected cash flows. Det Norske Veritas is exposed to foreign currency risk from the re-evaluation of balance sheet items, including net investments in foreign subsidiaries.

Credit risk: receivable balances are monitored on an ongoing basis with the result that Det Norske Veritas' exposure to bad debts is limited. There are no significant concentrations of credit risk within Det Norske Veritas. With respect to credit risk arising from the other financial assets, which comprise cash, cash equivalents and certain derivative instruments, Det Norske Veritas' exposure to credit risk arises from any default of the counterparty, with a maximum exposure equal to the market value of these instruments.

Liquidity risk: Det Norske Veritas monitors its liquidity risk on a continuous basis. The liquidity planning considers the maturity of both the financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations.

CORPORATE SUSTAINABILITY

For Det Norske Veritas, corporate sustainability is about delivering long-term value in financial, environmental, social and ethical terms and this is embedded in its purpose, vision and values.

Det Norske Veritas has been a signatory to the United Nations Global Compact since 2003 and the Board sees the

integration of the ten principles on human rights, labour standards, environmental performance and anti-corruption into the business strategy and operations across the value chain as critical for creating long-term value.

Det Norske Veritas mainly manages corporate sustainability through its majority shareholding of DNV GL. For a complete account of corporate sustainability, including information on the Organization, Safety and Health, Business Ethics and Anti-Corruption, Energy and Climate as well as Partnerships, the Board refers to DNV GL's Annual Report. DNV GL reports in accordance with the Global Reporting Initiative Comprehensive Level, and a third party has conducted a limited assurance of the report.

HEALTH, SAFETY AND ENVIRONMENT

Det Norske Veritas is committed to managing and continually improving its health, safety and environmental performance. DNV GL has been certified according to OHSAS 18001 since 2011 and ISO 14001 since 2008.

In 2016, there were no fatalities involving DNV GL employees or other workers. At year-end, the 12-month rolling average was 1.4 (1.5) for the Injury Rate, 0.9 (1.0) for the Occupational Disease Rate, 29.3 (49.2) for the Lost Day Rate and 2.5% (2.2%) for the Total Absence Rate. The number of lost day injuries was 34 (40), the number of occupational diseases resulting in absence was 23 (36), the number of injuries with no lost days was 162 (183) and the number of near-accidents was 410 (582). The long-term trend for injuries and occupational diseases is stable and the trend for lost days has improved, but the absence trend has worsened. All in all, Det Norske Veritas' health and safety performance is average compared with industry benchmarks, and a programme is in place to continuously improve the health and safety culture.

In 2016, zero cases of non-compliance with environmental regulations and zero fines related to environmental aspects were reported. The recorded energy consumption was 87.5 GWh in 2016 compared with 90.2 GWh in 2015, a decrease mainly due to the reduction in the number of locations.

BUSINESS ETHICS AND COMPLIANCE

Det Norske Veritas has a zero-tolerance policy for corruption and unethical behaviour that applies to all employees, subcontractors, agents and suppliers. Integrity and ethics are of significant importance to Det Norske Veritas and its stakeholders and the Board emphasizes the necessity of remaining professionally objective and independent in the services it delivers to customers and society as a whole.

Det Norske Veritas' compliance programme and related instructions are based on the Code of Conduct. Anti-corruption, anti-trust, export controls, sanctions and data protection are the programme's focus areas, and respective instructions are in place. Compliance risks are regularly assessed to evaluate the main focus areas and continuously improve the compliance programme.

The Group Compliance Officer reports new developments and case statistics to the DNV GL Audit Committee quarterly and Det Norske Veritas Control Committee three times per year, as well as to the Executive Committee when relevant. In 2016, 44 (40) potential compliance cases were reported and handled, with no confirmed incidents of corruption.

Communication, training and mandatory e-learning courses are used to raise and maintain awareness. Information on how to report potential misconduct is published on the company website and the intranet, and there is also an ethical helpline and anonymous whistle-blowing channel. Governing documents related to compliance for subcontractors, export control, data protection and sponsorships were published in 2016. An extended global export control network was started, and regular communication and training with the Regional Data Protection Representatives took place. In addition, an automatic sanctions-check tool was integrated into the Customer Relationship Management systems.

OUTLOOK

The outlook for Det Norske Veritas is very closely linked to the outlook for DNV GL. The risk related to the activities outside DNV GL is moderate.

The global economic outlook remains influenced by low growth, low interest rates and low commodity prices. Growth in Asia is significantly influenced by the uncertainty related to the Chinese economy. Developments in the hydrocarbon sector are being heavily influenced by low prices due to oversupply. Meanwhile, the falling costs of renewable energy are altering the power generation mix. Overall, growth in the consumption of all energy forms in the developing world has been offset by efficiency measures in the developed world. Globalization is being challenged in several major countries, as evidenced by the UK Brexit vote and the election of President Trump in the USA. Several European countries face national elections in 2017, including Germany, France, the Netherlands and Norway, and these may exacerbate this trend. Globally, the geopolitical situation became more tense during 2016.

Cyber security at global, company and personal levels is now a serious emerging risk. Hence, overall, we see a higher level of uncertainty regarding national and regional protection measures being introduced on free trade, the movement of people and the transfer of technology.

Against this complex backdrop, the Board believes the challenging market situation for shipping and offshore oil & gas will continue during the period ahead, even allowing for a more optimistic outlook in selected sectors such as the cruise industry. The overcapacity situation is continuing, and several vessels are still to be delivered from the yards, resulting in continued net fleet growth despite the limited growth in seaborne trade. The ship newbuilding market dropped considerably again in 2016 and we can only expect a modest recovery towards 2019, or even 2020. Newbuildings for the offshore sector will probably take longer to recover, with only select opportunities in floating production and re-gasification. Classification societies must adapt to this challenging market situation, but the Board regards the aggressive price competition by certain competing classification societies as unsustainable

and potentially undermining the value of classification. However, DNV GL is committed to uphold its contribution to quality and safety at sea.

The oil and gas sector is heavily influenced by lower energy prices for both its own products and those from competing energy sources. Projects with shorter investment cycles attract more interest in the market, and unconventional resources contribute to market volatility. At the same time, production from existing fields must be maximized while ensuring much-needed efficiency and productivity gains. The volatility in the upstream sector is reflected further down the value chain with more short-term trade agreements and larger variations in the quality of the products to be routed through pipeline systems, terminals, refineries and distribution networks. The shift in the market opens new opportunities for DNV GL to support active portfolio management throughout an asset's lifecycle, as well as in areas where digital service offerings combined with in-depth technical expertise can drive the necessary efficiency gains in entire energy systems.

Within the energy sector, the company will continue to focus on renewable energy, power transmission & distribution and sustainable energy use. Investments in the renewable energy sector are influenced by the reduced cost of fossil fuel, new trade agreements, political decisions and subsidies. However, the Board believes this sector will grow significantly due to the drop in the cost of both renewable energy and energy storage that largely offsets renewable energy's interruptible nature, making this combination increasingly competitive. The expansion and interconnectivity of transmission and distribution grids and increased focus on energy efficiency will also continue to create several opportunities for DNV GL in the coming years. The company has a strong position within Testing, Inspection and Certification for these industries and has an extensive service and competence platform on which to build.

The demand for management system certification is expected to increase in the near term due to the introduction of an updated ISO 9001 standard. Other business assurance services, such as supply chain management,

that focus on sustainable business development, global best practices, new standards and business innovation will continue to grow, and DNV GL is well positioned to be at the forefront in these areas. The company will explore opportunities within the Life Science domain, with a focus on healthcare and food supply risk. Aquaculture, which combines these opportunities with DNV GL's historic marine capabilities, will be a focus area.

In general, we are seeing a paradigm shift due to digitalization. The way we deliver value is changing, brought on by a revolution in information technology. We are starting to rely on new networks and new ways of working. The Cloud offers limitless computing power and storage capacity. The additional power made available through the Internet of Things (IoT) and machine learning provides opportunities that were previously unthinkable. DNV GL's 'Veracity' data platform will bring industries together in digital eco-systems, enhancing the exchange of data, creating new insights and building new services. DNV GL will continue to invest in in-house software development to meet the growing demand for software-as-a-service and mobile applications.

More than 85% of the area in the office buildings owned by Det Norske Veritas Eiendom AS is rented out to DNV GL on long-term leases. As from December 2016, the new Veritas 3 office building in Høvik is added to the portfolio and the EBITA of Det Norske Veritas Eiendom AS is in 2017 expected to increase by some NOK 20 million compared to 2016. Det Norske Veritas' portfolio of financial investments is diversified, highly liquid and has a low interest-rate risk and low credit risk. The expected returns on the financial investments in securities are low and reflect the low interest rate level.

The Board of Directors believes that Det Norske Veritas' performance in 2016 against a backdrop of difficult markets demonstrates that the Group has responded well to the challenges posed throughout the year. Det Norske Veritas has, and will continue to develop, a broad competence and resource base to provide guidance and support to customers in a business environment where the need for technical and digital expertise, trust and risk management is evident.

The Board acknowledges and sincerely thanks the management and employees for their hard work and commitment to ensuring the purpose of Stiftelsen Det Norske Veritas.

Høvik
25 April 2017

Leif-Arne Langøy
Chairman

Morten Ulstein
Vise-Chairman

Nina Ivarsen

Rebekka Glasser Herlofsen

Clemens Keuer

Christelle G. V. Martin

Mette Bandholtz Nielsen

C.Thomas Rehder

Liv Aune Hagen

Liselott Kilaas

Remi Eriksen
Chief Executive Officer

REPORT ON CORPORATE GOVERNANCE 2016

A. INTRODUCTION

Stiftelsen Det Norske Veritas (“DNV” or the “Foundation”) considers good corporate governance to be paramount to secure trust in DNV’s fulfilment of its purpose “*to safeguard life, property and the environment*”, and a cornerstone for achieving the greatest possible value creation over time in the best interest of DNV’s stakeholders.

DNV is incorporated as a Norwegian foundation (No: “Stiftelse”).

DNV owns 63.5 percent of DNV GL Group AS (“DNV GL Group”) through its wholly owned subsidiary Det Norske Veritas Holding AS (“DNV Holding”). In addition to its majority ownership in DNV GL Group, DNV owns financial assets and Det Norske Veritas Eiendom AS whose main asset is real estate in Høvik (Norway).

DNV’s corporate governance practices were amended in connection with the DNV GL merger in 2013 in order to adapt to the change from having been a 100 percent owner and group managing entity to the new situation of being a controlling shareholder. However, governance principles applied prior to the DNV – GL merger were maintained. The key principles are:

- the importance of representation of stakeholders in the Council,
- supervision by public authorities, statutory auditor and governing bodies
- transparent, recognizable and credible governance practices
- governance measures that match, to the extent possible and reasonable, the highest requirements in relevant laws and guidelines such as the Public Limited Companies Act and the Norwegian Code of Practice for Corporate Governance (the “Code of Practice”), and
- generation of sufficient profit to fulfil the Foundation’s purpose over time.

REPORTING STANDARDS

The Board maintains its practice to report annually on corporate governance per principles that apply to listed public limited companies in Norway and to apply these corporate governance principles to the extent relevant for DNV as a foundation without shareholders or owners.

This report is based on

- The 15 sections of the Norwegian Code of Practice for Corporate Governance (“the Code of Practice”). The report includes a detailed discussion of each of the 15 individual sections of the Code of Practice. The Code of Practice provides recommendations and requires that the company describes how it fulfils the recommendations, on which sections it deviates, and an explanation for the deviations. The full Code of Practice with comments is available on the web site of the Norwegian Corporate Governance Board, www.nues.no.
- Norwegian Accounting Act Section 3-3b which holds obligatory requirements for Norwegian listed public limited companies to report on corporate governance.

This report fulfils both reporting obligations as if DNV were a listed company.

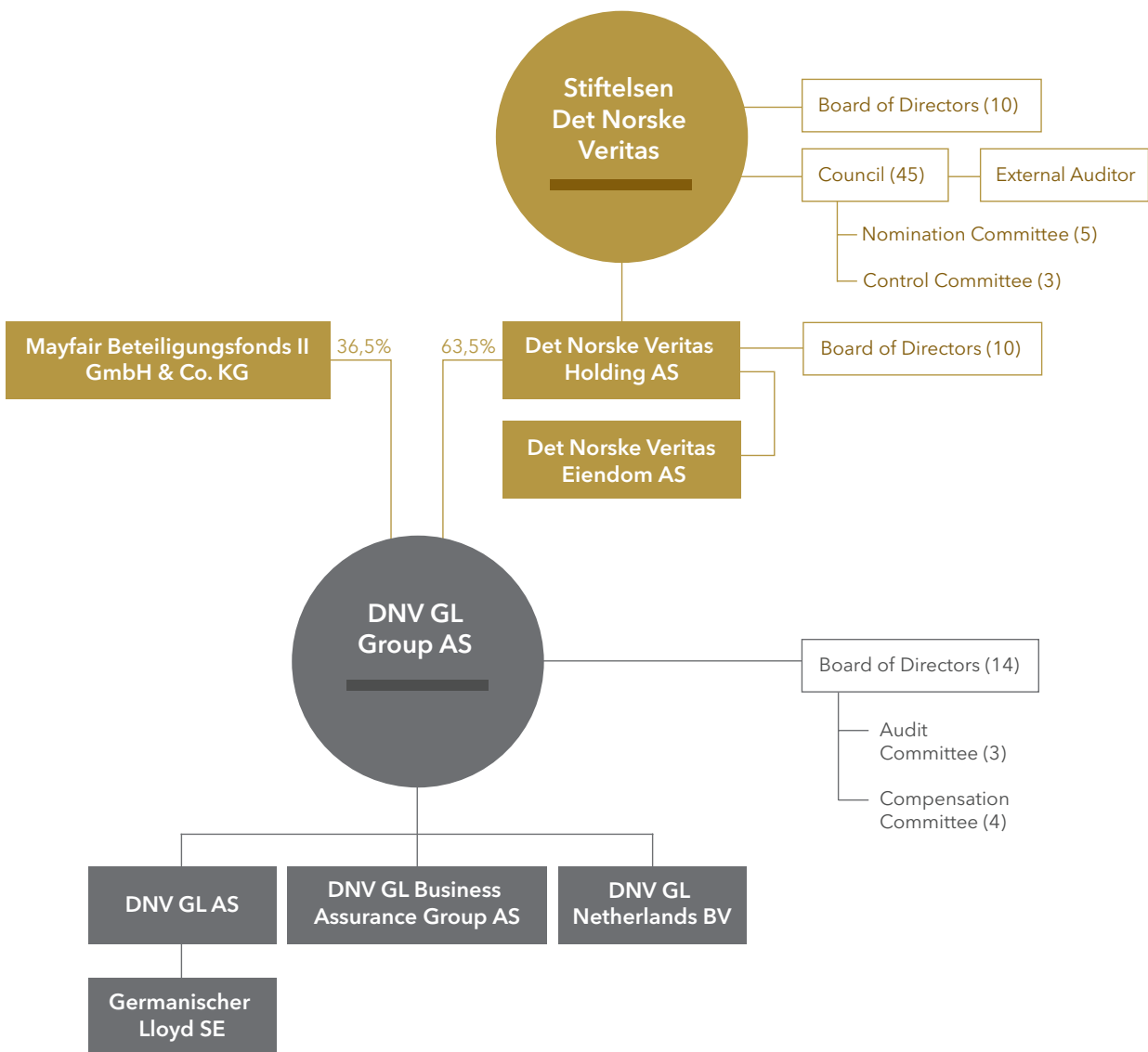
More details on the reporting requirements for listed companies in the Norwegian Accounting Act (LOV-1998-07-17-56) are included in this report see page 20.

The Norwegian Association of Foundations has also issued guidelines for the governance of foundations, available on <http://www.stiftelsesforeningen.no/> (in Norwegian only). These guidelines are based upon the Code of Practice with adjustments to make them suitable for more traditional foundations with a distribution purpose. The corporate governance review of DNV performed in 2012 concluded that the Code of Practice is more comprehensive and more suitable to a large business entity like DNV than the guidelines issued by the Association of Foundations.

