ANNUAL REPORT 2018
FOR STIFTELSEN
DET NORSKE VERITAS

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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 subsidiaries – of which the most important is DNV GL Group AS, a global assurance and risk management company controlling 209 group companies.

Stiftelsen Det Norske Veritas owns 100% of DNV GL Group AS through Det Norske Veritas Holding AS.

CEO'S INTRODUCTION

Stiftelsen Det Norske Veritas' sole purpose is to safeguard life, property and the environment. This purpose is mainly realized through the ownership of the DNV GL Group AS. Stiftelsen Det Norske Veritas also manages a portfolio of financial investments, and ensures sufficient financing, liquidity and flexibility, in support of its strategy.

DNV GL operates in 100 countries, and its 12,100 professionals are dedicated to helping customers make the world safer, smarter and greener.

The past few years have been demanding, with particularly challenging market conditions in several of DNV GL's core markets. After a tough start to 2018, the second half of the year developed positively with improvements both in DNV GL's revenue and profitability. The company's focus on reducing costs and improving productivity remained in place, while also investing in digital processes and services for the future. As a result, DNV GL is now even better placed to add value by bringing technical expertise efficiently to its customers in a world where decarbonization and digitalization are key drivers.

It is clear that over the next 5 to 15 years we will see a rapid energy transition affecting many industries. For DNV GL and its customers, the energy transition is a great source of risk and of opportunity, and understanding the likely nature and pace of the coming changes is of deep strategic value.

In the maritime industry, the transition will shape the future fleet and alter what is shipped, where and how. Wide-spread change will come through more demanding environmental regulations and capabilities to evaluate new fuels and technologies to future-proof ships will be critical.

We will see growth in natural gas and renewables, but the biggest change will come from energy efficiency, expedited in large part through advances in digitalization. The pursuit of efficiency extends beyond the energy sector of course, and characterizes so much of the new, connected world.

One of DNV GL's key responses to digitalization has been to build and scale up Veracity, an industry data management platform where co-creation and co-innovation can happen in a much more efficient way than before. By combining industry domain expertise with digital expertise, DNV GL will continue to stay relevant and to add value to customers in the new world that is emerging.

Our purpose; to safeguard life, property and the environment; instinctively directs our efforts in serving customers and society at large. Stiftelsen Det Norske Veritas remains dedicated to this purpose, and will continue to realize its ambition through DNV GL.

Remi Eriksen
Chief Executive Officer

BOARD OF DIRECTORS' REPORT 2018

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 the ownership of DNV GL Group AS. In addition, Stiftelsen Det Norske Veritas has a portfolio of financial investments. The Stiftelsen Det Norske Veritas group of companies (Det Norske Veritas) achieved revenues of NOK 19,644 million in 2018 and a net loss after tax of NOK 39 million.

STRATEGY

Stiftelsen Det Norske Veritas' purpose is to safeguard life, property and the environment. Det Norske Veritas Holding AS is a fully owned subsidiary of Stiftelsen Det Norske Veritas and Det Norske Veritas Holding AS own 100% of DNV GL Group AS (DNV GL). The strategy is to realize Stiftelsen Det Norske Veritas' purpose through the ownership of DNV GL and to grow and expand the business of DNV GL. A portfolio of financial investments shall support this strategy. Stiftelsen Det Norske Veritas will ensure that its equity and available funds are sufficient and provide the required financing, liquidity and flexibility for Det Norske Veritas Holding AS to be a long-term owner of DNV GL.

DNV GL GROUP AS (DNV GL)

DNV GL is the foremost vehicle for Stiftelsen Det Norske Veritas to achieve its purpose and vision. DNV GL is a quality assurance and risk management company enabling organizations to advance the safety and sustainability of their business. It provides classification and technical assurance along with software, platform and independent expert advisory services to the maritime, oil & gas and energy industries. DNV GL also provides management system certification, assurance and training services to customers across a wide range of industries. Operating in 100 countries, its 12,100 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 Digital Solutions, headquartered in Høvik, Norway. A Global Shared Services unit provides HR, Finance, Real Estate & procurement and IT support services to all business units, and is headquartered in Høvik, Norway.

Further information about DNV GL and its key markets can be found in the Board of Directors' Annual report for DNV GL.

INVESTMENTS AND BORROWINGS

In December 2018 the real estate company Det Norske Veritas Eiendom AS was transferred from Det Norske Veritas Holding AS to DNV GL Group AS through a combined demerger – merger transaction. The transaction was effective from 1 January 2018. Det Norske Veritas Eiendom AS is the owner of the Veritas Centre at Høvik, in which the headquarters of Stiftelsen Det Norske Veritas and DNV GL are co-located.

Stiftelsen Det Norske Veritas had at the end of 2018 a NOK 557 million portfolio of financial investments in equity funds and money market funds. The portfolio of financial investments is invested in accordance with the financial investment policy decided by the Board of Directors. The portfolio of financial investments is diversified and highly liquid but with a certain exposure to the financial markets, and yielded a return of NOK -6 million in 2018.

Stiftelsen Det Norske Veritas has no debt. In December 2017 Det Norske Veritas Holding AS borrowed NOK 8,000 million from a syndicate of Norwegian banks to part finance the acquisition of a minority shareholding in DNV GL Group AS. At the end of 2018 the amount utilised on this external loan facility was reduced to NOK 6,250 million.

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 19,644 million in 2018, an increase of NOK 53 millon (0,3%) compared to 2017.

The overall revenue growth reflects a strong growth in Business Assurance, whereas a decline in business volume from the maritime and oil & gas markets continued in 2018. The relative weakening of the NOK contributed with positive currency effect of 0.1%.

The Maritime business area recorded revenues of NOK 6,702 million, corresponding to a contraction of 4.6% compared to 2017. The Oil & Gas business area reported revenues of NOK 4,455 million, representing a contraction of 3.0%. The decline in these two business areas' volumes abated in the second half of the year, and the company recorded a slight growth in Maritime and a reduced contraction in Oil & Gas.

The Energy business area achieved revenues of NOK 3,620 million, reflecting a contraction of 1.1%. Business Assurance ended the year with growth of 11.2% and revenues of NOK 3,645 million, driven by transition activities coinciding with re-certification activities, both adding volumes to the management system certification portfolio. Digital Solutions experienced a growth of 4.9% and delivered external revenues of NOK 912 million.

Det Norske Veritas Eiendom AS had total revenues from companies outside the Group of NOK 206 million in 2018 of which most was related to sale of properties and a plot of land at Høvik.

Due to significant deterioration in the market conditions for high-power laboratory testing, an impairment loss related to Energy laboratories of NOK 552 million has been noted. Together with depreciation and amortization of intangible assets of NOK 871 million, this resulted in operating profit (EBIT) of NOK 540 million, down from NOK 671 million in 2017.

The net financial expenses were NOK 463 million compared to NOK 8 million in 2017. The change from 2017 is due to NOK 218 million in interest and other financial expenses related to external loan in DNV Holding and in addition negative currency effects with a weaker NOK in 2018. The 2018 tax expense was NOK 116 million. The high tax level is partly due to non-tax-deductible items, withholding taxes on remitted earnings, losses from operation without recognition of tax assets and wealth tax in Stiftelsen DNV. The net loss for 2018 was NOK 39 million compared to a net profit of NOK 284 million for 2017.

The cash flow from operations ended at NOK 939 million in 2018, compared with NOK 780 million in 2017. The improvement comes primarily from a strong EBITDA and reduced working capital.

The cash flow from investments was negative NOK 385 million in 2018, of which investment in intangible assets of NOK 359 million relates to development of commercial software within Digital Solutions, in-house Oracle ERP implementation and system integration in the Business Areas. NOK 306 million investments in tangible assets is primarily related to Energy laboratories and investments related to real estate. Of sale of tangible fixed assets of NOK 294 million, the sale of properties in Det Norske Veritas Eiendom AS amounted to NOK 225 million.

Financing activities of NOK 1,764 million, of which NOK 1,750 million was repayment on external loan facility, led to a net cash flow for the year of negative NOK 1,210 million.

At the year-end, Det Norske Veritas had liquidity reserves of NOK 3,188 million and unused credit lines of NOK

2,500 million. The equity ratio has increased from 42% at year-end 2017 to 45% at year-end 2018.

Due to a weaker NOK against currencies where the Group has major balance sheet exposure, foreign currency gains of NOK 133 million on investments in foreign subsidiaries were reflected in equity in 2018.

Net actuarial loss of result of NOK 21 million from defined benefit pension plans were reflected in the equity at year-end.

The accounts of the parent company, Stiftelsen Det Norske Veritas, show a loss of NOK 7 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. In light of DNV GL facing a difficult market situation in 2018, the Board regards Det Norske Veritas' financial performance and liquidity as satisfactory. Both contribute to a robust platform to achieve its strategic targets and maintain its 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 stated balance sheet date affecting the 2018 financial statements.

ORGANIZATION

DNV GL makes up the main component of Stiftelsen Det Norske Veritas' consolidated accounts. Stiftelsen does not have any employees. All people working to fulfil the purpose of Stiftelsen Det Norske Veritas are employed by DNV GL. Management and administrative services for Stiftelsen Det Norske Veritas and Det Norske Veritas Holding AS are provided by resources in the Norwegian subsidiary DNV GL AS pursuant to a Management Services Agreement entered on arm's length terms. A dedicated management resource is seconded from DNV GL AS to the Chairman of the Board under the Management Services Agreement.

For further information about DNV GL employees, please refer to the DNV GL Annual Report. 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 and Det Norske Veritas Holding 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 a high and sustainable value creation in the best interest of Det Norske Veritas' stakeholders.

Stiftelsen Det Norske Veritas issues an annual Corporate Governance Report where it reports on corporate governance in accordance with the Norwegian Code of Practice for Corporate Governance ("Code of Practice") and applies these principles to the extent relevant for a foundation with no shareholders or owners. The Code of Practice relates to 15 topics, and Stiftelsen Det Norske Veritas' report covers each of these topics and describes its adherence to the Code of Practice. The Corporate Governance report also describes the legal basis and principles for the corporate governance structure of Stiftelsen Det Norske Veritas. The full report can be accessed on the company website www.detnorskeveritas.com.