Therefore, DNV considers that it complies with the guidelines issued by the Association of Foundations

as DNV based its practices on a more comprehensive standard.

OVERVIEW OF THE CORPORATE GOVERNANCE STRUCTURE OF DET NORSKE VERITAS



The Board of Directors (“the Board”) is the principal body of the Foundation. This deviates from the governance of public limited companies where the General Meeting is the principal body. Pursuant to the Norwegian Foundation Act (“Foundation Act”) only tasks and responsibilities which are specifically listed in the Foundation Act may be vested in other bodies than the Board. In DNV, all such tasks and responsibilities to the extent permitted by the Foundation Act have been vested in the DNV Council (“the Council”).

The Council’s main function is to supervise the Board’s management of the Foundation, to elect the members of the Board of Directors and to determine their remuneration, to approve amendments to the DNV Statutes, to appoint the external auditor and to state its opinion on the Board’s annual report and financial statements. The Council has 45 members who represent customer industries and other stakeholders. Seven of the members are elected by and among the employees of DNV GL and its subsidiaries worldwide.

The Council and the Board are described in Section 8 herein. The Council’s Control Committee supervises the Board of Director’s management of the Foundation on behalf of the Council. The Control Committee is also described in the same Section 8.

The Council’s Nomination Committee nominates candidates to all elections to be held by the Council, and proposes remunerations to be decided by the Council. The Committee is described in Section 7, “Nomination Committee”.

The statutory auditor is elected by the Council and reports to the Board.

DNV operates through its wholly owned holding company, DNV Holding which is governed by the Norwegian Private Limited Companies Act. The Board of DNV Holding consists of the same members as the Board of the Foundation. These board members are also elected as members of the board of DNV GL Group AS.

B. THE 15 SECTIONS OF THE CODE OF PRACTICE.

I. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

Corporate Governance Policy – deviations from the Code of Practice

The Board has decided that it will comply with the Code of Practice to the extent relevant for a foundation. As DNV is a foundation and as such has no shareholders, parts of the Code of Practice will not be applicable for DNV, and the reporting will have to be adjusted accordingly.

This report includes information on

- the sections of the Code of Practice to which DNV complies,
- information on where the Code of Practice is not considered as relevant for a foundation, and
- explanations of sections in relation to which DNV deviates from the Code of Practice.

The following sections of the Code of Practice will generally not be applicable; Section 3 (Equity and Dividends), Section 4 (Equal Treatment of Shareholders), Section 5 (Freely Negotiable Shares), Section 6 (General Meetings), and Section 14 (Take-Overs).

To some extent relevant topics related to these sections of the Code of Practice will still be discussed in the report. For instance, the Code of Practice’s references to “shareholders” may in some cases be replaced with a discussion relating to DNV’s stakeholders. Further, the Code of Practice’s references to the “General Meeting” or “Corporate Assembly” may in some cases be replaced with references to the DNV Council. Some deviations from the Code of Practice are justified where statutory legislation for a foundation deviates from that of a public limited company. All adjustments and deviations are explained in the relevant sections in the report.

DNV has no shareholders, but answers to the purpose of the Foundation and to society at large. Fundamental functions for the corporate governance of DNV are therefore on one hand to protect DNV's independence and integrity to fulfil its purpose and on the other hand to honor the legitimacy it earns from its stakeholders and its moral responsibility towards society.

DNV and other foundations lack the ownership control which is normally embedded in corporate governance for companies with owners. This lack of control is however mitigated by other measures. The Foundation Act prescribes public supervision of foundations by the Norwegian Foundation Authority. This is a supervisory measure not found in relation to limited liability companies. In addition, DNV's corporate governance also includes supervision of the Board's management by the Council and by the Control Committee acting on behalf of the Council.

With the DNV GL merger, DNV's role was changed from being the group managing entity to that of a controlling shareholder. For the sake of completeness, this report may therefore be read in context with the Corporate Governance Report 2016 issued by the board of DNV GL Group AS. In order to maintain proximity between DNV and the DNV GL Group, the DNV Board with support from the Council has established the following measures:

- The directors of the Board of the Foundation participate directly in the group management of DNV GL group as DNV's representatives on the boards of DNV Holding AS and DNV GL Group AS. DNV is represented with 6 of 9 shareholder-elected directors on the DNV GL Group Board of Directors;
- The Council's Nomination Committee considers the total composition of the DNV GL Group AS Board's considering the need for expertise and diversity of background;
- The remunerations for directors on the boards of DNV Holding and DNV GL Group AS are anchored with the Council, and
- An employee representation scheme is established so that the same directors elected by and among the employees serve as directors and/or observer on the boards of the Foundation, DNV Holding and DNV GL Group AS.

These measures are further described in Section 7 and 8 below.

Corporate Values, Ethical Guidelines and Corporate Sustainability

DNV places great emphasis on its corporate values. DNV's purpose is *"to safeguard life, property and the environment"*. The Statutes state that the purpose may be achieved through the ownership in partly-owned companies. Following the DNV GL merger DNV's purpose is fulfilled through the ownership in DNV GL Group AS.

DNV's and DNV GL's shared vision is *"Global impact for a safe and sustainable future"*. The values that support the vision are: *"We build trust and confidence. We never compromise on quality or integrity. We are committed to teamwork and innovation. We care for our customers and each other. We embrace change and deliver results."*

DNV adheres to DNV GL's ethical guidelines. The basis of DNV GL's ethical guidelines is the DNV GL Code of Conduct. The Code of Conduct describes the requirements and expectations for business and personal conduct of employees and officers of the group and its subcontractors while performing work on behalf of DNV GL. The Code of Conduct further describes DNV GL's commitment to its stakeholders, and how the requirements of responsible business practices and ethics are embedded in the core of DNV GL's business.

In 2003, DNV signed the UN Global Compact ("Global Compact"). The Global Compact requires commitment to ten universal principles related to human rights, labor rights, environmental standards and anti-corruption. It requires that the company makes the principles an integral part of its business strategy, day-to-day management and organizational culture, and that the principles are integrated in the decision-making process of the Board. This commitment is carried on in the DNV GL group.

2. BUSINESS

The overall purpose of DNV is *“To safeguard life, property and the environment”*. The business of DNV is stated in the Statutes Section 1 as follows: *“The Foundation undertakes classification, quality assurance and certification of ships, facilities and systems, and carries out research in connection with these functions. Moreover, provided its integrity is not impaired, the Foundation may perform assignments which exploit its know-how or which contribute to the development of know-how that may be required for the performance of these tasks. This purpose may be achieved through participation by the Foundation in wholly or partly-owned companies.”*

The complete Statutes are available on DNV’s website www.detnorskeveritas.com.

Following the DNV GL merger, the purpose is achieved through the 63.5 percent ownership in DNV GL Group AS. The business and main functions of the Foundation are therefore to manage the ownership in DNV GL Group AS and its other assets, and in particular to ensure that the purpose of the Foundation is fulfilled through the ownership in the DNV GL Group.

DNV GL Group’s main objectives and strategies are described in the DNV GL Group AS’ Board of Directors’ Annual Report.

3. EQUITY AND DIVIDENDS

As of 31 December 2016, DNV had a total equity of NOK 23 507 million. The Board continually reviews DNV’s capital situation considering DNV’s objectives, strategies and risk profile. The Board considers the total equity to be satisfactory.

Being a foundation, DNV does not have any owners or any share capital. The Code of Practice’s references to dividend policy and board mandates to increase share capital are therefore not relevant for DNV.

Since DNV as a foundation cannot raise capital through issue of shares, prudent management of the capital base is of great importance. The Board has adopted a financial

policy to ensure that the capital of DNV is managed in a way that enables DNV to fulfil its purpose as this is stated in DNV’s Statutes. DNV GL Group AS has stated that it intends to distribute as dividend 50 % of the annual net profits subject to assessment of cash flow, capital expenditure plans, financing requirements and financial flexibility. Received dividends will contribute to DNV’s capital base.

The Board is particularly focused on ensuring that the equity and available funds keep DNV in a position where it can maintain its controlling position in the DNV GL Group.

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

As DNV does not have owners, equal treatment of shareholders is not a relevant topic for DNV.

Agreements between the Foundation and a Board member or the Chief Executive Officer, if any, 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.

The disqualification rules in the Foundation Act apply to the Board’s handling of agreements mentioned above.

The DNV directors are also elected as directors in DNV Holding and DNV GL Group AS. The Board has closely assessed whether, as an alternative governance model, DNV should be governed by a board composed of directors who have no roles in the subsidiaries. The assessments concluded that in the current situation, it is preferable for the fulfilment of DNV’s purpose and the management of DNV GL group that there is proximity between the stakeholders as represented in DNV’s Council and the group management. This proximity is achieved through the multiple directorship arrangement. The Board has also concluded that the Board’s normal exercise of ownership in - and arrangements with these subsidiaries - does not impact the directors’ impartiality.

With respect to DNV GL's employees, DNV GL's Code of Conduct sets forth rules for transactions between DNV and DNV GL. With respect to transactions between the Foundation and DNV GL Group AS or other subsidiaries, possible conflicts of interest between the companies, including extraordinary transactions between the entities, are handled with due care to ensure arm's length terms. The Board Instructions for DNV state that 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, by obtaining independent advice. Examples of such transactions are the lease of office premises in Norway provided by DNV to the DNV GL group, and the management services provided by DNV GL group to DNV. The Council's Control Committee shall monitor such transactions on behalf of the Council.

5. FREELY NEGOTIABLE SHARES

Given that DNV is a foundation without shares or owners, transfer of shares is not relevant.

6. GENERAL MEETING

Given that DNV is a foundation with no owners or shareholders, there is no general meeting in DNV. The Code of Practice, Section 6 (concerning general meeting) is therefore not relevant for DNV.

For the sake of completeness, it is mentioned that the DNV Council has some functions that resemble a general meeting of a limited company, but in fact, the Council has more in common with a corporate assembly (No: "*Bedriftsforsamling*") regulated by the Public Limited Companies Act. We have therefore chosen to discuss the Council considering the Code of Practice, Section 8 (see below).

7. NOMINATION COMMITTEE

The DNV Council elects the members of the Board who are not elected by and among the employees and fixes the remuneration for all Board Members. DNV therefore applies the recommendations in the Code of Practice related

to nomination committees, adjusted so that reference to "shareholders" in the Code of Practice is replaced by references to DNV's stakeholders, and references to the "General Meeting" in the Code of Practice is replaced by reference to the Council. Further, details on the procedure for determining the remuneration to "committee members" in DNV is adjusted as described below.

The Nomination Committee's composition and role is defined in the DNV Statutes (Section 10) and the Committee works under instructions from the Council. The Council has adopted instructions for the Nomination Committee that specify guidelines for the Committee's procedures and considerations. This includes the obligation to present its justified recommendations to the Council. The Chairman of the Nomination Committee shall invite and discuss matters of principle with the Council. Council Members shall be given the opportunity to propose candidates to the Nomination Committee.

The Nomination Committee's mandate is to submit recommendations to the Council with respect to elections and remuneration as further detailed below.

The Nomination Committee submits recommendations to the Council for the election of:

- Members of the Board of Directors, including Chairman and Vice-Chairman who shall be nominated separately;
- Chairman and Vice-Chairman of the Council;
- Council Members that according to the Statutes shall be elected by the Council;
- Chairman and Members of the Control Committee, and
- Members of the Nomination Committee.

To promote governance proximity between the Council and DNV GL Group, the directors of the Foundation will be elected directors of both DNV Holding and DNV GL Group AS by the respective general meetings. The Nomination Committee's mandate includes a duty to take this proximity into account in their assessments.

The Committee shall also consider the total composition of the Board of DNV GL Group AS including the three directors appointed by the minority shareholder. The

Committee may communicate with the minority shareholder regarding appointments to the Board of DNV GL Group AS prior to submitting its recommendation to the Council. Based on agreement with the DNV GL Group AS Board, the DNV Nomination Committee also has access to the DNV GL Group AS Board's self-assessments.

In respect of appointments to the Council, the Nomination Committee shall ensure that the Council has representation from major industry customer groups served by DNV. The Nomination Committee shall communicate with the associations that, according to the Statutes, also appoint members to the Council to ensure that the associations' appointments meet the needs of the Council.

The Nomination Committee shall submit recommendations for the remuneration of members of the Board of Directors as well as members of Council and its Committees. Remuneration of members of the Board of Directors is decided by the Council. With respect to remuneration of members of Council and its Committees, the Council forwards its recommendation to the Board of Directors for the Board's decision.

The Nomination Committee shall make its recommendation for remuneration of directors of the Foundation, DNV Holding and DNV GL Group AS respectively. The Committee shall consider whether directors are serving on more than one board, the total workload and the commitment expected.

All decisions regarding remunerations to Board members of DNV Holding and DNV GL Group AS are vetted by the Council to ensure proximity and a solid decision process. This process related to remuneration is further described under Chapter 11 Remuneration of the Board of Directors and Council.

The Code of Practice recommends that the general meeting determines the remuneration to "committee members". The Board of the Foundation does not have any committees. Committees in DNV will therefore be the committees of the Council, i.e. the Control Committee and the Nomination Committee. The Foundation Act does not permit

the task to determine remuneration to Council Members and Council Committee Members to be vested with other bodies than the Board. The remuneration to the Council Committees is therefore determined by the Board, after recommendation from the Council.

The Nomination Committee is composed of the chairman and the vice-chairman of the Council, and three additional members elected from and among the Council members. The Committee currently consists of:

- **Walter Qvam,**
Chairman of the Council and the Nomination Committee
- **Sturla Henriksen,**
Vice-Chairman of the Council and the Nomination Committee,
Director General, Norwegian Ship owners' Association,
- **Wenche Agerup,**
Member of the Council and the Nomination Committee,
Exec. Vice President, Corporate Affairs in Telenor Group
- **Karl Erik Kjelstad,**
Member of the Council and the Nomination Committee,
Investment Director at Akastor ASA
- **Wenche Nistad,**
Member of the Council and the Nomination Committee,
Managing Director at the Norwegian Guarantee Institute for Export Credits (GIEK)

The Statutes provide for a rotation of the members of the Committee at least every second year, so that the elected member of the Committee with the longest service as Committee member may not take re-election.

The Committee Members represent industries with different stakeholder interests in DNV. All members are considered as independent of the Board and executive management.

8. COUNCIL AND BOARD OF DIRECTORS – COMPOSITION AND INDEPENDENCE

The Council

DNV does not have a corporate assembly. The DNV Council in many ways resembles the corporate assembly

of a public limited company. The Council is therefore described in this section.

The Council's main functions are to supervise the activities of the Foundation, to elect the Board of Directors, to decide on remuneration for the Board of Directors, to approve amendments to the DNV Statutes and to state its opinion on the Board's Annual Report and financial statements.

The Council has 45 members, of which 27 members are appointed by associations which represent customer industries and other stakeholders, seven members are elected by and among the employees of DNV GL and its subsidiaries worldwide, and up to eleven members are elected by the Council itself.

The Statutes regulate the composition of the Council (Section 6) and ensure that it represents a broad cross-section of DNV's stakeholders.

The Council Members and the associations electing or appointing the Members are (as per April 2017):

Appointed by The Nordic Association of Marine Insurers (CEFOR)

Helle HammerNorway
Ståle HansenNorway
Tron K. Nummedal.....Norway
Lars Rhodin.....Sweden
Svein A. Ringbakken.....Norway
Rolf Thore Roppestad.....Norway
Ole WikborgNorway

Appointed by Norwegian Fishing Vessel Owners Association (Fiskebåt)

Jonny Berfjord.....Norway

Appointed by Norwegian Shipowners' Association (Norges Rederiforbund)

Karl-Johan Bakken.....Norway
Ivar BrandvoldNorway
Irene Waage BasiliNorway
Sturla Henriksen.....Norway

Hans Peter Jebsen.....Norway
Trond KleivdalNorway
Lasse KristoffersenNorway
Anne Jorunn Møkster.....Norway
Thomas Wilhelmsen.....Norway

Appointed by Norwegian Oil and Gas Association (Norsk Olje og Gass)

Kristin Færøvik.....Norway
Torjer HalleNorway
Karl Johnny Hersvik.....Norway
Knut ThorvaldsenNorway
Ingvild Sæther.....Norway

Appointed by Confederation of Norwegian Business and Industry (Næringslivets Hovedorganisasjon)

Karl Erik KjelstadNorway
Kristin Skogen Lund.....Norway
Walter QvamNorway
Christian Rynning-Tønnesen.....Norway
Tore Ulstein.....Norway

Appointed by The Council

Wenche AgerupNorway
M.A.M. Boersma.....Netherlands
Raymond CarlsenNorway
Berit Ledel HenriksenNorway
Fotini Karamanli.....Greece
Simen Lieungh.....Norway
Åse Aulie Michelet.....Norway
Wenche Nistad.....Norway
Torgrim ReitanUSA
Roy Reite.....Norway
Sverre B. Svenning.....Norway

Appointed by and among the employees of DNV GL worldwide

Hege Halseth BangNorway
Dr. Ervin BossanyiUK
Thomas Reimer.....Germany
Michael Rubin.....Germany
Vassilis Stavridis.....Greece
Han Jun YinChina
Morten ØstbyNorway

The DNV GL employees also elect up to seven deputy members.

The term of office for the members of the Council is two years with re-appointment or re-election possible. No member may serve for more than twelve years. The chairman and vice-chairman are elected from and among Council members.

Walter Qvam, is the Chairman of the Council since 2010. Sturla Henriksen, Director General of the Norwegian Ship Owners' Association is the Vice-Chairman since 2011.

The Statutes regulate the tasks and procedures of the Council. The procedures are aligned with those of a corporate assembly of a public limited company. The Council has two committees: the Control Committee which is described below, and the Nomination Committee which is described in Section 7.

Control Committee

The Control Committee's composition and role is defined in the DNV Statutes (Section 9) and the Committee works under instructions from the Council. The Council has adopted instructions for the Control Committee that specify guidelines for the Committee's procedures and considerations.

The Control Committee's mandate is to supervise the Board's management of the Foundation on behalf of the Council. The Control Committee shall oversee that:

- the management is performed in an appropriate and reassuring way, and in accordance with laws, regulations and the Statutes; and
- the Board of Directors has established proper external and internal control and risk management systems.

The Control Committee's function is to oversee the DNV Board's safeguarding of the Foundation's purpose and management of its assets. The Control Committee's functions are further described in Chapter 10 herein, "Risk management and internal control".

The Control Committee consists of a Chairman and two other members elected from and among the Council Members. Per the Council's instructions for the Control Committee, the Committee shall be composed so that it has financial and legal expertise and has general knowledge of the services provided by DNV. Elected by the Council in June 2015, the Committee currently consists of:

- **Ivar Brandvold,**
Member of the Council and Chairman of the Control Committee,
Chief Executive Officer of Fred Olsen Energy ASA
- **Sverre B. Svenning,**
Member of the Council and the Control Committee,
Director marine research at Astrup Fearnley AS
- **Michelet, Åse Aulie,**
Member of the Council and the Control Committee,
Managing Director Michelet Consult AS

All members are considered as independent of the Board and executive management. When nominating the current members for election in June 2015, the Nomination Committee concluded that the lack of legal expertise may be compensated by the fact that the Secretary of the Control Committee is a qualified lawyer and the in-house legal counsel of DNV GL Group, and that the Committee has relevant expertise and knowledge.

The Board of Directors

The Board currently consists of ten members and currently has the following composition:

- **Leif-Arne Langøy,**
Chairman of the Board of Directors,
LAPAS AS
- **Morten Ulstein,**
Vice-Chairman of the Board of Directors,
Borgstein AS
- **Mette Bandholtz Nielsen,**
Member of the Board of Directors
Det Norske Veritas, Danmark A/S
- **Liv Aune Hagen**
Member of the Board of Directors
DNV GL AS

- **Rebekka Glasser Herlofsen,**
Member of the Board of Directors,
Wallenius Wilhelmsen Logistics ASA
- **Nina Ivarsen,**
Member of the Board of Directors
DNV GL AS
- **Clemens Keuer,**
Member of the Board of Directors,
DNV GL SE
- **Liselott Kilaas**
Member of the Board of Directors
Aleris AS
- **Christelle G. V. Martin**
Member of the Board of Directors
ENGIE
- **C. Thomas Rehder,**
Member of the Board of Directors,
Carsten Rehder GmbH & Co KG

Following the DNV GL merger, the Statutes were amended to include a board observer. The amendment became effective in February 2014 following the approval from the Norwegian Foundation Authority. Xu, Bei Betty (DNV GL Business Assurance (China) Co. Ltd.) is currently the elected board observer.

More details about the individual directors can be found in the Annual Report of DNV GL Group AS 2016.

The Board is composed in a manner so that it can attend to the common interest of all stakeholders and meet DNV's need for expertise, capacity and diversity. Emphasis is placed on the Board functioning effectively as a collegial body.

The Chairman and Vice-Chairman are elected by the Council. The directors are elected for two-year terms with the possibility for re-election, and directors can per the Statutes, not be a member beyond twelve years.

Amongst the directors elected by the Council, each gender shall be represented by at least three members. Both genders shall be represented amongst directors and deputy members elected by and among the employees.

As a foundation, DNV is not subject to mandatory legislation on gender diversity. However, in accordance with DNV's aim to comply with principles that apply to listed public limited companies in Norway, the DNV Statutes include such requirements.

Being a foundation, DNV does not issue shares, and members of the Board can therefore not own shares in the company. The Code of Practice's recommendation regarding share ownership is therefore not relevant for DNV.

The Board's Independence

All Council-elected directors are considered autonomous and independent of DNV's executive management as well as DNV's material business contacts. The guidelines for the Nomination Committee's work instruct the committee to consider that the Board should be composed so that no specific industry, stakeholder group or customer group has dominance in the Board. The Board does not include executive personnel.

Election of the Board of Directors

Six members of the Board are elected by the Council. The Nomination Committee makes recommendations per guidelines set by the Council. The nominations are sent to the Council members prior to the election. Board elections take place with simple majority with a quorum formed with at least half of the Council Members present.

Four members of the Board and one observer are elected by and among the employees of DNV GL worldwide. The elections take place in four separate constituencies and elections are staggered. The role of observer rotates amongst the non-Norwegian employee-elected Board Members per a rotation scheme agreed between management and the employees and approved by the Norwegian Working Democracy Committee (i.e. "*Bedrifts-demokratinemnda*").

The constituencies are,

- Norway (elects two members of the Board)
- Germany (elects one member of the Board, alternatively one observer)

- Europe – excluding Norway and Germany (elects one member of the Board alternatively one observer)
- Worldwide – excluding Europe (elects one member of the Board alternatively one observer)
-

9. THE WORK OF THE BOARD OF DIRECTORS

Board Responsibilities

The Board of Directors is DNV's principal authority and the Board has the authority to make decisions in all matters that are not explicitly vested in the Statutes with the Council or other governing bodies of DNV. The rights, duties and responsibilities of the Board follow from the Foundation Act, the Accounting Act and other relevant legislation, the Statutes of DNV and the Board's own instructions.

The Board directs and oversees the activities of DNV. The Board determines the objectives and strategies for DNV in collaboration with the Chief Executive Officer. The Board approves DNV's business plan, financial plan and budgets, and has established policies and guidelines for DNV's operations. The Board appoints the Chief Executive Officer of the Foundation. Matters to be handled by the Board are further outlined in the Board instructions. The Board's work in 2016 is described in the Board of Director's report.

Following the DNV GL combination, the Board's scope of work was revised to reflect that the DNV GL Group AS Board became the group management board of the DNV GL Group. The Board's main function is now to ensure that the purpose of the Foundation as stated in the Statutes is achieved through the majority ownership in DNV GL Group AS, and that all assets of the foundation are managed in the long-term interest of the Foundation. By electing all DNV directors as directors of DNV Holding and DNV GL Group AS, there is proximity between the Foundation and the group management performed through the holding companies.

The Board instructions also cover the following items: instructions for the Chief Executive Officer, Board meeting procedures, and rules on minutes of meetings, working committees, impartiality, confidentiality, Code of Conduct and group governance.

Board Meetings

The Board adopts an annual meeting and activity plan each year. The plan includes agenda items for each meeting. The plan stipulates six ordinary meetings to be held per year. Additional meetings will be held when considered necessary.

In 2016 six Board meetings were conducted in the months of February, April, June, August, October and November. The Board held its meetings at the Head office in Høvik (Norway), with the exception of the August meeting held in London, UK, and the December meeting held in Hamburg, Germany.

Participation in the Board meetings in 2016 was close to 100%. Board meetings in DNV Holding are held in parallel with the Board meetings of the Foundation.

Notice of meetings together with the agenda is prepared by the Chief Executive Officer and the Chairman of the Board. Notice of meeting, agenda and supporting documentation, including information on DNV's financial status, are made available to the Board Members well in advance of each meeting. The Board Instructions state that the chairman, at the beginning of each meeting or agenda item, shall inform the Board of discussions he has had with the Chief Executive Officer prior to the Board meeting about relevant issues. 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 considers if the deliberations of such matters should be chaired by some other member of the Board.

In addition to the directors, the Board meetings are attended by the Chief Executive Officer, the Secretary to the Board and other persons from the executive management as designated by the Chairman and the Chief Executive Officer. Normally, the Chief Financial Officer attends the meetings. The chairman may also invite other persons and experts to attend meetings of the Board.

The Board is bound by the rules regarding disqualification/conflicts of interest as they appear in Section 37 of

the Foundation Act. The guidelines for efficient practice of these rules are further specified in the Board's instructions.

Board Committees

The Board has no committees.

The Board's Self-Evaluation

The aim is that the Board shall evaluate its own over-all performance and expertise once per year. No such over-all evaluation was made in 2016. However, the Board regularly conducts self-evaluations at the end of the Board meetings.

The General Manager/Chief Executive Officer

The General Manager/Chief Executive Officer ("CEO") of the Foundation is appointed by the Board of Directors and conducts the day-to-day management of the Foundation. The current arrangement is that the CEO of DNV GL is seconded to also be the CEO of Stiftelsen Det Norske Veritas as well as DNV Holding AS. As the Foundation does not have any employees, management services including the CEO, are provided to DNV by DNV GL AS in accordance with a Management Service Agreement entered into on an arm's-length principle.

There is a clear division of duties between the Board and the CEO. The CEO is responsible for ensuring that DNV is organized, run and developed in accordance with the Foundation Act, the Statutes and decisions adopted by the Board. The overall functions and duties of the CEO are set out in the Board instructions.

10. RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management and internal control are important for DNV in respect of the separate activities of both DNV and the DNV GL Group. The corporate governance report for DNV GL Group describes the risk management and internal control for the group.

As for its own activities, the Foundation has decided to be part of the risk management and internal control system established for the DNV GL Group. DNV adheres to DNV GL's management systems, corporate systems and policy documents including Code of Conduct to the extent

relevant. The services provided by DNV GL AS to DNV include the services of the compliance officer, internal auditor and Ombudsman as described in DNV GL Group's Corporate Governance Report. The Board will on an ongoing basis consider whether to establish a separate internal auditor for the Foundation, but has to date not found it necessary.

DNV has significant financial investments and has established a policy document and risk management procedures for the financial management.

The Council's Control Committee's mandate was amended in 2013 to focus on the Board's role as caretaker of the Foundation's specific interests. The role of the Control Committee, as described in Chapter 8 above, is to oversee and supervise the Board of Directors of the Foundation. The supervision from the Control Committee is considered as a tool for the Council to oversee the interests that are specific for the Foundation. The task of the Committee includes particularly overseeing that the Board has established proper external and internal control and risk management systems. The Committee's tasks include:

- monitoring transactions and other possible conflicts of interest between the Foundation and DNV GL, or between the Foundation and other companies in the DNV GL Group, and
- reviewing the following documents from the DNV GL Board: minutes, group risk reports, internal auditor's reports, compliance reports and other documents considered as relevant for the Control Committee's functions.

The oversight and supervisory functions include the Foundation and the companies fully owned by the Foundation.

11. REMUNERATION OF THE BOARD AND THE COUNCIL

Remuneration of the directors of the Board is decided by the Council following a recommendation from the Nomination Committee. Remuneration of the Council leadership and committee members is decided by the Board

following a recommendation from the Council, based on input from the Nomination Committee.

Per the Council's instructions for the Nomination Committee, the Nomination Committee shall base its recommendation on information regarding levels of remuneration paid to board and committee members of comparable companies and of comparable scope of work and commitment that the board and committee members are expected to devote to the Foundation and its subsidiaries. The remuneration is not linked to DNV's or DNV GL's performance.

The Chairman and the Vice-Chairman of the Council as well as the Committee Members are remunerated. The Chairman and the Vice-Chairman of the Council receive remuneration in their capacities as such and not in their capacities as Nomination Committee Members. There is also a policy for compensation of Council members' travel.

None of the directors elected by the Council work for DNV outside of their directorships, and none have any agreement regarding pension plan or severance pay from DNV. If such assignments should become relevant, the instructions for the Board's state that any such agreement between the Foundation and a Board member is subject to Board approval.

See Note 7 to the financial statements for a break-down of fees paid to directors in 2016.

12. REMUNERATION OF EXECUTIVE PERSONNEL

Following the DNV GL merger, the Foundation and its fully-owned subsidiaries have no employees or executive personnel. Management services are provided to the Foundation by DNV GL AS pursuant to the Management Services Agreement. The Code of Practice Section 11 on remuneration of executive personnel is therefore not relevant for the Foundation. The DNV GL Board has prepared a declaration on executive management remuneration in accordance with the obligation applicable to Public Limited Companies.

13. INFORMATION AND COMMUNICATIONS

Guidelines for reporting financial and other information to shareholders and the securities market does not apply to a foundation. However, DNV continues its long tradition of disclosing a comprehensive publication which includes the annual report with externally audited financial reporting.

The annual report of DNV is distributed to the Council and is freely available on request. The report is publicly available on the website www.detnorskeveritas.com.

14. TAKE-OVERS

A foundation by definition has no owners, and as such may not be subject to take-over bids as described in the Code of Practice, Section 14. This section is therefore not relevant for DNV.

As a principle, a foundation may not be subject to any take-over, other than by termination or a conversion of the foundation, which may only take place on certain extremely restricted conditions as further specified in the Foundation Act. Conversion or termination is subject to approval by the Norwegian Foundation Authority and such approval can only be granted on very restrictive conditions specified in the Foundation Act.

Per DNV's Statutes termination would be subject to resolution by the Council with two-thirds majority in two successive ordinary Council meetings and pursuant to proposition by the Board of Directors exclusively.

DNV's purpose as stated in the Statutes bolsters DNV's position as free-standing, autonomous and independent.

15. AUDITOR

The statutory auditor is elected by the Council. The Board shall support the Council in such elections and normally the election will be made based on a proposal from the Board. The Council's Control Committee shall be invited to state its opinion on the Board's proposal regarding the election.

EY (Ernst&Young) was elected as auditor in 2002 and has later been re-elected.

Per good corporate governance practice, DNV has asked EY to apply rotation of the responsible auditor, in line with the rules in the Statutory Auditors Act §5A (regarding entities of public interest as defined in the Act).

Pursuant to the Foundation Act, the auditor shall in its annual audit report provide a statement regarding whether the foundation has been managed and distributions have been made in accordance with legislation, the purpose of the foundation, and the Statutes.

The appointed auditor will present the result of the planned audit including any internal control deficiencies in the Board of Directors' meeting, in which the statutory financial statements are approved by the Board of Directors.

At least one meeting per year will be held between the external auditor and the Board without the presence of the CEO or the executive management.

The auditor submits a written statement to the Board on compliance with the statutory audit and independence requirements in the Statutory Auditors Act.

The Board has not established guidelines in respect of the use of the auditor by the executive management for services other than the audit, but this will be considered in coordination with DNV GL Group AS.