Stiftelsen Det Norske Veritas is the 100% owner of Det Norske Veritas Holding AS («DNV Holding»). DNV Holding is the 100% owner of DNV GL Group AS, being the management company of the DNV GL Companies.

The Board of Directors of Stiftelsen Det Norske Veritas consists of ten Board members and one observer. Of the ten Board members, six are elected by Stiftelsen Det Norske Veritas' Council and four are elected by and among the DNV GL employees worldwide. The Board consists of six men and four women from four nationalities with an average age of 53 years. The Board's combined expertise represents a range of stakeholders, markets and disciplines.

The only change in the composition of the Board during 2018 was that Jon Eivind Thrane as of 1st August 2018 replaced Liv Aune Hagen as Board member elected by and amongst the employees in constituency Norway. The Board would like to thank Liv Aune Hagen for her contribution as board member.

In 2018, six ordinary Board meetings were conducted, one in each of the months February, April, June, September, November and December, and one extraordinary meeting in October. The Board held its meetings at the Head office in Høvik, Norway, except for the February meeting which was held in Arnhem/Amsterdam, Netherlands. In 2018 the participation in the Board was close to 100%.

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, key objectives or finances.

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.

In addition to the operational risks in DNV GL, Det Norske Veritas' main financial risks are market risk (interest rate and foreign currency risk), credit risk, liquidity risk and political risk related to trade sanctions. All these risks are monitored and managed within the framework of DNV GL's risk management system and processes. Financial risks outside DNV GL is limited to the external loans in Det Norske Veritas Holding AS and the financial investment portfolio in Det Norske Veritas. The risk related to this portfolio is calculated and reported based on a value-at-risk methodology.

Interest rate risk: Det Norske Veritas has significant external borrowings. To reduce the risk related to a potential increase in interest rates, NOK 3,250 million is hedged against changes in the interest rate level until December 2022. Det Norske Veritas also has exposure to interest rate risk in DNV GL's defined benefit pension commitments. 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 77% 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. Det Norske Veritas' exposure to bad debts is limited but increased during 2018 due the difficult market conditions for customers in the maritime and oil and gas markets. There are no significant concentrations of credit risk within Det Norske Veritas. With respect to the 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 amounts available in unused credit facilities and 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 mainly manages corporate sustainability through its ownership 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 Core Level, and a third party has conducted a limited assurance of the report.

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 important 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.

Det Norske Veritas' compliance programme and related instructions are based on the Code of Conduct. Anti-corruption, anti-trust, export controls, sanctions and personal data protection are the programme's focus areas, and respective instructions are in place. Information on how to report potential misconduct is published on DNV GL's website and intranet, and there is also an ethical helpline and anonymous whistle-blowing channel. The DNV GL 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 2018, no potential compliance cases were reported and handled for Stiftelsen Det Norske Veritas. For further information on compliance cases with regards to DNV GL, please see the DNV GL Annual Report.

OUTLOOK

There are signs of weakening trade, manufacturing, and investment. The global GDP outlook has been adjusted down, and trade tensions between the world's largest economies may harm the economic prospects of both. There is a risk of slower economic growth in the US and in China. The political uncertainty in Europe could slow down the global economy further.

The Board detects however, modest signs of growth in both seaborne trade and energy demand and thereby a more stable development in the company's revenue overall. The effects of the cost restructuring initiatives being implemented over the past four years across all business areas and the shared services and support organization, have started to take effect and put DNV GL in a better position to face the prevailing market conditions. Despite the cost cuts made – DNV GL has been able to invest in and build each of the three cornerstones of its strategy.

A modest increase in seaborne trade, coupled with a higher level of scrapping, is expected to continue in 2019. The growth in the global ship newbuilding market slowed down in Q4-2018 after a strong first half of the year. Market fundamentals give signs of cautious optimism for 2019, but uncertainties around the 2020 global sulphur cap requirements, global trade, protectionism, Brexit and political risks in major economies are causing many investors to be cautious. Competition continues to be fierce, but DNV GL has managed to increase its market share in the growing newbuilding market. The company will work to minimize transfer of class to other classification societies and to win 25% of global newbuilding contracts measured in gross tonnes.

In the oil and gas market, oil prices are still volatile. The price passed USD 80 per barrel for a period in early October but remains uncertain with a forecast of USD 60–90 per barrel towards 2021. Oil companies are slowly increasing their investment levels, but price pressures remain strong as there is still over capacity in parts of the service and equipment value chain. The offshore upstream oil and gas developments are expected to be less capital intensive and with shorter payback time. The existing extensive infrastructure across the value chain, including pipelines and refineries, will continue to demand operations support services. For 2019, we therefore expect to see a modest revenue growth for our oil and gas activities.

There is an overall trend of continued decarbonization of the world's energy systems which should drive demand for the company's renewables, power grid and energy efficiency services. The energy transition, with planned grid integration and increased transition to renewable energy sources, is expected to continue in many countries. The market for high-power laboratory testing changed significantly in 2018, and DNV GL revenue for these services declined. We expect it will take some time to recover our position.

The extraordinary growth in 2018 for DNV GL management system certification services, driven by the implementation of new ISO standards, will not repeat itself in 2019. On the other hand, the demand for supply chain assurance and product assurance is expected to continue. DNV GL services in the food and beverage, healthcare and automotive & aerospace sectors are very attractive and will continue to grow.

Digital Solutions completed its first year of operation in 2018. The portfolio of software products will continue to be renewed from a traditional software-on-premise platform to a software-as-a-service platform. The investment in the Veracity platform continues. The focus is to build an ecosystem for the ocean industries as well as the industries prioritized by the other four Business Areas. In 2019, Veracity will focus on adding more datasets, encouraging more developers to build applications and increasing the number of registered users to amplify the beneficial network effects of scale.

The Board of Directors believes that DNV GL's performance in 2018, against a backdrop of difficult markets, demonstrates that the company has responded well to the challenges posed throughout the year. The company will continue to develop a broad competence and resource base to provide guidance and support to customers in a business environment where trust comes at a premium and where the need for technical expertise and risk management will be in increasing demand.

[signatures on next page]

Høvik
3rd April 2019

Leif-Arne Langøy
Chairman

Morten Ulstein
Vice Chairman

Lasse Kristoffersen
Board Member

Clemens Keuer
Board Member

Nina Ivarsen
Board Member

Da Wei Tian
Board Member

Jon Eivind Thrane
Board Member

Liselott Kilaas
Board Member

Birgit Aagaard-Svendsen
Board Member

Silvija Seres
Board Member

Nikolaos Papanikos
(Observer)

Remi Eriksen
Group President & CEO

REPORT ON CORPORATE GOVERNANCE 2018

REPORTING STANDARDS
Stiftelsen Det Norske Veritas annually issues a report on corporate governance where principles that apply to listed public limited companies in Norway are applied to the extent relevant for Stiftelsen Det Norske Veritas as a foundation without shareholders or owners.

This report was approved by the Board of Directors on 3rd April 2019, and 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.
- The Norwegian Accounting Act Section 3-3b which holds obligatory requirements for Norwegian listed public limited companies to report on corporate governance.

This report fulfils the reporting obligations as if Stiftelsen Det Norske Veritas were a listed company.

More details on the reporting requirements are included in this report see page 25.

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. A corporate governance review of Stiftelsen Det Norske Veritas performed in 2012 concluded that the Code of Practice is more comprehensive and more suitable to a large business entity like Stiftelsen Det Norske Veritas than the guidelines issued by the Association of Foundations. Therefore, Stiftelsen Det Norske Veritas considers that it complies with the guidelines issued by the Association of Foundations as Stiftelsen Det Norske Veritas base its practices on a more comprehensive standard.

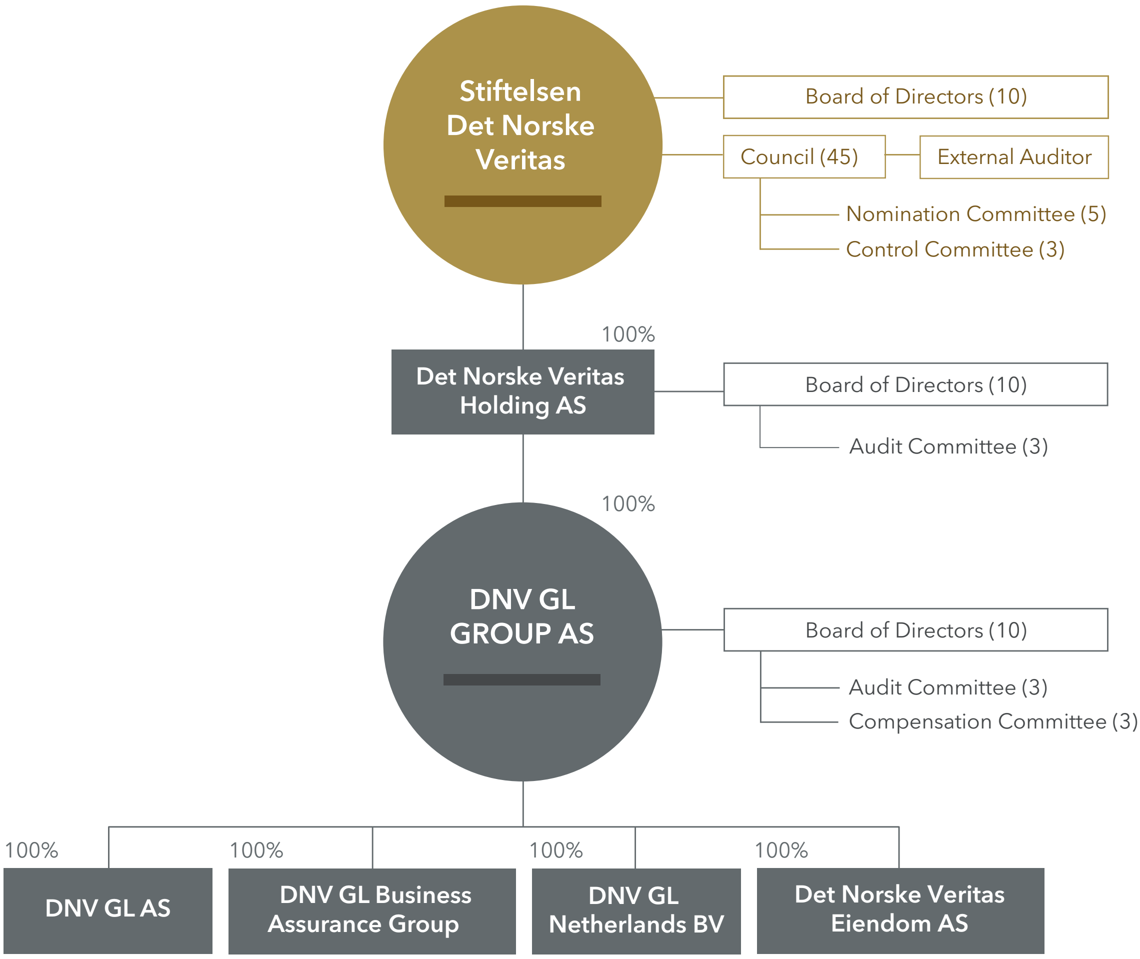
OVERVIEW OF THE CORPORATE GOVERNANCE STRUCTURE OF DET NORSKE VERITAS GROUP
Stiftelsen Det Norske Veritas is incorporated as a Norwegian foundation (No: "Stiftelse").

Stiftelsen owns 100% of Det Norske Veritas Holding AS ("DNV Holding") which in turn owns 100% of DNV GL Group AS ("DNV GL Group"). DNV GL Group is the management company of the DNV GL companies worldwide. In addition to its ownership in DNV GL Group, Stiftelsen Det Norske Veritas also owns financial assets.

The Board of Directors ("the Board") is the principal body of Stiftelsen Det Norske Veritas. 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 delegated from the Board to 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 Statutes of the Foundation, to appoint the external auditor and to state its opinion on the Board's annual report and financial statements.

OVERVIEW OF THE CORPORATE GOVERNANCE STRUCTURE OF DET NORSKE VERITAS GROUP



The Council has 45 members who represent customer industries and other stakeholders. Eleven of the members are elected by the Council. Seven of the members are elected by and among the employees of DNV GL and its subsidiaries worldwide. 27 members are appointed by 5 Norwegian stakeholder organizations.

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 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 Nomination Committee is described in Section 7 of this report.

The external auditor of the Foundation and its subsidiaries is elected by the Council and reports to the Board.

Stiftelsen Det Norske Veritas 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.

1. 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 Stiftelsen Det Norske Veritas is a foundation and as such has no shareholders, parts of the Code of Practice will not be applicable for DNV, and the reporting is adjusted accordingly.

This report includes information on

- the sections of the Code of Practice to which Stiftelsen Det Norske Veritas complies,
- information on where the Code of Practice is not considered as relevant for a foundation, and
- explanations of sections to which Stiftelsen Det Norske Veritas 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 Stiftelsen Det Norske Veritas' 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 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.

Stiftelsen Det Norske Veritas has no shareholders, but answers to the purpose of the Foundation and to society at large. Fundamental functions for the corporate governance of Stiftelsen Det Norske Veritas are therefore on one hand to protect its 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.

Stiftelsen Det Norske Veritas 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, Stiftelsen Det Norske Veritas' corporate governance also includes supervision of the Board's management by the Council and by the Control Committee acting on behalf of the Council.

Corporate Values, Ethical Guidelines and Corporate Sustainability

Stiftelsen Det Norske Veritas places great emphasis on its corporate values. Stiftelsen Det Norske Veritas' purpose is *"to safeguard life, property and the environment"*. The Statutes state that the purpose may be achieved through the ownership in subsidiaries. Stiftelsen Det Norske Veritas' purpose is fulfilled through the ownership in DNV GL Group AS.

Stiftelsen Det Norske Veritas' 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."*

Stiftelsen Det Norske Veritas 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, Stiftelsen Det Norske Veritas 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 Stiftelsen Det Norske Veritas is *"To safeguard life, property and the environment"*.

The business of Stiftelsen Det Norske Veritas 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 Stiftelsen Det Norske Veritas' website *www.detnorskeveritas.com*.

Currently, Stiftelsen Det Norske Veritas' purpose is achieved through the 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.

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 2018, Stiftelsen Det Norske Veritas had a total equity of NOK 13 121 million, up from NOK 13 035 million in 2017. The Board continually reviews Stiftelsen Det Norske Veritas' capital situation considering its objectives, strategies and risk profile. The Board considers the total equity to be satisfactory.

Being a foundation, Stiftelsen Det Norske Veritas 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.

Since Stiftelsen Det Norske Veritas as a foundation cannot raise capital through issuing 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 Stiftelsen Det Norske Veritas is managed in a way that enables it to fulfil its purpose as this is stated the Statutes. The subsidiaries distribute dividend of the annual net profits based on an assessment of cash flow, capital expenditure plans, financing requirements and financial flexibility. Received dividends contribute to Stiftelsen Det Norske Veritas' capital base.

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

As Stiftelsen Det Norske Veritas does not have owners, equal treatment of shareholders is not a relevant topic.

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 board members of Stiftelsen Det Norske Veritas are also elected as board members in DNV Holding and DNV GL Group AS. The Board has closely assessed whether, as an alternative governance model, Stiftelsen Det Norske Veritas 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 Stiftelsen Det Norske Veritas' purpose and the management of DNV GL group that there is proximity between the stakeholders as represented in the 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 Stiftelsen Det Norske Veritas 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.

5. FREELY NEGOTIABLE SHARES

Given that Stiftelsen Det Norske Veritas is a foundation without shares or owners, transfer of shares is not relevant.

6. GENERAL MEETING

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

For the sake of completeness, it is mentioned that the 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 Council elects the members of the Board who are not elected by and among the employees and fixes the remuneration for all Board Members. Stiftelsen Det Norske Veritas 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 Stiftelsen Det Norske Veritas' 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 Stiftelsen Det Norske Veritas is adjusted as described below.

The Nomination Committee's composition and role is defined in the Statutes of Stiftelsen Det Norske Veritas (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.

In respect of appointments to the Council, the Nomination Committee shall ensure that the Council has representation from major industry customer groups served by Stiftelsen Det Norske Veritas or its subsidiaries. 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 to directors of the Stiftelsen Det Norske Veritas, DNV Holding and DNV GL Group AS respectively. The Committee shall consider if 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 Stiftelsen Det Norske Veritas does not have any committees. Committees in Stiftelsen Det Norske Veritas 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 Statutes provide for a rotation of one member of the Committee at least every second year. If no other member of the Committee resigns, the member of the Committee elected from and among the Council members with the longest service may not take re-election.

The Nomination Committee currently consists of:

- **Walter Qvam,**
  Chairman of the Council and the Nomination Committee
- **Karl Erik Kjelstad,**
  Vice-Chairman of the Council and the Nomination Committee
  CEO, Akastor ASA
- **Wenche Agerup,**
  Member of the Council and the Nomination Committee
  Exec. Vice President, Corporate Affairs, Telenor Group
- **Harald Solberg,**
  Member of the Council and the Nomination Committee
  Director General, Norwegian Shipowners' Association
- **Ingvild Sæther,**
  Member of the Council and the Nomination Committee
  CEO, Teekay Offshore

The Committee Members represent industries with different stakeholder interests in Stiftelsen Det Norske Veritas. All members are independent of the Board and executive management.

8. COUNCIL AND BOARD OF DIRECTORS – COMPOSITION AND INDEPENDENCE

The Council

Stiftelsen Det Norske Veritas does not have a corporate assembly. The 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 Statutes and to state its opinion on the Board's Annual Report and financial statements.

The Council has forty-five (45) members, of which twenty-seven (27) members are appointed by associations which represent customer industries and other stakeholders, seven (7) members are elected by and among the employees of DNV GL and its subsidiaries worldwide and up to eleven (11) 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 end of June 2018):

Appointed by: **The Nordic Association of Marine Insurers (CEFOR)**

Helle Hammer ....Norway
Ståle Hansen ....Norway
Tony Karlstrøm ....Sweden
Lars Rhodin...Sweden
Svein A. Ringbakken..Norway
Rolf Thore Roppestad..Norway
Hans Christian Seim...Norway

Appointed by: **The Norwegian Fishing Vessel Owners Association (Fiskebåt)**

Jonny Berfjord...Norway

Appointed by: **The Norwegian Shipowners' Association (Norges Rederiforbund)**

Harald Solberg ....Norway
Thomas Wilhelmsen..Norway
Njål Sævik...Norway
Trond Kleivdal ....Norway
Hans Peter Jebsen..Norway
Karl-Johan Bakken...Norway
Ivar Brandvold ....Norway
Synnøve Seglem..Norway
Ann Christin Andersen ....Norway

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

Kristin Færøvik..Norway
Torjer Halle ....Norway
Morten Mauritzen ....Norway
Knut Thorvaldsen ....Norway
Ingvild Sæther...Norway

Appointed by: **The Confederation of Norwegian Enterprise (Næringslivets Hovedorganisasjon)**

Kristin Skogen Lund .... Norway
Walter Qvam .... Norway
Christian Rynning-Tønnesen .... Norway
Tore Ulstein .... Norway
Karl Erik Kjelstad .... Norway

Appointed by: **The Council**

Wenche Agerup .... Norway
Jannicke Hilland .... Norway
Raymond Carlsen .... Norway

John Coustas .... Greece
Sung Leep Jung .... Korea
Åse Aulie Michelet .... Norway
Wenche Nistad .... Norway
Torgrim Reitan .... USA
Roy Reite .... Norway
Sverre B. Svenning .... Norway
Chris Ong .... Singapore
....

Appointed by: **Employees of DNV GL worldwide**

Kjersti Aalbu .... Norway
John Rose .... UK
Hege Halseth Bang .... Norway
Dr. Ervin Bossanyi .... UK
Deng Ling .... China
Thomas Reimer .... Germany
Morten Østby .... Norway

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. If a Council member has been out of the Council for more than 5 years, then he or she may be appointed/elected for another period of 12 years. The chairman and vice-chairman are elected from and among Council members.

Walter Qvam is the Chairman of the Council since 2010. Karl Erik Kjelstad, CEO of Akastor ASA is the Vice-Chairman since 2018.