The remuneration of the auditor is determined by the Board in accordance with the Foundation Act. In addition to ordinary auditing of the Foundation and subsidiaries, the statutory auditors provided tax consulting services, other attestation services, and non-audit services. For details, see Note 7 in the 2016 financial statements.

As recommended by the Board of Directors, the Council in 2016 decided to initiate a tendering process among the "Big 4" auditing companies, EY, KPMG, PWC and Deloitte for the external auditing of DNV from the 2017 annual accounts onwards.

Adopted by the Board of Directors,
Piraeus 28th February 2017

ATTACHMENT 1 – About reporting standards in the Accounting Act.

The reporting requirements of the Accounting Act are included or otherwise considered in the individual sections as listed below:

- *“a statement of the code of practice and regulatory framework on corporate governance to which the company is subject, or with which it has elected to comply”.*
Described in Section 1: Implementation and Reporting of Corporate Governance.
- *“information on where the code of practice and regulatory framework mentioned in no 1 is publicly available”.*
Described in Section 1: Implementation and Reporting of Corporate Governance.
- *“the reasons for any non-conformance with recommendations and regulations mentioned in no 1”.*
Described in Section 1: Implementation and Reporting of Corporate Governance.
- *“a description of the main elements of the company’s internal control and risk management systems associated with the financial reporting process, and where the entity that is required to prepare accounts also prepares consolidated accounts, the description must include the main elements of the group’s internal control and risk management systems associated with the financial reporting process”.*
Described in Section 10: Risk Management and Internal Control.
- *“an account of any provisions in the articles of associations that completely or partially extend or depart from the provisions stipulated in Chapter 5 of the Public Limited Companies Act”.*
Described in Section 6: General Meetings.
- *“the composition of the board of directors, the corporate assembly, the committee of representatives and the control committee, and of any committee of such corporate bodies, and a description of the main elements in the prevailing instructions and guidelines for*

the work of these corporate bodies and of any committees thereof”.

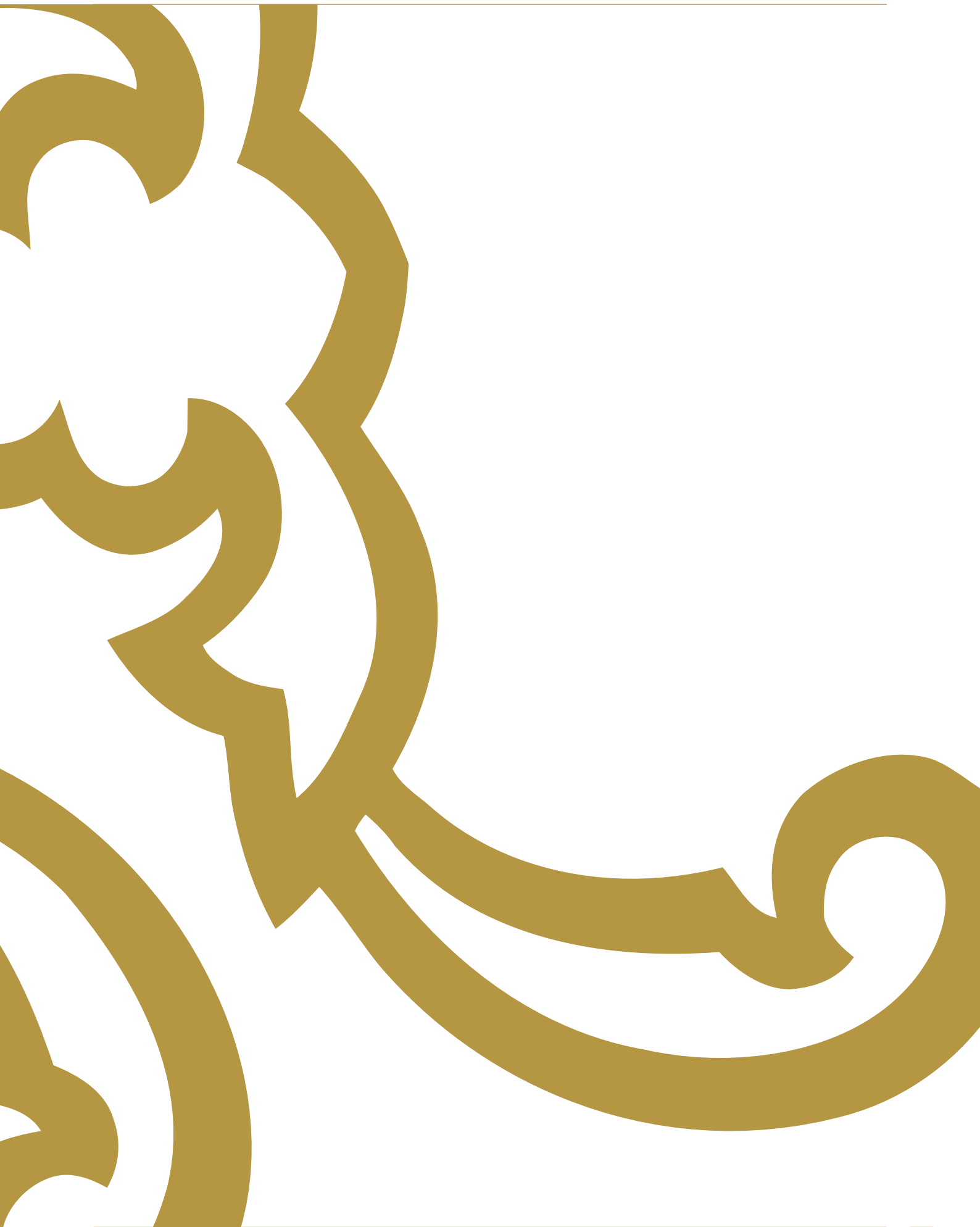
Described in Section 8: Council and Board of Directors - composition and independence, and Section 9: The Work of the Board of Directors, Chief Executive Officer and Group Executive Management.

- *“the provisions of the articles of association that regulate the appointment and replacement of members of the board of directors”.*
Described in Section 8: Council and Board of Directors - Composition and Independence.
- *“an account of any provisions in the articles of association or authorizations that allow the board to decide that company is to repurchase or issue its own shares or its own equity certificates”.*
Described in Section 3: Equity and Dividends.

Per the Accounting Act, Section 3-3c large enterprises shall issue a presentation detailing what the enterprise does to integrate considerations relating to human rights, labor rights and social conditions, the external environment and anti-corruption efforts in their business strategies, in their daily operations and in relation to their stakeholders (the “Corporate Sustainability Presentation”).

The Corporate Sustainability Presentation as a mandatory rule was introduced in 2013. As DNV GL reports in accordance with existing international reporting schemes such as the United Nations Global Compact the framework of Global Reporting Initiative, it is assumed that DNV GL’s reporting is fully compliant with the obligations in the Accounting Act, Section 3-3c.

DNV’s Corporate Sustainability Presentation is described in Section 1: Implementation and Reporting on Corporate Governance.





FINANCIAL STATEMENTS



On May 15th 2014 Stiftelsen Det Norske Veritas received formal approval from the Norwegian Ministry of Finance to submit its annual financial statements in English only.

KEY FIGURES

Amounts in NOK million

	2016	2015	2014	2013 ¹	2012	
	IFRS	IFRS	IFRS	IFRS	NGAAP	
Income statement:						Definition of ratios:
Operating revenue	20 852	23 516	21 659	16 138	12 850	Profitability:
EBITDA	1 773	2 895	2 670	2 619	1 433	<i>EBITDA:</i>
Depreciation	384	393	371	306	236	Earnings before interest, tax, depreciation, amortization and impairment
EBITA	1 389	2 502	2 299	2 313	1 198	<i>EBITDA margin:</i>
Amortization	830	536	592	203	179	EBITDA x 100 / Operating revenue
EBIT/ Operating profit	559	1 966	1 707	2 110	1 018	<i>EBITA:</i>
Net financial income (expenses)	834	39	165	35	87	Earnings before interest, tax, amortization and impairment
Profit before tax	1 393	2 006	1 873	2 144	1 105	<i>EBITA margin:</i>
Profit for the year	876	1 233	1 119	1 578	719	EBITA x 100 / Operating revenue
Balance sheet:						<i>Operating margin:</i>
Non-current assets	16 906	18 269	17 052	15 476	4 492	Operating profit x 100 / Operating revenue
Current assets	15 999	16 860	15 649	14 016	7 628	<i>Pre-tax profit margin:</i>
Total assets	32 904	35 129	32 701	29 492	12 120	Profit before tax x 100 / Operating revenue
Equity	23 507	23 757	20 862	19 282	7 349	<i>Cash flow:</i>
Non-current liabilities	3 600	4 105	4 996	4 288	1 320	Net change in liquidity during the year from cash flow statement
Current liabilities	5 797	7 268	6 843	5 922	3 451	<i>Liquidity reserves:</i>
Cash flow items, working capital and investments:						Cash and bank deposits + Short-term financial investments
Purchase of tangible fixed assets	509	893	774	610	236	Leverage:
Working capital	10 202	9 592	8 806	8 094	4 177	<i>Equity ratio:</i>
Cash flow	314	678	149	682	(895)	Equity x 100 / Total assets
Number of employees	13 550	14 954	15 712	16 107	10 532	
Financial ratios:						
Profitability:						
EBITDA margin	8.5%	12.3%	12.3%	16.2%	11.2%	
EBITA margin	6.7%	10.6%	10.6%	14.3%	9.3%	
Operating margin	2.7%	8.4%	7.9%	13.1%	7.9%	
Pre tax profit margin	6.7%	8.5%	8.6%	13.3%	8.6%	
Net profit margin	4.2%	5.2%	5.2%	9.8%	5.6%	
Liquidity:						
Liquidity reserves	7 789	7 412	6 727	6 532	3 179	
Leverage:						
Equity ratio	71.4%	67.6%	63.8%	65.4%	60.6%	

1. The business combination with GL SE Group was effective from 1 October 2013 and GL SE Group is consolidated from this date onwards

CONSOLIDATED INCOME STATEMENT

Amounts in NOK million

STIFTELSEN DET NORSKE VERITAS				STIFTELSEN DET NORSKE VERITAS CONSOLIDATED			
2016	2015	2014		Note	2016	2015	2014
			Operating revenue				
0.0	0.0	0.0	Sales revenue		20 852.0	23 416.7	21 659.0
0.0	0.0	0.0	Gain on sale of business activities	3	0.0	99.5	0.0
0.0	0.0	0.0	Total operating revenue	4	20 852.0	23 516.2	21 659.0
			Operating expenses				
0.0	0.0	0.0	Payroll expenses	5,7,8	12 554.2	13 116.0	11 597.5
0.0	0.0	0.0	Depreciation	14	384.3	392.7	370.7
0.0	0.0	0.0	Amortization and impairment	12	829.7	535.8	591.5
8.4	6.5	11.3	Other operating expenses	6,7	6 524.8	7 505.2	7 392.0
(8.4)	(6.5)	(11.3)	Operating profit		559.1	1 966.5	1 707.3
			Financial income and expenses				
0.0	0.0	0.0	Income/(loss) from associates	15	(1.7)	5.6	22.8
32.9	10.8	33.2	Financial income	9	950.4	150.9	276.1
0.0	0.0	0.0	Financial expenses	9	(115.2)	(117.1)	(133.6)
32.9	10.8	33.2	Net financial income (expenses)		833.6	39.3	165.3
24.6	4.3	21.9	Profit (loss) before tax		1 392.7	2 005.8	1 872.6
(25.5)	(17.2)	(29.6)	Tax expense	11	(516.7)	(772.9)	(753.4)
(0.9)	(12.9)	(7.6)	Profit (loss) for the year		876.0	1 232.9	1 119.2
			Profit for the period attributable to:				
			Non-controlling interest		(65.9)	381.1	375.8
			Equity holders of the parent		941.9	851.8	743.4
			Total		876.0	1 232.9	1 119.2

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(0.9)	(12.9)	(7.6)	Profit (loss) for the year		876.0	1 232.9	1 119.2
			<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>				
			Actuarial gains/(losses) on defined benefit pension plans		(85.8)	540.5	(920.2)
			<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
			Currency translation differences/Translation differences foreign operations		(1 056.7)	1 335.5	1 707.0
			Share of other comprehensive income from associates		60.8	(22.7)	(29.4)
0.0	0.0	0.0	Other comprehensive income for the period, net of tax		(1 081.7)	1 853.4	757.3
(0.9)	(12.9)	(7.6)	Total comprehensive income for the period		(205.7)	3 086.3	1 876.5
			Total comprehensive income attributable to:				
			Non-controlling interest		(460.7)	1 057.6	652.2
			Equity holders of the parent		255.0	2 028.7	1 224.3
			Total		(205.7)	3 086.3	1 876.5

1. The business combination with GL SE Group was effective from 1 October 2013 and GL SE Group is consolidated from this date onwards

CONSOLIDATED BALANCE SHEET

Amounts in NOK million

STIFTELSEN DET NORSKE VERITAS			STIFTELSEN DET NORSKE VERITAS CONSOLIDATED				
31 Dec. 2016	31 Dec. 2015	31 Dec. 2014	ASSETS	Note	31 Dec. 2016	31 Dec. 2015	31 Dec. 2014
			Non-current assets				
			Intangible assets				
0.0	0.0	0.0	Deferred tax assets	11	1 027.8	1 103.7	1 196.0
0.0	0.0	0.0	Goodwill	12,13	8 148.9	8 758.1	8 193.7
0.0	0.0	0.0	Other intangible assets	12	2 992.4	3 313.6	3 420.7
0.0	0.0	0.0	Total intangible assets		12 169.0	13 175.5	12 810.5
			Tangible fixed assets				
6.4	6.4	6.4	Land, buildings and other property		2 279.5	2 222.8	2 167.8
0.0	0.0	0.0	Office equipment, fixtures and fittings		1 513.6	1 656.4	1 239.3
6.4	6.4	6.4	Total tangible fixed assets	14	3 793.1	3 879.2	3 407.1
			Non-current financial assets				
11.4	11.4	11.4	Investments in subsidiaries	2	0.0	0.0	0.0
0.0	0.0	0.0	Investments in associates	15	189.5	130.4	147.4
0.0	0.0	0.0	Available for sale investments		40.7	42.4	42.6
0.0	0.0	0.0	Net pension asset	8	321.7	283.0	4.9
0.0	0.0	0.0	Other long-term receivables	18	391.7	758.8	639.7
11.4	11.4	11.4	Total non-current financial assets		943.6	1 214.6	834.5
17.8	17.8	17.8	Total non-current assets		16 905.8	18 269.3	17 052.1
			Current assets				
			Debtors				
0.0	0.0	0.0	Trade debtors	17	4 229.1	5 242.3	5 149.3
0.0	0.0	0.0	Work in progress		2 668.4	3 388.2	2 881.5
1.4	20.7	0.2	Other receivables group companies		0.0	0.0	0.0
0.0	0.0	0.0	Other debtors		1 312.5	817.0	891.3
1.4	20.7	0.2	Total debtors		8 210.0	9 447.5	8 922.0
1 198.2	1 181.3	1 218.8	Cash and bank deposits	21	7 788.5	7 412.2	6 726.9
1 199.6	1 202.0	1 219.0	Total current assets		15 998.5	16 859.7	15 648.9
1 217.4	1 219.8	1 236.8	TOTAL ASSETS		32 904.3	35 128.9	32 701.0