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 Statutes of Stiftelsen Det Norske Veritas (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 Stiftelsen Det Norske Veritas 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 Board's safeguarding of the Stiftelsen Det Norske Veritas' 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 Stiftelsen Det Norske Veritas. The Control Committee currently consists of:

- **Ivar Brandvold,**
  Member of the Council and Chairman of the Control Committee,
  Chief Executive Officer, Dolphin Drilling ASA
- **Tore Ulstein,**
  Member of the Council and the Control Committee,
  Chairman of the Board, Ulstein Group,
- **Åse Aulie Michelet,**
  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, the Nomination Committee concluded that the lack of legal expertise in the Committee 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 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
- **Liselott Kilaas,**
  Member of the Board of Directors,
  Professional Board member
- **Lasse Kristoffersen,**
  Member of the Board of Directors
  Torvald Klaveness Group
- **Silvija Seres,**
  Member of the Board of Directors,
  Professional Board member
- **Birgit Aagaard-Svendsen,**
  Member of the Board of Directors,
  Professional Board member
- **Jon Eivind Thrane,**
  Member of the Board of Directors,
  DNV GL (Norway)
- **Nina Ivarsen,**
  Member of the Board of Directors
  DNV GL (Norway)
- **Clemens Keuer,**
  Member of the Board of Directors
  DNV GL (Germany)
- **Da Wei Tian,**
  Member of the Board of Directors,
  DNV GL (China)

Nikolaos Papanikos (DNV GL Maritime Greece) is currently an observer to the Board of Directors.

More details about the individual board members can be found in the 2018 Annual Report of DNV GL Group AS.

The Board is composed in a manner so that it can attend to the common interest of all stakeholders and meet Stiftelsen Det Norske Veritas' 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 board members 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 board members elected by the Council, each gender shall be represented by at least three members. Both genders shall be represented amongst board members and deputy members elected by and among the employees. As a foundation, Stiftelsen Det Norske Veritas is not subject to mandatory legislation on gender diversity. However, in accordance with its aim to comply with principles that apply to listed public limited companies in Norway, the Statutes of Stiftelsen Det Norske Veritas include such requirements. Currently there is a 50/50 gender representation in the Board both among the Council elected members.

Being a foundation, Stiftelsen Det Norske Veritas 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.

The Board's Independence
All Council-elected board members are considered autonomous and independent of Stiftelsen Det Norske Veritas' executive management as well as its 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. *"Bedriftsdemokratinemnda"*).

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)

In the June 2018 Council and Board meetings, it was decided to remove the Board observer and also to merge the two constituencies "Germany" and "Europe-excluding Norway and Germany" into a merged constituency "Europe-excluding Norway" with effect from the 2019 elections.

9. THE WORK OF THE BOARD OF DIRECTORS

Board Responsibilities
The Board of Directors is Stiftelsen Det Norske Veritas' 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. The rights, duties and responsibilities of the Board follow from the Foundation Act, the Accounting Act and other relevant legislation, the Statutes of Stiftelsen Det Norske Veritas and the Board's own instructions.

The Board directs and oversees the activities of Stiftelsen Det Norske Veritas. The Board determines the objectives and strategies for Stiftelsen Det Norske Veritas in collaboration with the Chief Executive Officer. The Board approves Stiftelsen Det Norske Veritas' business plan, financial plan and budgets, and has established policies and guidelines for the operations. The Board appoints the Chief Executive Officer of Stiftelsen Det Norske Veritas. Matters to be handled by the Board are further outlined in the Board instructions. The Board's work in 2018 is described hereunder and in the Board of Director's report 2018.

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 are held when considered necessary.

In 2018, six ordinary Board meetings were conducted - one in each of the months of February, April, June, September, November and December, and one extraordinary meeting in October. The Board held its meetings at the Head office in Høvik (Norway), except for the February meeting which was held in Arnhem/Amsterdam, Netherlands.

In 2018 the director participation in the Board meetings was close to 100%.

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 Stiftelsen Det Norske Veritas' 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 board members, the Board meetings are attended by the Chief Executive Officer, the Secretary to the Board and other persons from the executive management as decided 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
Based on a mandate given by the Council in its June 2018 meeting, the Board has established a committee to review the appointment and election procedures to the Council and a corresponding amendment to the statutes of the Foundation – "the Council Composition Project". It is expected that the committee will prepare a possible proposal to the Board and the Council in 2019 for amendments to the appointment and election procedures to the Council and corresponding amendments to the statutes of the Foundation.

The Board's Self-Evaluation
The aim is that the Board shall evaluate its own performance and expertise once per year. The evaluation is normally performed at least bi-annually in cooperation with the Nomination Committee elected by the Council. In 2018 the self-evaluation was performed through regular 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. The current CEO, Remi Eriksen was appointed by the Board in 2015.

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 Stiftelsen Det Norske Veritas in respect of the separate activities of both the Foundation 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, Stiftelsen Det Norske Veritas has decided to be part of the risk management and internal control system established for the DNV GL Group. Stiftelsen Det Norske Veritas 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 Stiftelsen Det Norske Veritas 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.

Stiftelsen Det Norske Veritas 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 Stiftelsen Det Norske Veritas. 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 Stiftelsen Det Norske Veritas and the companies fully owned by it.

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 Stiftelsen Det Norske Veritas' 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 Stiftelsen Det Norske Veritas outside of their directorships, and none have any agreement regarding pension plan or severance pay from Stiftelsen Det Norske Veritas. 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 2018 financial statements for a breakdown of fees paid to directors.

12. REMUNERATION OF EXECUTIVE PERSONNEL

Stiftelsen Det Norske Veritas and DNV Holding 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, Stiftelsen Det Norske Veritas continues its long tradition of disclosing a comprehensive publication which includes the annual report with externally audited financial reporting.

The annual report of Stiftelsen Det Norske Veritas 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.

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 Stiftelsen Det Norske Veritas' 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.

Stiftelsen Det Norske Veritas purpose as stated in the Statutes bolsters its position as free-standing, autonomous and independent.

15. AUDITOR

The external 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.

KPMG is currently the external auditor for Stiftelsen Det Norske Veritas.

Pursuant to the Foundation Act, the external 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 external 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 external 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 external 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 external auditor is determined by the Board in accordance with the Foundation Act. In addition to ordinary auditing of the Foundation and subsidiaries, the external auditors in 2018 provided tax consulting services, other attestation services, and non-audit services. For details, see Note 7 in the 2018 financial statements.

Adopted by the Board of Directors,
Høvik 3rd April 2019

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

	2018	2017	2016	2015	2014
Income statement:					
Operating revenue	**19 644**	19 591	20 852	23 516	21 659
EBITDA	**1 963**	1 562	1 773	2 895	2 670
Depreciation	**358**	358	380	388	371
Impariment of fixed assets	**552**	14	4	5	0
EBITA	**1 053**	1 190	1 389	2 502	2 299
Amortization	**513**	503	519	536	536
Impairment of goodwill and other intangible assets	**0**	15	311	0	56
EBIT/ Operating profit	**540**	671	559	1 966	1 707
Net financial income (expenses)	**(462)**	(8)	834	39	165
Profit before tax	**77**	663	1 393	2 006	1 873
Profit (loss) for the year	**(39)**	284	876	1 233	1 119
Balance sheet:					
Non-current assets	**17 313**	18 019	16 906	18 269	17 052
Current assets	**11 572**	12 832	15 999	16 860	15 649
Total assets	**28 884**	30 850	32 904	35 129	32 701
Equity	**13 121**	13 035	23 507	23 757	20 862
Non-current liabilities	**9 573**	11 811	3 600	4 105	4 996
Current liabilities	**6 191**	6 005	5 797	7 268	6 843
Cash flow items:					
Net cash flow from operations	**939**	780	792	2 287	1 718
Net cash flow from investments	**(385)**	(12 550)	(194)	(1 020)	(1 951)
Net cash flow from financing activities	**(1 764)**	8 377	(285)	(588)	382
Net cash flow	**(1 210)**	(3 393)	314	678	149
Liquidity	**3 188**	4 395	7 789	7 412	6 727
Financial ratios:					
Profitability:					
EBITDA margin	**10.0%**	8.0%	8.5%	12.3%	12.3%
EBITA margin	**5.4%**	6.1%	6.7%	10.6%	10.6%
Operating margin	**2.7%**	3.4%	2.7%	8.4%	7.9%
Pre tax profit margin	**0.4%**	3.4%	6.7%	8.5%	8.6%
Net profit margin	**-0.2%**	1.4%	4.2%	5.2%	5.2%
Leverage:					
Equity ratio	**45.4%**	42.3%	71.4%	67.6%	63.8%
Number of employees	**12 101**	12 715	13 550	14 954	15 712

Definition of ratios:

Profitability:

EBITDA:
Earnings before financial items, tax, depreciation, amortization and impairment

EBITDA margin:
EBITDA x 100/Operating revenue

EBITA:
Earnings before financial items, tax, amortization and impairment

EBITA margin:
EBITA x 100/Operating revenue

Operating margin:
Operating profit x 100/Operating revenue

Pre-tax profit margin:
Profit before tax x 100/Operating revenue

Net profit margin:
Profit (loss) for the year x 100/ Operating revenue

Cash flow:

Net cash flow:
Net change in liquidity from cash flow statement

Liquidity:
Cash and bank deposits + Short-term financial investments

Leverage:

Equity ratio:
Equity x 100/Total assets

PARENT AND CONSOLIDATED INCOME STATEMENT

Amounts in NOK million

STIFTELSEN DET NORSKE VERITAS 2018	2017		Note	STIFTELSEN DET NORSKE VERITAS CONSOLIDATED 2018	2017
		Operating revenue			
5.0	0.0	Sales revenue		**19 643.5**	19 513.1
0.0	0.0	Gain on sale of business activities	3	**0.0**	77.7
5.0	0.0	**Total operating revenue**	4	**19 643.5**	19 590.8
		Operating expenses			
0.0	0.0	Payroll expenses	5, 7, 8	**11 223.9**	11 678.3
5.3	4.4	Other operating expenses	6, 7	**6 456.7**	6 350.9
(0.3)	(4.4)	**EBITDA**		**1 962.8**	1 561.6
0.0	0.0	Depreciation and amortization	12, 14	**871.3**	861.4
0.0	0,0	Impairment	12, 13, 14	**552.0**	29.3
(0.3)	(4.4)	**Operating profit (loss)**		**539.6**	671.0
		Financial income and expenses			
0.0	0.0	Loss from associates	15	**(3.2)**	(1.1)
11.9	25.4	Financial income	8, 9	**52.4**	146.2
(12.5)	(0.6)	Financial expenses	8, 9	**(511.6)**	(152.6)
(0.6)	24.8	Net financial income (expenses)		**(462.5)**	(7.6)
(1.0)	20.4	**Profit (loss) before tax**		**77.2**	663.4
(6.2)	(24.2)	Tax expense	11	**(116.0)**	(379.7)
(7.1)	(3.8)	**Profit (loss) for the year**		**(38.8)**	283.7
		Profit for the period attributable to:			
		Non-controlling interest		**12.9**	11.7
		Equity holders of the parent		**(51.7)**	272.0
		Total		**(38.8)**	283.7

PARENT AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(7.1)	(3.8)	**Profit (loss) for the year**	**(38.8)**	283.7
		Other comprehensive income not to be reclassified to loss in subsequent periods:		
		Actuarial gains/(losses) on defined benefit pension plans	**(21.1)**	423.6
		Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
		Currency translation differences/Translation differences foreign operations	**133.3**	885.1
		Change in fair value of interest rate swap	**21.0**	4.0
		Share of other comprehensive income from associates	**0.6**	0.0
0.0	0.0	**Other comprehensive income for the period, net of tax**	**133.8**	1 312.8
(7.1)	(3.8)	**Total comprehensive income for the period**	**95.0**	1 596.5
		Total comprehensive income attributable to:		
		Non-controlling interest	**12.9**	11.7
		Equity holders of the parent	**82.1**	1 584.7
		Total	**95.0**	1 596.5

PARENT AND CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in NOK million

STIFTELSEN DET NORSKE VERITAS				STIFTELSEN DET NORSKE VERITAS CONSOLIDATED	
31 Dec. 2018	31 Dec. 2017	**ASSETS**	Note	**31 Dec. 2018**	31 Dec. 2017
		Non-current assets			
		Intangible assets			
0.0	0.0	Deferred tax assets	11	**1 182.0**	986.8
0.0	0.0	Goodwill	12, 13	**8 906.7**	8 842.1
0.0	0.0	Other intangible assets	12	**2 852.2**	3 006.2
0.0	0.0	Total intangible assets		**12 940.8**	12 835.1
		Tangible fixed assets			
5.8	6.4	Land, buildings and other property		**2 148.5**	2 257.5
0.0	0.0	Office equipment, fixtures and fittings		**1 034.3**	1 599.4
5.8	6.4	Total tangible fixed assets	14	**3 182.7**	3 856.9
		Non-current financial assets			
611.4	11.4	Investments in subsidiaries	2	**0.0**	0.0
0.0	0.0	Investments in associates	15	**183.4**	188.3
0.0	0.0	Available for sale investments		**27.4**	27.8
0.0	0.0	Net pension asset	8	**539.7**	626.7
0.5	0.0	Other long-term receivables	18	**438.7**	483.6
611.9	11.4	Total non-current financial assets		**1 189.2**	1 326.5
617.7	17.8	**Total non-current assets**		**17 312.8**	18 018.6
		Current assets			
		Debtors			
0.0	0.0	Trade debtors	17	**4 426.0**	4 314.8
0.0	0.0	Contract assets		**3 078.1**	3 149.5
21.9	600.0	Other receivables group companies		**0.0**	0.0
0.3	0.0	Other debtors		**879.7**	972.1
22.1	600.0	Total debtors		**8 383.8**	8 436.4
557.2	602.2	Cash and bank deposits	20	**3 187.9**	4 395.3
579.4	1 202.2	**Total current assets**		**11 571.7**	12 831.7
1 197.0	1 219.9	**TOTAL ASSETS**		**28 884.5**	30 850.3

PARENT AND CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in NOK million

STIFTELSEN DET NORSKE VERITAS				STIFTELSEN DET NORSKE VERITAS CONSOLIDATED	
31 Dec. 2018	31 Dec. 2017	**EQUITY AND LIABILITIES**	Note	**31 Dec. 2018**	31 Dec. 2017
		Equity			
		Paid-in capital			
283.5	283.5	Foundation capital		**283.5**	283.5
		Retained earnings			
895.7	902.9	Other equity		**12 785.3**	12 711.4
0.0	0.0	Non-controlling interest		**51.7**	39.7
1 179.2	1 186.4	**Total equity**		**13 120.5**	13 034.6
		Liabilities			
		Non-current liabilities			
0.0	0.0	Interest bearing loans and borrowings	21	**6 249.8**	8 000.0
0.0	0.0	Pension liabilities	8	**2 479.3**	2 560.0
0.0	0.0	Deferred tax liabilities	11	**412.5**	601.3
0.0	0.0	Non-current provisions	19	**138.5**	188.4
0.0	0.0	Other non-current liabilities		**292.4**	461.3
0.0	0.0	Total non-current liabilities		**9 572.5**	11 810.9
		Current liabilities			
0.0	0.0	Overdrafts		**30.7**	44.7
0.0	0.0	Trade creditors		**544.7**	524.5
7.9	24.2	Taxes payable	11	**365.3**	477.0
0.0	0.0	Public duties payable		**366.4**	379.3
9.3	8.5	Current liabilities group companies		**0.0**	0.0
0.0	0.0	Current provisions	19	**264.6**	438.8
0.6	0.7	Other current liabilities	16	**4 619.8**	4 140.5
17.7	33.5	Total current liabilities		**6 191.5**	6 004.8
17.8	**33.5**	**Total liabilities**		**15 764.0**	**17 815.8**
1 197.0	**1 219.9**	**TOTAL EQUITY AND LIABILITIES**		**28 884.5**	**30 850.3**

Høvik, 3 April 2019

Leif-Arne Langøy
Chairman

Morten Ulstein
Vice Chairman

Lasse Kristoffersen
Board member

Clemens Keuer
Board member

Nina Ivarsen
Board member

Da Wei Tian
Board member

Jon Eivind Thrane
Board member

Liselott Kilaas
Board member

Birgit Aagaard-Svendsen
Board member

Silvija Seres
Board member

Nikolaos Papanikos
Observer

Remi Eriksen
Group President & CEO

PARENT AND CONSOLIDATED STATEMENT OF CASH FLOW

Amounts in NOK million

STIFTELSEN DET NORSKE VERITAS				STIFTELSEN DET NORSKE VERITAS CONSOLIDATED	
2018	2017			**2018**	2017
		CASH FLOW FROM OPERATIONS			
(1.0)	20.4	Profit before tax		**77.2**	663.4
(5.0)	0.0	Gain/loss on disposal of tangible fixed assets	14	**(207.8)**	(49.0)
0.0	0.0	Gain on divestments		**23.7**	(80.8)
0.0	0.0	Net gain from arbitration and merger related settlements		**0.0**	(6.2)
0.0	0.0	Loss (gain) from change of defined benefit pension plans	8	**11.2**	(20.3)
0.0	0.0	Depreciation, amortization and impairment	14	**1 423.2**	890.6
(24.2)	(25.5)	Tax payable		**(484.0)**	(553.3)
0.0	0.0	Change in work in progress, trade debtors and trade creditors		**56.0**	(368.9)
(19.8)	9.1	Change in accruals, provisions and other		**39.6**	304.3
(50.0)	4.0	**Net cash flow from operations**		**939.1**	779.8
		CASH FLOW FROM INVESTMENTS			
0.0	0.0	Acquisitions	3	**(44.6)**	(24.0)
0.0	0.0	Arbitration and merger related settlements		**0.0**	6.2
0.0	0.0	Acquisition of minority shares DNV GL Group		**0.0**	(12 000.0)
0.0	0.0	Divestments of subsidiaries		**0.0**	94.0
0.0	0.0	Investments in tangible fixed assets	14	**(306.4)**	(361.7)
0.0	0.0	Investments in intangible assets	12	**(358.9)**	(370.7)
5.0	0.0	Sale of tangible fixed assets (sales value)		**293.5**	95.3
0.0	0.0	Change in other investments		**31.1**	11.2
5.0	0.0	**Net cash flow from investments**		**(385.3)**	(12 549.7)
		CASH FLOW FROM FINANCING ACTIVITIES			
0.0	0.0	Change in overdraft		**(14.1)**	44.7
0.0	0.0	Borrowings		**(1 750.3)**	8 000.0
0.0	0.0	Repayment of loan to IK Investment Partners		**0.0**	331.9
0.0	(600.0)	Group internal loan Det Norske Veritas Holding AS		**0.0**	0.0
0.0	(600.0)	**Net cash flow from financing activities**		**(1 764.3)**	8 376.6
		LIQUIDITY			
(50.0)	4.0	Net cash flow from operations		**939.1**	779.8
5.0	0.0	Net cash flow from investments		**(385.3)**	(12 549.7)
0.0	(600.0)	Net cash flow from financing activities		**(1 764.3)**	8 376.6
(45.0)	(596.0)	**Net change in liquidity during the year**		**(1 210.5)**	(3 393.2)
602.2	1 198.2	Liquidity at 1 January		**4 395.3**	7 788.5
0.0	0.0	Cash in acquired companies		**3.1**	0.0
557.2	602.2	**Liquidity at 31 December**		**3 187.9**	4 395.3

PARENT AND CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in NOK million

Changes in equity in Stiftelsen Det Norske Veritas

	Foundation capital	Other equity	**Total**
Equity at 31 December 2016	**283.5**	**906.6**	**1 190.1**
Profit for the period		(3.8)	(3.8)
Equity at 31 December 2017	**283.5**	**902.9**	**1 186.4**
Profit for the period		(7.1)	(7.1)
Equity at 31 December 2018	**283.5**	**895.7**	**1 179.2**

Changes in equity in Stiftelsen Det Norske Veritas Consolidated

Amounts in NOK million	Foundation capital	Other equity	Currency translation differences	Non-controlling interest	**Total**
Equity at 31 December 2016	283.5	14 645.8	2 147.2	6 430.1	23 507.1
Profit for the period		272.0		11.7	283.7
Actuarial gains/(losses) on defined benefit pension plans		423.6			423.6
Exchange differences			885.1		885.1
Change in fair value of interst rate swap		4.0			4.0
Buyout non-controlling interest		(5 603.8)		(6 396.2)	(12 000.0)
Adjustment of payroll tax defined benefit pension plans Norway[1]		(63.1)			(63.1)
Other equity changes				(5.9)	(5.9)
Equity at 31 December 2017	**283.5**	**9 678.6**	**3 032.4**	**39.7**	**13 034.6**
Profit/(loss) for the period		(51.7)		12.9	(38.8)
Actuarial gains/(losses) on defined benefit pension plans		(21.1)			(21.1)
Exchange differences			133.3		133.3
Change in fair value of interst rate swap		21.0			21.0
Share of other comprehensive income from associates		0.6			0.6
Other equity changes		(8.3)		(0.8)	(9.2)
Equity at 31 December 2018	**283.5**	**9 619.1**	**3 165.7**	**51.7**	**13 120.5**

1. In previous years, the IAS 19 actuarial calculations have not shown a split between the pension liabilities for the Norwegian funded and unfunded pension plans. Thus, payroll taxes have historically been reflected on the total net pension liabilities for these plans. For 2017, the IAS 19 actuarial calculations have been made for the funded and the unfunded pension liabilities separately resulting in an increase of payroll tax of NOK 63.1 million as per 1 January 2017. The amount has been adjusted to other equity in 2017.