CONSOLIDATED BALANCE SHEET

Amounts in NOK million

STIFTELSEN DET NORSKE VERITAS			STIFTELSEN DET NORSKE VERITAS CONSOLIDATED				
31 Dec. 2016	31 Dec. 2015	31 Dec. 2014		Note	31 Dec. 2016	31 Dec. 2015	31 Dec. 2014
			EQUITY AND LIABILITIES				
			Equity				
			Paid-in capital				
283.5	283.5	283.5	Foundation capital		283.5	283.5	283.5
			Retained earnings				
906.6	907.6	920.5	Other equity		16 793.1	16 553.9	14 525.1
0.0	0.0	0.0	Non-controlling interest		6 430.5	6 919.2	6 053.1
1 190.1	1 191.1	1 204.0	Total equity		23 507.1	23 756.6	20 861.7
			Liabilities				
			Non-current liabilities				
0.0	0.0	0.0	Interest bearing loans and borrowings	22	0.0	100.0	500.0
0.0	0.0	0.0	Pension liabilities	8	2 451.3	2 408.8	2 659.6
0.1	0.1	0.1	Deferred tax liabilities	11	703.6	1 053.7	1 045.6
0.0	0.0	0.0	Non-current provisions	19	179.0	106.6	110.7
0.0	0.0	0.0	Other non-current liabilities		266.3	435.5	680.3
0.1	0.1	0.1	Total non-current liabilities		3 600.2	4 104.7	4 996.3
			Current liabilities				
0.0	0.0	0.0	Overdrafts		0.0	0.0	4.5
0.0	0.0	0.3	Trade creditors		479.5	496.7	494.0
25.1	17.8	29.5	Tax payable	11	479.6	796.4	776.9
0.0	0.0	0.0	Public duties payable		386.6	501.6	480.9
2.0	10.8	2.9	Short-term liabilities group companies		0.0	0.0	0.0
0.0	0.0	0.0	Accrued dividend to minority shareholders		0.0	185.0	183.8
0.0	0.0	0.0	Current provisions	19	509.0	600.9	289.8
0.0	0.0	0.0	Other current liabilities	16	3 942.3	4 687.1	4 613.2
27.2	28.6	32.7	Total current liabilities		5 797.0	7 267.7	6 843.0
27.3	28.7	32.8	Total liabilities		9 397.2	11 372.4	11 839.3
1 217.4	1 219.8	1 236.8	TOTAL EQUITY AND LIABILITIES		32 904.3	35 128.9	32 701.0

The Board of Stiftelsen Det Norske Veritas, Høvik, 25 April 2017

Leif-Arne Langøy <i>Chairman</i>		Morten Ulstein <i>Vise-Chairman</i>
Liv Aune Hagen	Rebekka Glasser Herlofsen	Nina Ivarsen
Clemens Keuer	Liselott Kilaas	Christelle G.V. Martin
Mette Bandholtz Nielsen	C. Thomas Rehder	Xu, Bei Betty <i>(observer)</i>
	Remi Eriksen <i>Group President & CEO</i>	

CONSOLIDATED STATEMENT OF CASH FLOW

Amounts in NOK million

STIFTELSEN DET NORSKE VERITAS			STIFTELSEN DET NORSKE VERITAS CONSOLIDATED			
2016	2015	2014		2016	2015	2014
CASH FLOW FROM OPERATIONS						
24.6	4.3	21.9	Profit before tax	1 392.7	2 005.8	1 872.6
0.0	0.0	0.0	Gain/loss on disposal of tangible fixed assets	(10.6)	(24.5)	(11.3)
0.0	0.0	0.0	Gain on divestments	(131.9)	(99.5)	(18.7)
0.0	0.0	0.0	Net gain from arbitration and merger related settlements	(748.0)	0.0	0.0
0.0	0.0	0.0	Gain on conversion of loan to associated companies	0.0	0.0	(26.3)
0.0	0.0	0.0	Loss (gain) from change of defined benefit pension plans	(64.1)	30.6	(175.0)
0.0	0.0	0.0	Depreciation, amortization and impairment	1 214.0	928.5	962.3
(17.6)	(29.5)	(32.5)	Tax payable	(757.4)	(917.3)	(784.5)
			Change in work in progress, trade debtors and trade creditors	1 285.4	39.7	(708.9)
9.9	(12.2)	(4.1)	Change in accruals, provisions and other	(1 387.8)	323.2	607.5
16.9	(37.5)	(14.5)	Net cash flow from operations	792.2	2 286.5	1 717.7
CASH FLOW FROM INVESTMENTS						
0.0	0.0	0.0	Acquisitions (business combinations)	(234.6)	(82.4)	(288.8)
0.0	0.0	0.0	Arbitration and merger related settlements	622.6	0.0	0.0
0.0	0.0	0.0	Settlement minority share owners N.V. KEMA	0.0	0.0	(670.0)
0.0	0.0	0.0	Settlement minority share owners Marine Cybernetics AS	0.0	(118.0)	0.0
0.0	0.0	0.0	Divestments of subsidiaries	155.1	276.0	12.0
0.0	0.0	0.0	Investments in tangible fixed assets	(509.3)	(893.1)	(773.7)
0.0	0.0	0.0	Investments in intangible assets	(327.1)	(256.0)	(175.0)
0.0	0.0	0.0	Sale of tangible fixed assets (sales value)	91.1	53.2	42.8
0.0	0.0	0.0	Change in other investments	8.7	0.0	(98.6)
0.0	0.0	0.0	Net cash flow from investments	(193.6)	(1 020.3)	(1 951.2)
CASH FLOW FROM FINANCING ACTIVITIES						
0.0	0.0	0.0	Change in overdraft	0.0	(4.5)	4.5
0.0	0.0	0.0	Borrowings	(100.0)	(400.0)	500.0
0.0	0.0	0.0	Dividend paid	(185.0)	(183.8)	(122.4)
0.0	0.0	0.0	Net cash flow from financing activities	(285.0)	(588.3)	382.1
LIQUIDITY						
16.9	(37.5)	(14.5)	Net cash flow from operations	792.2	2 286.5	1 717.7
0.0	0.0	0.0	Net cash flow from investments	(193.6)	(1 020.3)	(1 951.2)
0.0	0.0	0.0	Net cash flow from financing activities	(285.0)	(588.3)	382.1
16.9	(37.5)	(14.5)	Net change in liquidity during the year	313.7	677.9	148.5
1 181.3	1 218.8	1 233.4	Liquidity at 1 January	7 412.2	6 726.9	6 531.9
0.0	0.0	0.0	Cash in acquired companies	62.6	7.4	46.5
1 198.2	1 181.3	1 218.8	Liquidity at 31 December	7 788.5	7 412.2	6 726.9

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in NOK million

Changes in equity in Stiftelsen Det Norske Veritas

	Foundation capital	Other equity	Currency translation differences	Non-controlling interest	Total
Equity at 31 December 2014	283.5	920.5	0.0	0.0	1 204.0
Profit for the period		(12.9)			(12.9)
Equity at 31 December 2015	283.5	907.6	0.0	0.0	1 191.1
Profit for the period		(0.9)			(0.9)
Equity at 31 December 2016	283.5	906.6	0.0	0.0	1 190.1

Changes in equity in Stiftelsen Det Norske Veritas Consolidated

	Foundation capital	Other equity	Currency translation differences	Non-controlling interest	Total
Equity at 31 December 2014	283.5	12 554.9	1 970.2	6 053.1	20 861.7
Profit for the period		851.8		381.1	1 232.9
Dividend paid to minority shareholders in DNV GL Group AS				(185.0)	(185.0)
Actuarial gains/(losses) on defined benefit pension plans		343.2		197.3	540.5
Exchange differences			848.0	487.5	1 335.5
Share of other comprehensive income from associates		(14.4)		(8.3)	(22.7)
Other equity changes				(6.5)	(6.5)
Equity at 31 December 2015	283.5	13 735.6	2 818.3	6 919.0	23 756.6
Profit for the period		941.9		(65.9)	876.0
Actuarial gains/(losses) on defined benefit pension plans		(54.5)		(31.3)	(85.8)
Exchange differences			(671.0)	(385.7)	(1 056.7)
Share of other comprehensive income from associates		38.6		22.2	60.8
Other equity changes		(15.8)		(28.1)	(43.8)
Equity at 31 December 2016	283.5	14 645.8	2 147.2	6 430.4	23 507.1

NOTES TO THE FINANCIAL STATEMENTS

1. Significant accounting policies

Basis for preparation

The financial statements are prepared in accordance with the Norwegian Accounting Act § 3-9 and Regulations on Simplified IFRS as enacted by the Ministry of Finance 3 November 2014. In all material aspects, Norwegian Simplified IFRS requires that the IFRS recognition and measurement criteria (as adopted by the European Union) are complied with, but disclosure and presentation requirements (the notes) follow the Norwegian Accounting Act and Norwegian Generally Accepted Accounting Standards.

The financial statements are presented in Norwegian Kroner (NOK) and all values are rounded to the nearest million (NOK million), except when otherwise indicated.

Consolidation principles

The consolidated statements include the parent company Stiftelsen Det Norske Veritas and all companies in which the parent company directly or indirectly has controlling interest. The group controls an entity when the group is exposed to, or has rights to, variable return from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group and deconsolidated from the date that control ceases. The group accounts show the Group's consolidated Income statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Statement of Cash Flow as a single economic entity. Subsidiaries follow the same accounting principles as the parent company. All intra group assets and liabilities, equity, income, expenses and cash flows relating to transactions between Group entities are eliminated in the consolidated accounts.

The consolidated financial statements have been prepared on the basis of going concern.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at the acquisition date at fair value. Acquisition-related costs are expensed in Income statement as incurred.

Identifiable assets acquired and liabilities assumed are recognized at their fair value at the acquisition date. Goodwill is recognized as the residual value between fair value of the consideration transferred and the fair value of the identifiable net assets.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

The allocation of costs in a business combination is changed if new information on the fair value becomes available and is applicable on the date when control is assumed. The allocation may be altered within one year from acquisition date.

Subsidiaries

Investments in subsidiaries are recognized at cost in the accounts of the parent company. Investments carried at cost are measured at the lower of their carrying amount and fair value less costs to sell. The fair values of the investments are tested annually based on external and/or internal indicators implying revaluation. If estimated fair value is less than the carrying amount, the investments are impaired in the Balance sheet statement and the corresponding cost is recognized in the income statement. Impairment losses recognized in prior periods are reversed if the basis for the impaired value no longer exists or have decreased.

In the accounts of the parent company, dividends, group contributions and other distributions are recognized in the same year as they are recognized in the financial statement of the subsidiary according to the Norwegian Regulation of simplified IFRS § 3-1. If dividends / group contribution exceed withheld profits after acquisition, the excess amount represents repayment of invested capital, and the distribution will be deducted from the recorded value of the acquisition in the Balance sheet statement for the parent company.

Dividend to equity holders of the parent company

Dividends declared to shareholders are recognized as a liability at the end of the reporting period according to the Norwegian Regulation of simplified IFRS § 3-1.

NOTES TO THE FINANCIAL STATEMENTS

Investments in associates and joint ventures

An associate is an entity in which the Group has a significant influence but does not control the management of its financial and operating policy decisions (normally when the Group owns 20%-50% of the company).

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control, are similar to those necessary to determine control over subsidiaries.

Investments in associated companies and joint ventures are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The income statement reflects the Group's share of profits after tax of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The aggregate of the Group's share of profits (or losses) of an associate and a joint venture is shown in the income statement as financial items.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group.

The recognized value of the associate or joint venture in the Statement of Financial Position is tested for impairment annually or more frequently when deemed necessary.

Non-controlling interest

The non-controlling interest in the consolidated financial statements, represent the minority's share of the carrying amount of the equity in entities with minority shareholders.

Classification and valuation of assets and liabilities

The Group presents assets and liabilities in statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period

or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

Current and non-current liabilities are classified correspondingly.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Current assets are valued at the lower of cost and net realizable value. Short-term debt is recognized at fair value and subsequently measured at amortized cost. Transaction cost on short-term borrowings are usually minor, and the value of short-term debt at amortized cost is therefore normally identical with face value.

Fixed assets are valued at cost. However, if a decline in value is expected not to be temporary, fixed assets are impaired to the recoverable amount. Fixed assets with a limited useful economic life are depreciated in accordance with a linear depreciation plan.

NOTES TO THE FINANCIAL STATEMENTS

Revenue recognition

Revenue is recognized when it is probable that future economic benefits will flow to the Group and the revenue can be measured reliably, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties.

Revenue from services is recognized by reference to the stage of completion (percentage of completion method). Stage of completion is measured by reference to hours incurred/ contract costs incurred to date as a percentage of total estimated hours/ total estimated contract costs for each contract. When the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

When the selling price of a software product includes an identifiable amount for subsequent servicing (e.g. after sales support and product enhancement/ maintenance on the sale of software products), that amount is deferred and recognized as revenue over the period during which the service will be performed. The amount deferred covers the expected costs of the services under the agreement together with a reasonable profit on those services.

Debtors

Trade receivables and other current receivables are recorded in the balance sheet initially at fair value and subsequently measured at amortized cost less provision for impairment. Provisions for doubtful debts are calculated on the basis of individual assessments. Impairments of trade receivables are recognized in the income statement if objective indicators suggest that the due amounts cannot be covered in full.

Taxes

Income tax expense comprises both current tax and deferred tax, including effects of changes in tax rates. Current and deferred tax is recognized in income statement, except to the extent that they relate to items recognized in equity or other comprehensive income, of which the tax is also recognized in equity or other comprehensive income.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The current and deferred income tax is calculated based on tax rates (and tax laws) that have been enacted or substantively enacted, in the countries where the Group operates and generates taxable income at the end of the reporting period. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is recognized on temporary differences between the carrying amount of assets and liabilities and the corresponding tax bases as well as on tax losses carried forward at the reporting date. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets for temporary differences and tax loss carry forwards are recognized to the extent that it is probable that future taxable income will be available at the level of the relevant tax authority for utilization. Tax increasing and tax reducing temporary differences expected to reverse in the same period are offset and calculated on a net basis as far as this relate to the same taxable entity and the same taxation authority.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Foreign currencies

The Group's consolidated financial statements are presented in Norwegian Kroner (NOK), which is also the parent company's functional currency. The functional currency of an entity is the currency of the economic environment in which the company primarily operates. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on

NOTES TO THE FINANCIAL STATEMENTS

settlement or translation of monetary items are recognized in the Income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Forward exchange contracts are included at market value at the reporting date.

On consolidation, the assets and liabilities of foreign operations, including goodwill and fair value adjustments are translated into NOK at the rate of exchange prevailing at the reporting date. The Income statements are translated at the average exchange rate for the financial year. Exchange rate differences arising are recognized in other comprehensive income (OCI). On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognized in the Income statement.

Realized and unrealized currency effects not reflected in OCI are included on a net basis in either other financial income or other financial expenses.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight-line basis over the expected useful life of the assets. The estimated useful life, residual values and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. Periodic maintenance costs are capitalized and depreciated over the expected maintenance period. Other repair and maintenance costs are recognized in the Income statement as incurred. Improvement and upgrading are assigned to the purchase cost/ carrying amount and depreciated along with the asset.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gains or losses is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments are recognized as an operating expense in the Income statement on a straight-line basis over the period of lease.

Borrowing costs

Borrowing costs are recognized in the Income statement in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Except for capitalized development costs, all other internally generated intangibles are reflected in the Income statement in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

NOTES TO THE FINANCIAL STATEMENTS

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. The asset is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Income statement.

Goodwill is tested for impairment annually as part of the Group's annual plan process and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

Cash and bank deposits

Cash and bank deposits in the Balance sheet comprise petty cash and cash at bank and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. Cash and bank deposits are initially and subsequently measured at fair value.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable (more likely than not) that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a financial expense.

Restructuring provisions

Restructuring provisions are recognized only when the Group had a constructive obligation, which is when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, and an appropriate timeline, and the employees affected have been notified of the plan's main features.

NOTES TO THE FINANCIAL STATEMENTS

Onerous lease

Provision for onerous lease contracts represents the present value of the future lease payments that the Group is presently obligated to make under non-cancellable onerous operating lease contracts, less revenue expected to be earned on the onerous lease, including estimated future sub-lease revenue, where applicable. The estimate may vary as a result of changes in the utilisation of the leased premises and sub-lease arrangements where applicable.

Post employment benefits

The group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

A defined contribution plan is a pension plan under which the Group pays fixed contribution into a separate entity (a fund/ insurance company) and will have no legal or constructive obligation to pay further contributions. The pension cost related to the defined contribution plans is equal to the contributions to the employee's pension savings in the accounting period.

Multi-employer plans are accounted for as defined contribution plans.