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 control of a product or service is transferred to the customer. For sale of services, the revenue is recognized over time by applying percentage of completion method. Stage of completion is measured by reference to actual expenses incurred to date as a percentage of total estimated expenses for each contract. When the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable. A contract asset is recognized for all work performed, not yet invoiced.

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

Revenue from sale of software licenses are recognized at a point of time. For software maintenance services delivered in the maintenance period, revenue is recognized over time based on the stage of completion of the contract.

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. The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. DNV GL Group use a provision matrix as a practical expedient to calculate the expected credit losses on trade receivables. The provision matrix represents the group's expected credit risk. Impairment of trade receivables are recognized in the income statement.

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 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.

NOTES TO THE FINANCIAL STATEMENTS

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.

Financial derivatives
The group use financial derivative instruments to hedge its interest-rate risk. Derivatives are recognized at fair value with changes recognized in other comprehensive income.

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

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.

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. Investments in subsidiaries

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	11 138	100%	**611.4**
Total investment in subsidiaries				**611.4**

211 legal entities are consolidated in Stiftelsen Det Norske Veritas' financial statements at 31 December 2018 of which 9 entities has non-controlling interest.

3. Business combinations and sale of operations

Significant changes in group structure 2018

1 June 2018, DNV GL acquired the remaining 50% shares of the associated company, DNV GL Presafe AS (Presafe), leading to a 100% ownership of the company. Presafe is an accredited Certification Body and EU Notified Body. By having full ownership of the company, DNV GL secures a strong business foundation with single leadership, enabling it to create a more competitive and agile organization. Presafe is fully consolidated from 1 June 2018 in the 2018 financial statements. Until 31 May 2018 Presafe was recognized in accordance with the equity method.

31 December 2018 DNV GL sold its solar testing labs to the management of DNV GL PVEL LLC. USA (PVEL).
NOK 24.7 million has been recognized as a loss of sale PVEL in 2018 (note 6).

Acquisitions 2018

Company/activities	Transaction date	Owner-ship	Purchase currency	Acquisition cost local currency million	External revenue incl. in 2018 acct. mill NOK
Presafe	01.06.2018	100%	NOK	25.4	44.9

The total purchase price for the shares in Presafe (total of fair value/ acquisition cost paid 1 June 2018 for 50% of Presafe and the book value of the 50% joint venture investment as per 1 June 2018) in excess of net book value of the equity, NOK 34.9 million, has been allocated to goodwill.

Cash flow on acquisition:	
Net cash acquired with the subsidiaries	3.1
Consideration paid in cash	(25.4)
Net cash flow on acquisition	(22.3)

Amounts in NOK million

Significant changes in group structure 2017

Through its fully owned subsidiary Det Norske Veritas Holding AS, Stiftelsen Det Norske Veritas increased its shareholding in DNV GL Group AS (DNV GL) from 63.5% to 100% in December 2017 by an acquisition of 36.5% of the shares from Mayfair Beteiligungsfonds II GmbH & Co. KG The acquisition price for the 36.5% of the shares in DNV GL Group AS was NOK 12.0 billion and it was financed with NOK 8.0 billion from syndicated bank loans and NOK 4.0 billion from internal sources. The acquisition cost in excess of book value of the non-controlling interest has been reflected as NOK 5.6 billion reduction of other equity.

28 September 2017, DNV GL acquired 100% of the shares in Computational Industry Technologies AS ("ComputIT"). ComputIT is a specialist independent company for Computational Fluid Dynamics (CFD) software and R&D with headquarter in Trondheim, Norway. The ComputIT software is used by oil and gas industry worldwide. For DNV GL Group, the acquisition of ComputIT is a good strategic fit in both analytical and sales capabilities in the oil and gas industry.

Acquisitions 2017

Company/activities	Transaction date	Ownership	Purchase currency	Acquisition cost local currency million	External revenue incl. in 2017 acct. mill NOK
ComputIT	28.09.2017	100%	NOK	30.0	5.0

The acquisition cost in excess of net book value of the equity, NOK 31 million has been allocated to goodwill.

Cash flow on acquisition:

Net cash acquired with the subsidiaries	0.0
Consideration paid in cash	(24.0)
Net cash flow on acquisition	(24.0)

The difference between NOK 30 million acquisition cost and NOK 24 million consideration paid is consideration to be paid one year after the acquisition date.

Divestments 2017

Effective 29 September 2017, Det Norske Veritas Holding AS sold the shares in the fully owned subsidiary Søndre Rød AS, a real estate company, to Merkantilbygg Holding AS. The sale generated a gain of NOK 77.7 million, included in the income statement as sale of operations in 2017.

NOTES TO THE FINANCIAL STATEMENTS

Amounts in NOK million

4. External operating revenue

	STIFTELSEN DET NORSKE VERITAS CONSOLIDATED	
Geographical area:	**2018**	2017
Nordic countries	**5 033.6**	4 083.1
Europe and Africa	**6 337.9**	6 945.9
Asia Pacific	**4 413.9**	4 544.6
North and South America	**3 858.1**	4 017.2
Total operating revenue	**19 643.5**	19 590.8
Business areas:		
Maritime	**6 701.7**	7 021.2
Oil & Gas	**4 454.7**	4 593.7
Energy	**3 620.2**	3 659.9
Business Assurance	**3 645.4**	3 278.4
Digital Solutions	**911.9**	869.1
Real Estate	**205.5**	38.1
Gain on sale of business activities (note 3)	**0.0**	77.7
Other	**104.2**	52.6
Total operating revenue	**19 643.5**	19 590.8

For management purposes, the 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 Digital Solutions and one independent business unit, DNV Real Estate.

5. Payroll expenses

	STIFTELSEN DET NORSKE VERITAS CONSOLIDATED	
	2018	2017
Salaries	**8 496.2**	9 040.2
Bonus expenses	**400.0**	214.0
Payroll tax	**958.7**	1 101.7
Pension costs	**779.9**	879.8
Effect of pension plan changes/ curtailment effects	**11.2**	(20.3)
Other contributions	**578.0**	462.9
Total payroll expenses	**11 223.9**	11 678.3
Full time equivalent	**11 877**	12 716

6. Other operating expenses

STIFTELSEN DET NORSKE VERITAS 2018	STIFTELSEN DET NORSKE VERITAS 2017		STIFTELSEN DET NORSKE VERITAS CONSOLIDATED 2018	STIFTELSEN DET NORSKE VERITAS CONSOLIDATED 2017
0.0	0.0	Travel expenses (refundable and non-refundable)	**1 067.1**	1 111.8
0.0	0.0	External hired assistance	**1 764.8**	1 521.6
0.0	0.0	IT and communication expenses	**586.8**	748.7
0.0	0.0	Rent and real estate expenses	**878.5**	1 022.9
0.0	0.0	Losses on accounts receivables	**75.5**	51.5
0.0	0.0	Loss on sale DNV GL PVEL LLC. USA	**24.7**	0.0
5.3	4.4	Other expenses (refundable and non-refundable)	**2 059.5**	1 894.4
5.3	4.4	**Total other operating expenses**	**6 456.7**	6 350.9

The Group recognized expenses of NOK 569.2 million in relation to operating leases in 2018. 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:	**2018**	**2017** [1]
Within one year	**420.9**	711.4
After one year but not more than five years	**1 288.4**	2 385.3
More than five years	**551.2**	2 069.4
Total	**2 260.5**	5 166.1

1. Due to more accurate information obtained, the figures for 2017 have been updated

7. Remuneration to Group CEO, Board of Directors and auditor fees

Remuneration to Group CEO

Remuneration to Group CEO, Remi Eriksen, is paid from DNV GL AS. Please refer to note 7 in the financial statements for DNV GL Gorup AS for further disclosures.

Board remuneration paid in 2018:[1]

Name	Stiftelsen Det Norske Veritas	Other Group companies[4]
Leif-Arne Langøy	289	476
Morten Ulstein	179	381
Liv Aune Hagen [2]	42	167
Nina Ivarsen	72	289
Clemens Keuer	72	289
Liselott Kilaas	72	353
Lasse Kristoffersen	72	327
Nikolaos Papanikos		289
Silvija Seres	72	317
Birgit Aagaard-Svendsen	72	368
Da Wei Tian	72	289
Jon Eivind Thrane [3]	37	122

Remuneration to the Control Committee paid 2018:[1]

Name	Stiftelsen Det Norske Veritas
Ivar Brandvold	127
Tore Ulstein	85
Åse Aulie Michelet	85

Remuneration to the Nomination Committee paid 2018:[1]

Name	Stiftelsen Det Norske Veritas
Walter Qvam	176
Karl Henrik Kjelstad	103
Harald Solberg	25
Ingvild Sæther	65
Wenche Agerup	70

1. Amounts in NOK thousand
2. Member of the Board of Directors until 31 July 2018
3. Member of the Board of Directors from 1 August 2018
4. Includes remunerations for Board Audit Committee and Board Compensation Committee

Fees to the auditors for 2018 (*amounts in NOK thousand*)	Stiftelsen Det Norske Veritas	Group auditor other Norwegian entities	Group auditor non-Norwegian entities	Other auditors	Total
Statutory audit	245	6 328	25 266	936	32 774
Tax consulting services		0	828	601	1 429
Other audit related services		161	299	6	466
Non-audit services				25	25

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

All employees are employed in subsidiaries of DNV GL Group AS. DNV GL Group AS has both defined contribution pension plans and defined benefit pension plans. 10 185 employees are covered by the defined contribution pension plans while 3 210 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 (closed in 2017) 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, is 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 2018 are NOK 791.1 million of which NOK 213.8 million are related to the defined benefit pension plans and NOK 577.3 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. 2018**	31 Dec. 2017
Buildings and property	**181.0**	181.0
Mutual equity funds and hedge funds	**3 622.2**	3 567.1
Norwegian bonds and bond funds	**1 567.2**	1 539.1
Non-Norwegian bonds and bond funds	**98.8**	100.5
Bank accounts, other assets and liabilities	**784.3**	1 039.7
Total market value of plan assets Norway (DNV GL Pension fund)	**6 253.5**	6 427.4
Actual return/ (loss) on plan assets	**(64.7)**	674.4

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	
	2018	2017	**2018**	2017	**2018**	2017
Net present value of this year's pension contribution	**137.1**	138.8	**40.4**	40.1	**5.7**	30.4
Effect of plan changes/ curtailments	**0.0**	0.0	**0.0**	0.0	**11.2**	(20.3)
Payroll tax	**19.3**	19.6	**0.0**	0.0	**0.0**	0.0
Net present value of this year's pension contribution	**156.4**	158.4	**40.4**	40.1	**16.9**	10.1
Net interest on the net defined benefit liability (asset)	**(17.8)**	(10.4)	**42.8**	41.3	**(0.7)**	2.9
Payroll tax	**(2.5)**	(1.5)	**0.0**	0.0	**0.0**	0.0
Net interest on the net defined benefit liability (asset)	**(20.3)**	(11.9)	**42.8**	41.3	**(0.7)**	2.9

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. 2018	31 Dec. 2017	**31 Dec. 2018**	31 Dec. 2017	**31 Dec. 2018**	31 Dec. 2017
Market value of plan assets	**6 253.5**	6 427.4	**69.9**	66.1	**1 881.5**	2 059.9
Actuarial present value of pension liabilities	**(5 697.9)**	(5 767.7)	**(2 498.4)**	(2 559.3)	**(1 850.8)**	(2 060.7)
Payroll tax	**(97.3)**	(98.8)	**0.0**	0.0	**0.0**	0.0
Net pension asset (liabilities)	**458.2**	560.9	**(2 428.5)**	(2 493.2)	**30.7**	(0.9)

End of service benefit schemes:	Norwegian schemes		German schemes		Other schemes	
	31 Dec. 2018	31 Dec. 2017	**31 Dec. 2018**	31 Dec. 2017	**31 Dec. 2018**	31 Dec. 2017
Net liability	**0.0**	**0.0**	**0.0**	**0.0**	**(171.5)**	**(171.1)**
Hereof recorded in the balance sheet as:						
Net pension asset	**458.2**	560.9	**0.0**	0.0	**81.5**	65.9
Pension liabilities	**0.0**	0.0	**(2 428.5)**	(2 493.2)	**(50.8)**	(66.7)
Other non-current liabilities	**0.0**	0.0	**0.0**	0.0	**(171.5)**	(171.1)

The assumptions (discount rate, covered bonds) for calculation of the pension liabilities in Norway have been changed from 2.4% to 2.5%. The changed assumptions led to reduced pension liabilities of NOK 98 million in 2018.

The assumptions (discount rate) for calculation of the pension liabilities in Germany have been changed from 1.8% to 2.0%. The changed assumptions led to reduced pension liabilities of NOK 73 million in 2018.

UK High Court ruling requiring UK pension schemes to equalise male and female members' benefits for the effect of guaranteed minimum pension (GMP) resulted in a NOK 11 million negative curtailment effect in 2018.

NOK 21 million net actuarial loss on defined benefit pension plans have been reflected in other comprehensive income/ other equity in 2018.

Amounts in NOK million

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

	Norwegian schemes[2]		German schemes		Other schemes	
	31 Dec. 2018	31 Dec. 2017	**31 Dec. 2018**	31 Dec. 2017	**31 Dec. 2018**	31 Dec. 2017
Discount rate[1]	**2.50%**	2.40%	**2.0%**	1.8%	**0.5–7.0%**	1.3–10.5%
Projected annual salary adjustment	**2.75%**	2.75%	**2.5%**	2.5%	**2.0–5.0%**	2.0–9.0%
Projected annual increase in pension benefit	**1.75%**	1.75%	**1.5%**	1.5%	**0.5–2.9%**	0.0–2.9%
Projected annual increase of Norwegian government basis pension	**2.25%**	2.25%				
Expected annual return on plan assets	**2.40%**	2.40%	**1.8%**	1.8%	**0.5–7.0%**	1.3–10.5%

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**	
Sensitivity level	**0.5% increase**	**0.5% decrease**	**0.5% increase**	**0.5% decrease**
Impact on defined benefit obligation Norwegian plans	454.6	(517.3)	(144.8)	180.9
Impact on defined benefit obligation German plans	175.1	(179.1)	(20.8)	20.6

Amounts in NOK million

9. Financial income and financial expenses

STIFTELSEN DET NORSKE VERITAS 2018	2017		STIFTELSEN DET NORSKE VERITAS CONSOLIDATED 2018	2017
(5.5)	24.7	Return on financial investments	**(4.8)**	97.4
0.0	0.0	Net arbitration and BCA settlements (note 20)	**0.0**	6.2
0.0	0.0	Profit (loss) from investment in associates (note 15)	**(3.2)**	(1.1)
0.0	0.0	Gain from sale of avaliable for sale investments	**1.0**	1.6
0.0	0.0	Net interest on the net defined benefit liability (asset) (note 8)	**(21.8)**	(32.3)
4.9	0.7	Net interest income group companies	**0.0**	0.0
0.0	0.0	Interest expense and other financial expenses external loan	**(206.0)**	(10.0)
0.0	0.0	Interest rate swap	**(12.3)**	0.0
0.0	0.0	Other net interest income (expense)	**(16.4)**	(6.8)
(0.0)	(0.5)	Currency gains (losses)	**(141.8)**	(38.4)
0.0	0.0	Other financial items	**(57.1)**	(24.2)
(0.6)	24.8	**Net financial income (expenses)**	**(462.5)**	(7.6)

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 77% 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 nominal value of forward exchange contracts equivalent to NOK 1 221 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 71.7 million.

A change in USD exchange rate of +/- 1 percentage point will lead to a change in operating revenue of approximately +/- NOK 32 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 46 million and a change in operating profit (EBIT) of approximately +/- 3 million.

Credit risk
Receivable balances (NOK 4 571 million) 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 (NOK 3 188 million) and certain derivative instruments (NOK -72 million), 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 external borrowings. To reduce risk, NOK 3 250 million of the Term Loan has been hedged at a fixed interest rate until December 2022.

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 effecting the pension liabilities. In addition, inflation and real wages development will have impact on the pension liabilities.

Amounts in NOK million

11. Tax

STIFTELSEN DET NORSKE VERITAS			STIFTELSEN DET NORSKE VERITAS CONSOLIDATED	
2018	2017		**2018**	2017
		Tax expense consists of:		
7.7	18.7	Norwegian wealth tax	**7.7**	18.7
0.2	5.5	Norwegian income tax	**1.2**	110.2
0.0	0.0	Income tax outside Norway	**476.8**	422.2
(1.7)	0.0	Change in previous years taxes	**(1.7)**	(0.1)
6.2	24.2	Total tax payable	**484.0**	551.1
(0.0)	0.0	Change in deferred tax in Norway	**(69.7)**	56.8
0.0	0.0	Effect of changed tax rate	**29.8**	46.6
0.0	0.0	Change in deferred tax outside Norway	**(328.0)**	(275.0)
(0.0)	0.0	Total change in deferred tax	**(368.0)**	(171.5)
6.2	24.2	**Tax expense**	**116.0**	379.7
(0.2)	4.9	Tax on profit at 23% (24% in 2017)	**17.7**	159.2
		Tax effect of:		
0.0	0.0	Foreign tax exempt branches	**(1.0)**	1.0
0.0	0.0	Non refundable foreign withholding taxes	**37.2**	82.0
0.0	0.0	Gain sale of shares	**(0.2)**	(0.4)
(1.7)	0.0	Changes of previous years taxes	**(59.5)**	(12.4)
0.0	0.0	Effect of changed tax rate	**29.8**	46.6
7.7	18.7	Norwegian wealth tax	**7.7**	18.7
0.0	0.0	Tax assets not recognized current year	**14.2**	38.8
0.0	0.0	Differences between tax rates in Norway and abroad	**5.0**	7.1
0.5	0.6	Other permanent differences	**65.0**	38.8
6.2	24.2	**Tax expense**	**116.0**	379.7
		Effective tax rate	**150%**	57%
		Net tax-reducing/tax-increasing temporary differences:		
0.2	0.2	Non-current assets	**1 020.9**	1 676.6
0.0	0.0	Current assets	**(115.6)**	357.5
0.0	0.0	Liabilities	**(2 359.8)**	(2 264.4)
0.0	0.0	Tax loss to be carried forward	**(1 667.6)**	(993.5)
0.2	0.2	**Basis for deferred tax asset/liability**	**(3 122.1)**	(1 223.8)
22%	23%	Tax rates applied	**17%–42%**	17%–42%
0.0	0.0	**Deferred tax asset**	**1 182.0**	986.8
(0.0)	(0.0)	**Deferred tax liability**	**(412.5)**	(601.3)

The Group has accumulated tax-loss to be carried forward amounting to NOK 789 million. As the future utilization of these tax losses cannot be demonstrated, the related deferred tax asset (DTA) of NOK 172 million, is not recognized in the balance sheet.