A defined benefit plan is a pension plan that is not a defined contribution plan. In the defined benefit plans, the Group's obligation is to provide the agreed benefit to current and former employees, actuarial risk and investment risk fall in substance on the Group. The Group's defined benefit plans are both funded and unfunded.

Actuarial assumptions are made to measure the pension obligation and the pension expense. Actuarial assumptions are mutually compatible and reflect the economic relationship between factors such as inflation, rate of salary increase and discount rate. The actuarial assumptions comprise: demographic assumptions such as mortality and employee turnover and financial assumptions such as discount rate, rate of salary- and pension benefit increase.

The pension obligations are measured on a discounted basis. Pension plan assets are valued at their fair value. The fair value of plan assets is deducted from the present value of the defined benefit obligation when determining the net defined benefit liability or assets.

Actuarial gains and losses are recognized through other comprehensive income (OCI). Actuarial gains and losses are not reclassified to profit or loss in subsequent periods.

Changes to existing defined benefit plans that will lead to changes in pension obligation are recognized in the statement of income as they occur. Gains or losses linked to changes or terminations of pension plans are also recognized in the statement of income when they arise.

Net interest on the net defined benefit/ assets is presented as part of financial items.

Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements is presented as part of payroll expenses.

Use of estimates

The preparation of the Group's consolidated financial statements in accordance with simplified IFRS requires management to make judgements, estimates and assumptions about the carrying amount of assets and liabilities at the end of the reporting period that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experiences and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Update of accounting estimates are recognized in the period of which the estimate is updated, if the update affects only that period, or in the period of the update if the update affects both current and future periods.

Contingent liabilities and assets

Contingent liabilities are not recognized in the annual accounts. Significant contingent liabilities are disclosed, with the exception of contingent liabilities that are unlikely to be incurred. Contingent assets (unless virtually certain) are not recognized in the annual accounts but are disclosed if the inflow of economic benefits is probable.

Events after the reporting period

New information on the company's financial position on the end of the reporting period which becomes known after the reporting period is recorded in the annual accounts. Events after the reporting period that do not affect the company's financial position on the end of the reporting period but which will affect the company's financial position in the future are disclosed if significant.

Cash flow statement

The cash flow statement is presented using the indirect method. Cash and cash equivalents includes cash, bank deposits and other short-term, highly liquid financial assets with maturities of three months or less.

NOTES TO THE FINANCIAL STATEMENTS

Amounts in NOK million

2. Group information

Stiftelsen Det Norske Veritas owns 100% of the shares in Det Norske Veritas Holding AS.

Company	Business office	Share capital in 1000 NOK	Ownership	Book value
Det Norske Veritas Holding AS	Bærum, Norway	10 800	100%	11.4
Total investment in subsidiaries				11.4

3. Business combinations and sale of operations

Significant changes in group structure 2016

18 January 2016, DNV GL acquired 100% of the shares in Gothia Power AB. Gothia Power is an established consulting company with a strong market position and network in the electric power field in Sweden. The company offers advanced analysis and measurements for power production, power transmission and power consumption. For DNV GL Group, the acquisition of Gothia Power establishes DNV GL's technical and strategic power systems in the Swedish and Baltic energy markets and further strengthens DNV GL's leading position worldwide.

In July 2016, DNV GL acquired 100% of the shares in GreenPowerMonitor. GreenPowerMonitor is an international company, with headquarter in Barcelona, that offers products and services in the renewable energy sector, with a specific focus in the photovoltaic space. The company is a leading provider of solar monitoring, control and asset management systems. For DNV GL Group, the acquisition of GreenPowerMonitor fits strategically by bringing together world leading domain knowledge, technical expertise as well as digital delivery platforms and data-driven services.

In October 2016, the Oil & Gas Material & Failure Analysis laboratory in Germany (Germanischer Lloyd Prüflabor GmbH) was sold to Element Materials Technology Herne GmbH. Germanischer Lloyd Prüflabor GmbH offers material testing, metallurgical examinations and failure investigations through its four labs in Germany. A sales gain of NOK 125 million from the transaction is included in the income statement for 2016. The divestment was settled in cash.

Acquisitions 2016

Company/activities	Transaction date	Ownership	Purchase currency	Acquisition cost local currency (thousand)	External revenue incl. in 2016 acct. mill NOK
Gothia Power AB	18/01/16	100%	SEK	83 300	21.9
GreenPowerMonitor	07/07/16	100%	EUR	16 177	41.5

Preliminary purchase price allocations (PPA):

	Acquisition cost	Of which: Customer relations	Customer contracts	Deferred tax	Net assets	Goodwill
Gothia Power AB	84.3	12.4	4.9	(4.7)	6.1	65.7
GreenPowerMonitor	150.3	34.7	3.1	(10.6)	45.4	77.7

Cash flow on acquisition:

Net cash acquired with the subsidiaries	62.6
Consideration paid in cash	(234.6)
Net cash flow on acquisition	(172.0)

NOTES TO THE FINANCIAL STATEMENTS

Amounts in NOK million

Significant changes in group structure 2015

13 February 2015, DNV GL acquired ISC (100% of the shares in International Standards Certification Pty Ltd., Australia and 100% of the shares in International Standard Certification Japan Co. Ltd). ISC is an international certification body, with a particular presence in Australia and Asia. ISC is a full-service international certification and training body accredited by JAS-ANZ (Joint Accreditation System – Australia New Zealand) and Exemplar Global as a certified training organization. It provides extensive certification and training services for products and systems across key industry sectors, including healthcare and food & beverage. For the DNV GL Group, the acquisition of ISC will increase DNV GL's presence and growth in key industries such as the healthcare industry. The acquisition is also strengthening the DNV GL brand, positioning and growth within the Assurance sector.

31 August 2015, DNV GL acquired 100% of the shares in Noomas Sertifisering AS. Noomas is a leading Norwegian inspection and certification body within fish farming and equipment. Noomas is Norway's leading inspection and certification body within aquaculture and equipment used within the industry. Their objective is to support aquaculture farms through certification to become safer and more sustainable. Noomas primarily delivers accredited certification services to help the industry meet regulations and requirements for floating fish farms and related equipment. For the DNV GL Group, the acquisition of Noomas increase the capability in the aquaculture section, in particular in Norway which has a strong position in global marine aquaculture. Noomas' technical services targeting the operations of fish farms compliment the existing portfolio for the aquaculture value chain.

70% of the shares in Marine Cybernetics AS (Norway) were acquired May 2014. In addition, DNV GL AS entered into an agreement with the owners of the remaining 30% of the shares, where DNV GL AS had an obligation to acquire the remaining shares after three years at an agreed price. 100% of Marine Cybernetics AS was included in the DNV GL Group AS consolidated accounts from 1 May 2014 with no minority interest. The expected payment for the remaining shares was reflected as a liability. In December 2015 this liability was settled.

Acquisitions 2015

Company/activities	Transaction date	Ownership	Purchase currency	Acquisition cost local currency (thousand)	External revenue incl.in 2015 acct. mill NOK
International Standard Certification Japan Co., Ltd.	13/02/15	100%	JPY	1 046	7.6
International Standards Certification Pty Ltd, Australia	13/02/15	100%	AUD	6 019	21.1
Noomas Sertifisering AS	31/08/15	100%	NOK	43 549	8.5

The acquisition cost in excess of net book value of the equity has been allocated to goodwill.

Cash flow on acquisition:

Net cash acquired with the subsidiaries	7.4
Consideration paid in cash	(82.4)
Net cash flow on acquisition	(75.0)

Divestments 2015

Effective 30 November 2015, Det Norske Veritas Holding AS sold the shares in Rosenberggata 101 AS to Nyberg Property Investment Holding AS. The sale generated a gain of NOK 99.5 million which is included in total operating revenue in 2015.

NOTES TO THE FINANCIAL STATEMENTS

Amounts in NOK million

4. External operating revenue

	STIFTELSEN DET NORSKE VERITAS CONSOLIDATED		
Geographical area:	2016	2015	2014
Nordic countries	4 024.8	4 564.3	4 578.4
Europe and Africa	7 325.5	7 642.9	7 387.2
Asia Pacific	5 349.8	6 710.8	5 800.6
North and South America	4 151.9	4 598.1	3 892.9
Total operating revenue	20 852.0	23 516.2	21 659.0
Business areas:			
DNV GL Maritime	8 216.1	9 885.9	8 877.7
DNV GL Oil & Gas	4 954.5	6 053.6	6 264.2
DNV GL Energy	3 582.5	3 522.6	3 122.1
DNV GL Business Assurance	3 145.9	3 024.0	2 491.7
DNV GL Software	859.1	823.9	783.3
DNV Real Estate companies	18.0	26.4	36.3
Gain from sale of Rosenberggata 101 AS	0.0	99.5	0.0
Other	76.0	80.4	83.7
Total operating revenue	20 852.0	23 516.2	21 659.0

The operating companies in the Group are DNV GL Group and the real estate company. For management purposes, DNV GL Group is organized into business areas based on the industries in which the Group operates. DNV GL is structured into five business areas; Maritime, Oil & Gas, Energy, Business Assurance and Software.

5. Payroll expenses

	STIFTELSEN DET NORSKE VERITAS CONSOLIDATED		
	2016	2015	2014
Salaries	10 030.0	10 309.5	9 332.6
Payroll tax	1 233.1	1 244.5	1 213.7
Pension costs	905.5	940.5	820.3
Effect of pension plan changes/curtailment effects	(64.1)	70.0	(175.0)
Other contributions	449.7	551.5	406.0
Total payroll expenses	12 554.2	13 116.0	11 597.5
Man years	13 298	14 682	15 428
Total bonus expenses	53.0	67.0	451.8

NOTES TO THE FINANCIAL STATEMENTS

Amounts in NOK million

6. Other operating expenses

STIFTELSEN DET NORSKE VERITAS				STIFTELSEN DET NORSKE VERITAS CONSOLIDATED		
2016	2015	2014		2016	2015	2014
0.0	0.0	0.0	Travel expenses	1 164.1	1 304.5	1 251.0
0.0	0.0	0.0	ICT and communication expenses	875.6	889.6	898.1
0.0	0.0	0.0	Rent and real estate expenses	1 020.8	1 032.2	826.4
0.0	0.0	0.0	Loss on claim	46.9	98.5	95.2
3.6	2.3	3.4	Expenses group companies	0.0	0.0	0.0
4.8	4.2	7.8	Other expenses	3 417.4	4 180.5	4 321.3
8.4	6.5	11.3	Total other operating expenses	6 524.8	7 505.2	7 392.0

The Group recognized expenses of NOK 535.0 million in relation to operating leases in 2016. Operating lease relates mainly to office rent, with lease terms between 1-15 years and company cars, with lease terms between 1-5 years.

Minimum lease payments relating to operating lease:	2016	2015	2014
Within one year	451.8	517.2	457.6
After one year but not more than five years	1 015.1	1 235.4	941.0
More than five years	807.3	479.0	513.4
Total	2 274.2	2 231.6	1 912.0

7. Remuneration to Board of Directors and auditor fees

Board remuneration paid in 2016:¹

Name	Stiftelsen Det Norske Veritas	Other Group companies ⁴
Leif-Arne Langøy	480	452
Morten Ulstein	173	300
Sille Grjotheim ²	41	162
Liv Aune Hagen ³	29	117
Rebekka Glasser Herlofsen	70	330
Nina Ivarsen ³	29	117
Clemens Keuer	70	280
Liselott Kilaas ³	29	143
Christelle G.V. Martin	70	280
Mette Bandholtz Nielsen	70	280
C. Thomas Rehder	70	280
Odd E. Sund ²	41	162
Hilde M. Tonne ²	41	187
Xu, Bei Betty	0	280

1. Amounts in NOK thousand

2. Member of the Board of Directors until 1 August 2016

Remuneration to the Control Committee paid 2016:¹

Name	Stiftelsen Det Norske Veritas
Ivar Brandvold	123
Sverre Svenning	83
Åse Aulie Michelet	83

Remuneration to the Nomination Committee paid 2016:¹

Name	Stiftelsen Det Norske Veritas
Walter Qvam	170
Sturla Henriksen	101
Karl Henrik Kjelstad	78
Wenche Nistad	53
Wenche Agerup	39

3. Member of the Board of Directors from 1 August 2016

4. Includes remunerations for Board Audit Committee and Board Compensation Committee

Fees to the auditors for 2016 (amounts in NOK thousand)	Stiftelsen Det Norske Veritas	Group auditor other Norwegian entities	Group auditor non- Norwegian entities	Other auditors	Total
Statutory audit	210	5 118	19 049	3 259	27 637
Tax consulting services		423	4 255	341	5 019
Other audit related services		331	1 083	280	1 694
Non-audit services		373		318	690

NOTES TO THE FINANCIAL STATEMENTS

Amounts in NOK million

8. Pension costs, plan assets and defined benefit pension liabilities

DNV GL Group AS has both defined contribution pension plans and defined benefit pension plans. 10 918 employees are covered by the defined contribution pension plans while 3 940 persons (employees and pensioners) are covered by defined benefit pension plans. All defined benefit pension plans are closed for new entrants, however active members still build up their pension rights under these plans.

End of service benefit schemes in some countries outside Norway (mainly Middle East and Asian countries with statutory defined benefit plan requirements) are still open for new entrants. These end of service benefit schemes are required by law and fully settled at retirement/ resignation.

The structure of the defined benefit pension plans depends on the legal, tax and economic conditions in the respective country, and is usually based on length of service and remuneration of the employee. The defined benefit pension plans are covered through separate pension funds, through arrangements with independent insurance companies or through unfunded plans.

The defined benefit pension plans in Norway are financed through a separate pension fund. For defined benefit pension plans in Germany, the major plans are unfunded with the gross liability reflected as a pension liability, however there are also pension plans in Germany financed through independent insurance companies. Of the other defined benefit pension plans, the major UK plans are financed through a separate pension fund, while the other plans are mainly financed through independent administrative funds/insurance companies. The pension cost and the pension liabilities as included in the accounts and in this note, are based on the presented actuarial assumptions, together with remuneration of the employee and length of service.

Contribution to the Group's pension plans are made in accordance with common actuarial methods and statutory regulations in the country where the pension plan is administered. Total pension costs for 2016 are NOK 841.4 million of which NOK 187.1 million are related to the defined benefit pension plans and NOK 654.3 million are related to the defined contribution pension plans and end of service benefit schemes.

The Norwegian companies in the Group are subject to the Norwegian Pension Act. The companies' pension schemes fulfil the requirements of the law. Norwegian employees are covered either by the Norwegian defined contribution pension plan (mainly employees employed after 1 January 2005), or the defined benefit pension plan organized in one Norwegian pension fund (employees employed before 1 January 2005) and in one unfunded pension plan (employees employed before 1 January 2005). The pension assets in the Norwegian pension fund are invested as follows:

Market value of plan assets in Norway	31 Dec. 2016	31 Dec. 2015	31 Dec. 2014
Buildings and property	181.0	290.0	352.0
Mutual equity funds and hedge funds	3 010.1	2 399.9	2 325.7
Norwegian bonds and bond funds	1 693.6	1 785.7	1 166.5
Non-Norwegian bonds and bond funds	208.6	197.0	195.0
Bank accounts, other assets and liabilities	869.6	1 316.5	1 754.2
Total market value of plan assets Norway (DNV GL Pension fund)	5 962.9	5 989.0	5 793.4
Actual return on plan assets	272.9	210.3	459.8

NOTES TO THE FINANCIAL STATEMENTS

Amounts in NOK million

Pension cost - defined benefit pension schemes:	Funded Norwegian defined benefit pension plans			German defined benefit pension plans			Other defined benefit pension plans		
	2016	2015	2014	2016	2015	2014	2016	2015	2014
Net present value of this year's pension contribution	148.7	176.6	169.2	47.5	50.5	37.8	41.9	51.2	20.0
Effect of plan changes/ curtailments	(56.0)	0.0	(175.0)	(8.1)	0.0	0.0	0.0	30.6	0.0
Payroll tax	13.1	24.9	48.5	0.0	0.0	0.0	0.0	0.0	0.0
Net present value of this year's pension contribution	105.8	201.4	42.8	39.4	50.5	37.8	41.9	81.8	20.0
Net interest on the net defined benefit liability (asset)	(12.3)	1.6	(14.3)	47.4	48.6	58.6	3.0	4.6	2.3
Payroll tax	(1.7)	0.2	(2.0)	0.0	0.0	0.0	0.0	0.0	0.0
Net interest on the net defined benefit liability (asset)	(14.0)	1.9	(16.3)	47.7	48.6	58.6	3.0	4.6	2.3

Net pension asset (liabilities): defined benefit pension schemes:	Funded Norwegian defined benefit pension plans			German defined benefit pension plans			Other defined benefit pension plans		
	31 Dec. 2016	31 Dec. 2015	31 Dec. 2014	31 Dec. 2016	31 Dec. 2015	31 Dec. 2014	31 Dec. 2016	31 Dec. 2015	31 Dec. 2014
Market value of plan assets	5 962.9	5 989.0	5 808.4	62.7	60.7	61.1	1 857.8	2 276.7	2 018.2
Actuarial present value of pension liabilities	(5 630.2)	(5 680.6)	(5 955.3)	(2 359.0)	(2 347.7)	(2 347.3)	(2 012.8)	(2 394.6)	(2 146.8)
Payroll tax	(11.0)	(29.3)	(93.1)	0.0	0.0	0.0	0.0	0.0	0.0
Net pension asset (liabilities)	321.7	279.1	(240.0)	(2 296.3)	(2 287.0)	(2 286.1)	(155.0)	(117.9)	(128.6)

End of service benefit schemes:	Norwegian schemes			German schemes			Other schemes		
	31 Dec. 2016	31 Dec. 2015	31 Dec. 2014	31 Dec. 2016	31 Dec. 2015	31 Dec. 2014	31 Dec. 2016	31 Dec. 2015 ¹	31 Dec. 2014 ¹
Net liability	0.0	0.0	0.0	0.0	0.0	0.0	(183.5)	(214.5)	(245.4)
Hereof recorded in the balance sheet as:									
Net pension asset	321.7	279.1	0.0	0.0	0.0	0.0	0.0	3.9	4.9
Pension liabilities	0.0	0.0	(240.0)	(2 296.3)	(2 287.0)	(2 286.1)	(155.0)	(121.8)	(133.5)
Other non-current liabilities	0.0	0.0	0.0	0.0	0.0	0.0	(183.5)	(214.5)	(245.4)

1. Regrouped from pension liabilities to other non-current liabilities in the balance sheet statement 31 December 2015 and 31 December 2014

NOTES TO THE FINANCIAL STATEMENTS

Amounts in NOK million

The assumptions (discount rate, covered bonds) for calculation of the pension liabilities in Norway have been changed from 2.6% to 2.5%. The changed assumptions led to increased pension liabilities of NOK 94 million in 2016.

The assumptions (discount rate) for calculation of the pension liabilities in Germany have been changed from 2.2% to 1.8%. The changed assumptions led to increased pension liabilities of NOK 114 million in 2016.

As a consequence of new regulations in Norway for disability pension (effective 1 January 2017), disability pension have been organized in a defined contribution scheme from 1 January 2017. Curtailment effect of NOK 5 million (gain) has been reflected in the income statement in 2016.

As a consequence of capacity adjustments in 2016, curtailment effects (gain) of NOK 59 million (NOK 51 million in Norway and NOK 8 million in Germany) have been reflected in the income statement in 2016.

The calculations of the pension liabilities are based on the following actuarial assumptions:

	Norwegian schemes ²			German schemes			Other schemes		
	31 Dec. 2016	31 Dec. 2015	31 Dec. 2014	31 Dec. 2016	31 Dec. 2015	31 Dec. 2014	31 Dec. 2016	31 Dec. 2015	31 Dec. 2014
Discount rate ¹	2.5%	2.6%	2.3%	1.8%	2.2%	2.2%	1.0-8.1%	1.0-9.5%	2.1-3.7%
Projected annual salary adjustment	2.8%	2.8%	3.0%	2.5%	2.5%	3.0%	2.5-10.0%	2.0-10.0%	2.0-4.0%
Projected annual increase in pension benefit	1.8%	1.8%	1.8%	1.5%	1.5%	2.0%	0.0-3.1%	0.0-3.0%	0.0-3.2%
Projected annual increase of Norwegian government basis pension	2.3%	2.3%	2.5%						
Expected annual return on plan assets	2.5%	2.6%	2.3%	1.8%	2.2%	2.2%	1.0-7.9%	1.0-9.5%	2.1-3.7%

1. Covered bond rate for Norwegian schemes

2. The pension liability calculations for the Norwegian schemes are based on K2013BE (standard best estimate mortality table).

The retirement age in the group differs from country to country. In the most significant pension plans the ordinary retirement age is 67 years (Norway) and 65-67 years (Germany). To align with German regulations, the major German pension plans are gradually shifting from 65 to 67 years based on the year of birth of the plan members. Some managers and employees are entitled to early retirement before 67, with full pension rights earned.

Sensitivity analysis of pension calculations

The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while keeping all other assumptions unchanged. Sensitivities decrease (increase) defined benefit obligation year-end.

Assumptions	Discount rate		Future salary increases	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Sensitivity level				
Impact on defined benefit obligation Norwegian plans	516.0	(534.0)	(142.0)	184.0
Impact on defined benefit obligation German plans	163.3	(167.1)	(18.6)	18.4

NOTES TO THE FINANCIAL STATEMENTS

Amounts in NOK million

9. Financial income and financial expenses

STIFTELSEN DET NORSKE VERITAS				STIFTELSEN DET NORSKE VERITAS CONSOLIDATED		
2016	2015	2014		2016	2015	2014
32.4	10.7	33.1	Return on financial investments	101.8	27.8	76.1
0.0	0.0	0.0	Net arbitration and BCA settlements (note 20)	723.9	0.0	0.0
0.0	0.0	0.0	Profit (loss) from investment in associates (note 15)	(1.7)	5.6	22.8
0.0	0.0	0.0	Gain from sale of available for sale investments	7.2	0.0	0.0
0.0	0.0	0.0	Net interest on the net defined benefit liability (asset) (note 8)	(38.8)	(56.5)	(49.5)
0.3	0.1	0.1	Net interest income group companies	0.0	0.0	0.0
0.0	0.0	0.0	Other net interest income (expense)	17.3	42.7	11.3
0.2	0.0	0.0	Currency gains (losses)	49.8	47.0	117.9
0.0	0.0	0.0	Other financial items	(26.0)	(27.3)	(13.3)
32.9	10.8	33.2	Net financial income (expenses)	833.6	39.3	165.3

10. Financial market risk

The Group's main financial market risks are liquidity risk, foreign currency risk, credit risk, interest rate risk and pension plan risk.

Liquidity risk

The Group monitors its liquidity risk on an ongoing basis. The liquidity forecasting considers planned investments in non-current assets, financing activities, working capital needs, as well as projected cash flows from operations.

Foreign currency risk

The Group has revenues and expenses in approximately 65 currencies. Of these, six currencies (EUR, USD, NOK, GBP, CNY and KRW) make up for approximately 78% of the total revenue. In many currencies the group has a natural hedge through a balance of revenue and expenses. The policy of the Group is to hedge significant project exposures and future cash flows through forward exchange contracts. As part of the hedging strategy, the Group has forward exchange contracts equivalent to NOK 1 198 million. The Group does not apply hedge accounting and realized and unrealized gains and losses are recognized in the income statement. Unrealized net loss at year end is NOK 24.0 million.

A change in USD exchange rate of +/- 1 percentage point will lead to a change in operating revenue of approximately +/- NOK 34 million and a change in operating profit (EBIT) of approximately +/- NOK 2 million. A change in EUR exchange rate of +/- 1 percentage point will lead to a change in operating revenue of approximately +/- NOK 55 million and an insignificant change in operating profit (EBIT).

Credit risk

Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is limited. There are no significant concentrations of credit risk within the Group. With respect to credit risk arising from the other financial assets of the Group, which comprises cash and cash equivalents and certain derivative instruments, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the market value of these instruments.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's forward exchange contracts and the multi-currency revolving credit facility. Both risks are considered to have limited effect.

Pension plan risk

The Group is exposed to volatility in the financial market affecting the value of the pension plan assets. The Group is also exposed to interest rate volatility affecting the pension liabilities. In addition, inflation and real wages development will have impact on the pension liabilities.

NOTES TO THE FINANCIAL STATEMENTS

Amounts in NOK million

11. Tax

STIFTELSEN DET NORSKE VERITAS				STIFTELSEN DET NORSKE VERITAS CONSOLIDATED		
2016	2015	2014		2016	2015	2014
			Tax expense consists of:			
18.5	15.0	23.6	Norwegian wealth tax	18.5	15.0	23.6
7.1	2.2	6.0	Norwegian income tax	77.2	145.7	164.1
0.0	0.0	0.0	Income tax outside Norway	626.4	722.0	656.7
0.0	0.0	0.0	Change in previous years taxes	9.2	0.0	0.0
25.5	17.2	29.6	Total tax payable	731.2	882.7	844.4
0.0	0.0	0.0	Change in deferred tax in Norway	(0.1)	(111.4)	42.6
0.0	0.0	0.0	Effect of changed tax rate	12.9	(13.9)	0.0
0.0	0.0	0.0	Change in deferred tax outside Norway	(227.4)	15.4	(133.7)
0.0	0.0	0.0	Total change in deferred tax	(214.6)	(109.9)	(91.1)
25.5	17.2	29.6	Tax expense	516.7	772.9	753.4
6.1	1.2	5.9	Tax on profit at 25% (27% in 2014 and 2015)	348.2	541.6	505.6
			Tax effect of:			
0.0	0.0	0.0	Foreign tax exempt branches	0.0	1.3	(24.1)
0.0	0.0	0.0	Non refundable foreign withholding taxes	153.8	60.1	27.7
0.0	0.0	0.0	Gain sale of shares	(30.1)	0.0	0.0
0.0	0.0	0.0	Impairment of goodwill	74.8	0.0	0.0
0.0	0.0	0.0	Changes of previous years taxes	0.1	1.0	141.4
0.0	0.0	0.0	Effect of changed tax rate	10.5	13.9	0.0
18.5	15.0	23.6	Norwegian wealth tax	18.5	15.0	23.6
0.0	0.0	0.0	Tax assets not recognized current year	55.3	99.9	21.0
0.0	0.0	0.0	Differences between tax rates in Norway and abroad	8.8	(6.3)	(21.2)
0.9	1.0	0.0	Other permanent differences	(123.1)	46.4	79.4
25.5	17.2	29.6	Tax expense	516.7	772.9	753.4
			Effective tax rate	37%	39%	40%
			Net tax-reducing/tax-increasing temporary differences:			
0.3	0.3	0.4	Non-current assets	1 883.3	2 953.9	3 353.5
0.0	0.0	0.0	Current assets	254.0	94.4	149.5
0.0	0.0	0.0	Liabilities including pension liabilities	(2 363.9)	(2 474.7)	(3 139.1)
0.0	0.0	0.0	Tax loss to be carried forward	(993.4)	(1 087.5)	(1 285.5)
0.3	0.3	0.4	Basis for deferred tax asset/liability	(1 220.1)	(531.9)	(921.6)
24%	25%	27%	Tax rates applied	17%–42%	17%–42%	17%–42%
0.0	0.0	0.0	Deferred tax asset	1 027.8	1 103.7	1 196.0
(0.1)	(0.1)	(0.1)	Deferred tax liability	(703.6)	(1 053.6)	(1 045.6)

The Group has accumulated tax-loss to be carried forward amounting to NOK 685 million. As the future utilization of these tax losses cannot be demonstrated, the related deferred tax asset (DTA) of NOK 154 million, is not recognized in the balance sheet.

NOK 20 million deferred tax income related to actuarial gains (losses) on defined benefit pension plans, has been reflected in other comprehensive income/ other equity, together with the related actuarial gain/ loss.

NOTES TO THE FINANCIAL STATEMENTS

Amounts in NOK million

12. Intangible assets

	Goodwill	Customer contracts	Customer relations	Tech-nology	Trade-marks	Other intangible assets	Total
Acquisition cost							
1 January 2015	8 253.0	406.5	2 068.4	862.8	514.5	449.0	12 554.3
Additions	79.3	0.0	0.0	0.0	2.1	0.0	81.4
Additions from internal developments	0.0	0.0	0.0	0.0	0.0	253.9	253.9
Disposals	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency translation differences	486.9	25.3	134.0	49.7	33.3	21.5	750.7
Total acquisition cost 31 Dec 2015	8 819.2	431.8	2 202.5	912.5	549.9	724.4	13 640.4
Additions	143.3	7.9	47.1	0.0	4.7	0.0	203.1
Additions from internal developments	0.0	0.0	0.0	0.0	0.0	322.3	322.3
Disposals	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency translation differences	(456.0)	(22.6)	(133.6)	(48.4)	(36.3)	(19.1)	(715.9)
Total acquisition cost 31 Dec 2016	8 506.6	417.2	2 116.0	864.1	518.3	1 027.7	13 449.9
Accumulated amortization and impairment							
1 January 2015	(59.3)	(176.9)	(324.2)	(225.6)	0.0	(154.0)	(939.9)
Amortization	0.0	(104.5)	(208.3)	(175.6)	0.0	(47.4)	(535.8)
Impairment	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Disposals	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency translation differences	(1.8)	(18.8)	(36.5)	(26.3)	0.0	(9.5)	(92.9)
Total accum. amortization and impairment 31 Dec. 2015	(61.1)	(300.1)	(569.0)	(427.6)	0.0	(210.9)	(1 568.6)
Amortization	0.0	(77.7)	(220.6)	(181.8)	0.0	(39.0)	(519.1)
Impairment	(299.0)	0.0	0.0	0.0	0.0	(11.6)	(310.6)
Disposals	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency translation differences	2.3	17.4	35.6	25.7	0.0	8.6	89.6
Total accum. amortization and impairment 31 Dec. 2016	(357.7)	(360.4)	(754.1)	(583.6)	0.0	(252.9)	(2 308.7)
Net book value							
At 31 December 2016	8 148.9	56.8	1 361.9	280.5	518.3	774.8	11 141.2
At 31 December 2015	8 758.1	131.7	1 633.5	484.9	549.9	513.6	12 071.8
At 31 December 2014	8 193.7	229.7	1 744.3	637.2	514.5	295.1	11 614.4
Useful life		1-5 years	6-16 years	5-7 years	Indef.	5-10 years	

Other intangible assets mainly consist of capitalized software development costs and acquired software.

Goodwill is not amortized, but is tested annually for impairment (note 13).

Other intangible assets are amortized linearly, based on evaluation of useful life. Trademarks has an indefinite useful life and are not amortized but tested for impairment annually.

NOTES TO THE FINANCIAL STATEMENTS

Amounts in NOK million

13. Impairment testing of goodwill

Goodwill obtained through acquisitions is allocated to the Group's business areas and followed up and tested collectively for the group of cash-generating units that constitute the business area. The cash-generating units correspond to DNV GL's business areas Maritime, Oil & Gas, Energy, Business Assurance and Software. The test is performed at year end. An impairment loss is recognized if the estimated recoverable amount is lower than the carrying amount of the cash generating unit.

<i>Goodwill is allocated to the business areas as follows:</i>	2016	2015	2014
Maritime	2 951.7	3 103.2	2 938.1
Oil & Gas	3 285.0	3 466.6	3 268.7
Energy	1 749.4	2 018.3	1 901.2
Business Assurance	145.4	152.5	68.2
Software	17.4	17.4	17.4
Total goodwill	8 148.9	8 758.1	8 193.7

The Group has used value in use to determine recoverable amounts for the cash-generating units. Value in use is determined by using the discounted cash flow method. The expected cash flows are based on the business areas' budgets and long term plans, which are approved by the Board of Directors and executive management. Budgets and long-term plans cover maximum a five year period. After the five years of explicit plans, the cash flows are stipulated by extrapolation.

<i>Key assumptions per cash-generating unit:</i>	Cost of capital (WACC)	Long-term nominal growth rate
Maritime	7.4 %	1.5%
Oil & Gas	7.3 %	1.5%
Energy	7.4 %	1.5%
Business Assurance	6.9 %	1.5%
Software	7.6 %	1.5%

At year-end 2016 the value in use for Energy, calculated as the present value of future cash flows, is NOK 299 million lower than the book values of the cash generating unit including goodwill, resulting in a corresponding impairment of NOK 299 million reflected in the income statement in 2016.

Sensitivity analysis

In connection with impairment test of goodwill, sensitivity analysis are carried out for each individual cash-generating unit. For Oil & Gas a decrease in EBITA-margin of 0.9% or a decrease in EBITA forecast of 9.5% will lead to impairment.

None of the other cash-generating units will be in an impairment situation before there are material changes in the key assumptions, and these changes are considered to be outside the probable outcome.

NOTES TO THE FINANCIAL STATEMENTS

Amounts in NOK million

14. Fixed assets

	Land, buildings and other property	Office equipment, fixtures and fittings	Total
Acquisition cost			
1 January 2015	2 984.2	3 692.6	6 676.8
Additions	261.7	632.1	893.8
Disposals	(27.4)	(118.1)	(145.5)
Divestment of a subsidiary (note 3)	(161.6)	0.0	(161.6)
Currency translation differences	112.1	226.2	338.3
Total acquisition cost 31 December 2015	3 169.1	4 432.7	7 601.8
Additions	283.7	223.5	507.2
Additions from business combinations	0.0	2.2	2.2
Disposals	(43.6)	(269.7)	(313.4)
Divestment of a subsidiary (note 3)	0.0	(76.2)	(76.2)
Currency translation differences	(107.7)	(138.6)	(246.3)
Total acquisition cost 31 December 2016	3 301.4	4 173.9	7 475.3
Accumulated depreciation and impairment			
1 January 2015	816.5	2 453.3	3 269.8
Depreciation	107.9	279.6	387.5
Impairment	0.2	5.0	5.2
Disposals	(17.8)	(99.0)	(116.8)
Currency translation differences	39.3	137.5	176.8
Total accumulated depreciation and impairment 31 December 2015	946.2	2 776.4	3 722.5
Depreciation	114.6	265.3	379.9
Impairment	0.7	3.7	4.4
Disposals	(12.5)	(243.1)	(255.7)
Divestment of a subsidiary (note 3)	0.0	(53.4)	(53.4)
Currency translation differences	(27.1)	(88.6)	(115.6)
Total accumulated depreciation and impairment 31 December 2016	1 021.8	2 660.3	3 682.1
Net book value			
31 December 2016	2 279.5	1 513.6	3 793.1
31 December 2015	2 222.8	1 656.4	3 879.2
31 December 2014	2 167.8	1 239.3	3 407.1
Useful life	15–100 years	3–15 years	
Depreciation plan	Linear	Linear	

15. Investment in associates

DNV GL Group AS' ownership (through DNV GL AS) in StormGeo Holding AS is 27 %. The ownership (through DNV GL Business Assurance Group AS) in DNV Nemko Presafe AS is 50% and the investment is considered to be a joint venture. The investments are recognized in accordance with the equity method in the consolidated financial statements.

Investments in associates:

Company	Business Office	Ownership	Acquisition cost	Share of profit for the year	Book value
DNV Nemko Presafe AS	Oslo	50%	14.1	(0.6)	8.3
StormGeo Holding AS	Bergen	27%	145.5	(1.1)	181.2

Book value in StormGeo Holding has in 2016 been adjusted for a positive change in OCI of NOK 60.8 million.

NOTES TO THE FINANCIAL STATEMENTS

Amounts in NOK million

16. Other current liabilities

	STIFTELSEN DET NORSKE VERITAS CONSOLIDATED		
	31 Dec. 2016	31 Dec. 2015	31 Dec. 2014
Advances from customers	1 996.8	2 494.5	2 053.9
Accrued bonus to employees	120.7	253.9	624.0
Accrued holiday allowances	495.4	542.2	558.8
Unrealized loss (gain) and interest related to forward contracts	25.2	35.7	58.7
Accrued expenses and other short-term liabilities	1 304.1	1 360.8	1 317.8
Total other current liabilities	3 942.3	4 687.1	4 613.2

17. Trade debtors

	STIFTELSEN DET NORSKE VERITAS CONSOLIDATED		
	31 Dec. 2016	31 Dec. 2015	31 Dec. 2014
Gross trade debtors	4 409.6	5 611.5	5 493.5
Provision for bad debts	(180.5)	(369.2)	(344.2)
Net trade debtors	4 229.1	5 242.3	5 149.3

18. Other long-term receivables

	STIFTELSEN DET NORSKE VERITAS CONSOLIDATED		
	31 Dec. 2016	31 Dec. 2015	31 Dec. 2014
Loans to employees	46.4	54.7	59.0
Loan to affiliated companies, DNV Nemko Presafe AS	32.8	31.3	29.8
Loan to Veritas Petroleum Services BV controlled by IK Investment Partners Ltd.	0.0 ¹	322.7	250.4
Other long-term receivables	312.5	350.1	300.5
Total other long-term receivables	391.7	758.8	639.7

1. The loan will be repaid in 2017 and is reclassified to other debtors under current assets

NOTES TO THE FINANCIAL STATEMENTS

Amounts in NOK million

19. Provisions

STIFTELSEN DET NORSKE VERITAS CONSOLIDATED

	Claims and contingencies	Indemnification	Onerous lease	Others	Total
Balance at 1 January 2014	216.6	99.8	0.0	46.9	363.3
Currency translation differences	14.2	0.0	0.0	1.7	16.0
Additions	38.0	25.6	0.0	70.4	134.0
Utilization	(23.0)	0.0	0.0	(32.6)	(55.7)
Reversal	(57.1)	0.0	0.0	0.0	(57.1)
Balance at 31 December 2014	188.7	125.4	0.0	86.4	400.5
Current	78.0	125.4	0.0	86.4	289.8
Non-current	110.7	0.0	0.0	0.0	110.7
Balance at 1 January 2015	188.7	125.4	0.0	86.4	400.5
Currency translation differences	6.9	0.0	0.0	0.0	6.9
Additions	50.0	0.0	0.0	396.5	446.5
Utilization	(6.0)	0.0	0.0	(74.5)	(80.5)
Reversal	(65.8)	0.0	0.0	0.0	(65.8)
Balance at 31 December 2015	173.7	125.4	0.0	408.4	707.5
Current	100.0	125.4	0.0	375.5	600.9
Non-current	73.7	0.0	0.0	32.9	106.6
Balance at 1 January 2016	173.7	125.4	0.0	408.4	707.5
Currency translation differences	(4.0)	0.0	0.0	(7.6)	(11.5)
Additions	3.0	0.0	110.3	354.7	468.0
Utilization	0.0	(125.4)	0.0	(343.9)	(469.3)
Reversal	0.0	0.0	0.0	(6.7)	(6.7)
Balance at 31 December 2016	172.8	0.0	110.3	404.9	688.0
Current	103.0	0.0	39.5	366.5	509.0
Non-current	69.8	0.0	70.9	38.4	179.0

Provisions for claims and contingencies concern fair value of pending legal disputes from acquisitions and provisions for other pending legal disputes. Provisions for indemnification 1 January 2016 were related to the Business Combination Agreement between Stiftelsen Det Norske Veritas and Mayfair. The provision was settled in 2016. Onerous lease provisions represent best estimates of the net lease obligations (net of incoming cash flows expected from sub-lease) under the onerous lease contracts at year-end 2016. The provisions have been discounted. Included in other provisions are provisions for restructuring, termination benefits and onerous contracts.

20. Settlements with the minority shareholder in DNV GL Group AS

After the merger of DNV and GL in 2013, the two shareholders of DNV GL Group AS have had a dispute based on certain representations and warranties in the Business Combination Agreement. In 2016 the Arbitration Institute of the Stockholm Chamber of Commerce awarded Det Norske Veritas a total cash compensation plus interest and legal costs.

The Business Combination Agreement from 2013 includes indemnification clauses related to tax from the pre-merger period and other pre-merger events. In the autumn of 2016 a procedure for a smooth handling of such cases was agreed between the DNV GL shareholders. Some of the tax cases and pre-merger events have been settled, but there are still some items related to pre-merger events that remain to be clarified and settled in accordance with the Business Combination Agreement.

Arbitration and Business Combination Agreement settlements included in income statement 2016:

Reimbursement of legal costs (included in other operating expenses)	24.1
Net financial income	723.9
Net gain from arbitration and Business Combination Agreement settlements	748.0

The net cash flow from arbitration and Business Combination Agreement settlements in 2016 was NOK 622.6 million.

NOTES TO THE FINANCIAL STATEMENTS

Amounts in NOK million

21. Cash and bank deposits

Det Norske Veritas Holding AS has a cash pool system with DNB ASA, in which Stiftelsen Det Norske Veritas and Det Norske Veritas Eiendom AS participate. This system includes an overdraft facility of NOK 50 million. Balances on bank accounts participating in the cash pooling systems are considered as internal assets or liabilities vis-à-vis other Group participants. For Det Norske Veritas Holding AS on a consolidated basis, the net total balance of NOK 107 million with DNB ASA is included in 'Cash and bank deposits' in the balance sheet at 31 December.

DNV GL Group AS has a cash pool system with DNB ASA, in which most of legacy DNV legal entities participate. This system includes an overdraft facility of NOK 50 million. The overdraft facility is undrawn at year-end 2016.

DNV GL Group AS has a cash pool system with Danske Bank, in which some of the DNV GL legal entities in Norway, Denmark, Sweden, Finland, UK, Ireland, Faroe Islands, and the Baltics participate. This system includes an overdraft facility of NOK 100 million. The overdraft facility is undrawn at year-end 2016.

DNV GL Group AS has a cash pool system with Handelsbanken, in which some of DNV GL Group AS' legal entities in Sweden, Finland, Estonia, Latvia, Lithuania and Germany participate.

DNV GL Group AS has a cash pool system with Citibank, in which some of legacy DNV legal entities in the Euro-countries participate.

DNV GL Group AS has a cash pool system with Deutsche Bank, in which some DNV GL Group AS' legal entities in Europe participate. This system includes an overdraft facility of EUR 10 million. The overdraft facility is undrawn at year-end 2016.

DNV GL Group AS' wholly owned subsidiary in China, Det Norske Veritas China Company Ltd has an agreement for a CNY 10 million credit facility with Citibank in China. The facility is guaranteed by DNV GL AS through a parent company guarantee. The facility is undrawn at year-end 2016.

DNV GL Group AS' wholly owned subsidiary in India, DNV Business Assurance India Private Ltd has an agreement for an INR 250 million credit facility with Citibank in India. The facility is guaranteed by DNV GL Group AS through a parent company guarantee. The facility is undrawn at year-end 2016.

Balances on bank accounts participating in the cash pooling systems are considered as internal assets or liabilities vis-à-vis other Group participants. For DNV GL Group AS on a consolidated basis, the net total balance of NOK 321 million with DNB ASA, NOK 127 million with Handelsbanken, NOK 34 million with Citibank, NOK 67 million with Danske Bank and NOK 133 million with Deutsche Bank are included in Cash and bank deposits in the balance sheet at 31 December.

Cash and bank deposits in the balance sheet comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

22. Long-term loans

Det Norske Veritas Holding AS has an agreement for a NOK 1 500 million multi-currency revolving credit facility with Handelsbanken Norwegian branch of Svenska Handelsbanken AB. The facility expires in April 2021. The credit agreement supporting this facility requires that Det Norske Veritas Holding AS consolidated accounts maintains a certain minimum level of total equity and that the 'loan to value' of the properties belonging to Det Norske Veritas Eiendom AS does not exceed a set limit. The facility is secured with a pledge in properties belonging to Det Norske Veritas Eiendom AS.

DNV GL Group AS has an agreement for a NOK 1 600 million multi-currency revolving credit facility with Handelsbanken Norwegian branch of Svenska Handelsbanken AB. The facility expires in May 2021 and was undrawn per year-end 2016. The credit agreement supporting this facility has certain covenants, including a negative pledge clause, and also restrict DNV GL Group AS' ability to freely dispose of material assets. The credit agreement further requires that DNV GL Group AS on a consolidated basis maintains a certain minimum level of equity and that the net interest bearing debt does not exceed a set level relative to total equity. DNV GL Group AS was well within all covenants at year-end.

23. Guarantees

STIFTELSEN DET NORSKE VERITAS				STIFTELSEN DET NORSKE VERITAS CONSOLIDATED		
31 Dec. 2016	31 Dec. 2015	31 Dec. 2014		31 Dec. 2016	31 Dec. 2015	31 Dec. 2014
0.0	0.0	0.0	Guarantee commitments not included in the accounts	272.6	369.8	293.8

These guarantees are not secured by mortgage

NOTES TO THE FINANCIAL STATEMENTS

Amounts in NOK million

24. Related party transactions

DNV GL SE has a lease agreement for the office building in Hamburg, Germany with the related party Broktorkai 18 Immobilien GmbH & Co. KG (a company controlled by the same shareholders that also control the 36.5 % shareholder of DNV GL Group, Mayfair Beteiligungsfonds II GmbH & Co. KG), the rent expensed for 2016 amounts to NOK 56.7 million.

DNV GL AS has a lease agreement for the office building in Stavanger, Norway with the related party DNV GL Pension fund, the rent expensed in 2016 amounts to NOK 10.2 million.

DNV GL AS has a service agreement with the related party DNV GL Pension fund for management and administrative services. The revenue recognized for these services in 2016 is NOK 914 thousand.

Several subsidiaries of DNV GL Group AS have business transactions with the related party DNV Nemko Presafe AS (associated company). Total revenue recognized in 2016 was NOK 8.7 million and total purchases amount to NOK 17.6 million.

25. Financial assets and financial liabilities

	STIFTELSEN DET NORSKE VERITAS CONSOLIDATED			
	Financial instruments at fair value through P&L	Loans and receivables	Available for sale	Other financial liabilities
31 December 2016				
Assets – non-current assets				
Available for sale investments			40.7	
Loans to employees		46.4		
Other long-term loans		32.8		
Other long-term receivables		312.5		
Assets – current assets				
Cash and bank deposits		7 788.5		
Trade debtors		4 229.1		
Other debtors		1 312.5		
Financial liabilities – non-current				
Other non-current liabilities				266.3
Financial liabilities – current				
Trade creditors				479.5
Forward contracts	25.2			
31 December 2015				
Assets – non-current assets				
Available for sale investments			42.4	
Loans to employees		54.7		
Other long-term loans		354.0		
Other long-term receivables		350.1		
Assets – current assets				
Cash and bank deposits		7 412.2		
Trade debtors		5 242.3		
Other debtors		817.0		
Financial liabilities – non-current				
Interest bearing loans and borrowings				100.0
Other non-current liabilities				323.8
Financial liabilities – current				
Trade creditors				496.7
Forward contracts	35.7			



AUDITOR'S REPORT





Statsautoriserte revisorer
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Stiftelsen Det Norske Veritas

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Stiftelsen Det Norske Veritas (Foundation), which comprise the financial statements for the Foundation and the Group. The financial statements for the Foundation and the Group comprise the balance sheet as at 31 December 2016, the statement of income, statement of comprehensive income, statements of cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Foundation and the Group as at 31 December 2016 and their financial performance for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the information included in the Foundation's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Group President & CEO (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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 override of internal control;
- ▶ obtain 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 Foundation's internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation'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. However, future events or conditions may cause the Foundation to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- ▶ obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.



Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to ensure that the Foundation's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

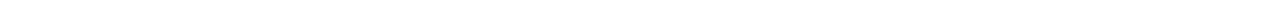
Opinion on asset management

Based on our audit of the financial statements as described above and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, it is our opinion that the Foundation has been managed in accordance with laws and the Foundation's objectives and articles of association.

Oslo, 25 April 2017
ERNST & YOUNG AS

A handwritten signature in blue ink, which appears to read 'Finn Ole Edstrøm', is written over the printed name.

Finn Ole Edstrøm
State Authorised Public Accountant (Norway)





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