NOK 7 million deferred tax cost related to actuarial gains on defined benefit pension plans, has been reflected in other comprehensive income/other equity, together with the related actuarial gain.

Amounts in NOK million

12. Intangible assets

	Goodwill	Customer contracts and relations	Trade-marks	Software develop-ment	Total
Acquisition cost					
1 January 2017	8 506.6	2 533.2	518.3	1 891.8	13 449.9
Additions	30.5	0.0	0.2	6.0	36.7
Additions from internal developments	0.0	0.0	0.0	364.5	364.5
Disposals	0.0	0.0	0.0	0.0	0.0
Currency translation differences	664.2	207.2	40.0	92.3	1 003.7
Total acquisition cost 31 Dec 2017	**9 201.4**	**2 740.4**	**558.5**	**2 354.6**	**14 854.9**
Additions	35.3	0.0	0.0	356.1	391.4
Additions from internal developments	0.0	0.0	0.0	0.0	0.0
Disposals	(20.0)	(2.9)	0.0	0.0	(22.9)
Currency translation differences	49.3	16.0	3.0	7.2	75.5
Total acquisition cost 31 Dec 2018	**9 266.0**	**2 753.5**	**561.5**	**2 718.0**	**15 298.9**
Accumulated amortization and impairment					
1 January 2017	(357.7)	(1 114.5)	0.0	(836.5)	(2 308.7)
Amortization	0.0	(244.1)	0.0	(259.2)	(503.3)
Impairment	0.0	0.0	0.0	(15.3)	(15.3)
Disposals	0.0	0.0	0.0	0.0	0.0
Currency translation differences	(1.6)	(107.0)	0.0	(70.7)	(179.2)
Total accum. amortization and impairment 31 Dec. 2017	**(359.3)**	**(1 465.5)**	**0.0**	**(1 181.8)**	**(3 006.6)**
Amortization	0.0	(251.3)	0.0	(261.7)	(513.0)
Impairment	0.0	0.0	0.0	0.0	0.0
Disposals	0.0	5.6	0.0	0.0	5.6
Currency translation differences	0.0	(15.9)	0.0	(10.1)	(26.0)
Total accum. amortization and impairment 31 Dec. 2018	**(359.3)**	**(1 727.1)**	**0.0**	**(1 453.7)**	**(3 540.1)**
Net book value					
At 31 December 2018	**8 906.7**	**1 026.4**	**561.5**	**1 264.3**	**11 758.8**
At 31 December 2017	8 842.1	1 274.9	558.5	1 172.8	11 848.3
Useful life		1–10 years	Indef.	5–10 years	

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

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 Digital Solutions. 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.

Goodwill is allocated to the business areas as follows:	**2018**	2017
Maritime	**3 192.4**	3 175.6
Oil & Gas	**3 573.6**	3 553.3
Energy	**1 907.3**	1 914.8
Business Assurance	**185.4**	150.4
Digital Solutions	**47.9**	47.9
Total goodwill	**8 906.7**	8 842.1

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.

Key assumptions per cash-generating unit:	Cost of capital (WACC) Post-tax	Long-term nominal growth rate
Maritime	7.1%	1.5%
Oil & Gas	7.5%	1.5%
Energy	7.4%	1.5%
Business Assurance	7.1%	1.5%
Digital Solutions	8.0%	1.5%

Sensitivity analysis
In connection with impairment test of goodwill, sensitivity analysis are carried out for each individual cash-generating unit. For Energy a decrease in EBITA-margin of 2.7% or an increase in WACC of 2.4% will leade to impairment. For Oil & Gas a decrease in EBITA-margin of 3.0% or an increase in WACC of 2.5% will lead to impairment.

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

Amounts in NOK million

14. Fixed assets

	Land, buildings and other property	Office equipment, fixtures and fittings	Total
Acquisition cost			
1 January 2017	3 301.4	4 173.9	7 475.3
Additions	92.6	264.3	356.9
Additions from business combinations	0.4	4.4	4.8
Disposals	(38.1)	(159.2)	(197.3)
Divestment of a subsidiary (note 3)	(15.2)	0.0	(15.2)
Currency translation differences	76.9	143.5	220.3
Total acquisition cost 31 December 2017	**3 418.0**	**4 426.8**	**7 844.8**
Additions	117.3	189.2	306.4
Additions from business combinations	0.0	8.1	8.1
Disposals	(48.2)	(226.4)	(274.5)
Currency translation differences	12.9	29.6	42.6
Total acquisition cost 31 December 2018	**3 500.0**	**4 427.3**	**7 927.4**
Accumulated depreciation and impairment			
1 January 2017	1 021.8	2 660.3	3 682.1
Depreciation	123.6	234.4	358.0
Impairment	13.9	0.0	13.9
Disposals	(18.6)	(132.4)	(151.0)
Currency translation differences	19.6	65.1	84.7
Total accumulated depreciation and impairment 31 December 2017	**1 160.4**	**2 827.4**	**3 987.8**
Depreciation	129.2	229.0	358.2
Impairment	58.2	493.8	552.0
Disposals	(9.1)	(179.5)	(188.7)
Currency translation differences	12.8	22.4	35.2
Total accumulated depreciation and impairment 31 December 2018	**1 351.5**	**3 393.1**	**4 744.6**
Net book value			
31 December 2018	**2 148.4**	**1 034.3**	**3 182.7**
31 December 2017	2 257.5	1 599.4	3 856.9
Useful life	15–67 years/ indefinite (land)	3–15 years	
Depreciation plan	Linear	Linear	

Due to a significant deterioration in the market conditions for High Power laboratory testing, an impairment loss related to Energy laboratories of NOK 552 million has been recognized. The impairment loss has been based on the value in use estimated using the future expected cash flows covering a 30-year period and no residual value. Discount rate (WACC) is set to 7.9%.

The disposals for 2018 are mainly related to sale of properties and a plot of land in Det Norske Veritas Eiendom AS, leading to a gain of NOK 196.9 million.

Amounts in NOK million

15. Investment in associates

Stiftelsen Det Norske Veritas' ownership (through DNV GL AS) in StormGeo Holding AS is 27%. The investmens is recognized in accordance with the equity method in the consolidated financial statements.

1 June 2018, DNV GL acquired the remaining 50% shares of the associated company, DNV GL Presafe AS, leading to a 100% ownership of the company. The loss for the year in the table below represent the net loss from January - May 2018.

Investments in associates:

Company	Business Office	Ownership	Acquisition cost	Share of profit for the year	Book value
StormGeo Holding AS	Bergen	27%	145.5	(1.3)	**183.4**
DNV GL Presafe AS	Oslo			(1.9)	**0.0**
Total investment in associates				**(3.2)**	**183.4**

16. Other current liabilities

	STIFTELSEN DET NORSKE VERITAS CONSOLIDATED	
	31 Dec. 2018	31 Dec. 2017
Contract liabilities	**2 559.5**	2 257.8
Accrued bonus to employees	**400.0**	262.8
Accrued holiday allowances	**428.5**	415.8
Unrealized loss (gain) and interest related to forward contracts	**80.5**	0.0
Accrued expenses and other short-term liabilities	**1 151.4**	1 204.1
Total other current liabilities	**4 619.8**	4 140.5

17. Trade debtors

	STIFTELSEN DET NORSKE VERITAS CONSOLIDATED	
	31 Dec. 2018	31 Dec. 2017
Gross trade debtors	**4 600.6**	4 484.7
Provision for bad debts	**(174.6)**	(169.9)
Net trade debtors	**4 426.0**	4 314.8

18. Other long-term receivables

	STIFTELSEN DET NORSKE VERITAS CONSOLIDATED	
	31 Dec. 2018	31 Dec. 2017
Loans to employees	**29.0**	42.5
Loan to affiliated companies, DNV GL Presafe AS	**0.0**	34.5
Arrangement fee external loanIK Investment Partners Ltd.	**42.5**	0.0
Other long-term receivables	**367.2**	406.7
Total other long-term receivables	**438.7**	483.6

Amounts in NOK million

19. Provisions

STIFTELSEN DET NORSKE VERITAS CONSOLIDATED

	Claims and contingencies	Onerous lease	Restruc-turing	Other provisions	Total
Balance at 1 January 2017	**172.8**	**110.3**	**314.2**	**90.7**	**687.9**
Currency translation differences	5.9	2.9	18.6	4.1	31.4
Additions	0.0	65.7	210.9	50.9	327.4
Utilization	(32.0)	(36.7)	(282.4)	(28.9)	(380.0)
Reversal	(25.0)	(5.8)	(8.8)	0.0	(39.6)
Balance at 31 December 2017	**121.6**	**136.4**	**252.4**	**116.8**	**627.1**
Current	46.0	64.2	242.6	86.0	438.8
Non-current	75.6	72.2	9.7	30.8	188.4
Balance at 1 January 2018	**121.6**	**136.4**	**252.4**	**116.8**	**627.1**
Currency translation differences	0.4	1.9	1.3	0.2	3.9
Additions	0.0	30.3	113.9	36.3	180.5
Utilization	(5.8)	(67.4)	(220.4)	(54.8)	(348.4)
Reversal	(34.3)	(3.7)	(20.2)	(1.8)	(60.1)
Balance at 31 December 2018	**82.0**	**97.4**	**127.0**	**96.7**	**403.0**
Current	82.0	27.0	115.3	40.2	264.6
Non-current	0.0	70.4	11.6	56.5	138.5

Provisions for claims and contingencies reflect fair value of pending legal disputes from acquisitions and provisions for other pending legal disputes.

The exposure for other claims classified as contingent liabilities, less likely than not to materialize, amounts to less than NOK 20 million.

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 2018. The provisions have been discounted.

Included in other provisions are provisions for onerous contracts and lease contract dilapidations.

20. Cash and bank deposits

Stiftelsen Det Norske Veritas participates in DNV GL Group AS' cash pool system with Danske Bank. Balances on bank accounts participating in the cash pool are considered as internal assets or liabilities vis-à-vis DNV GL Group AS.

DNV GL Group AS has the following cash pool systems:

Bank	Overdraft facility (mill.)	Participating entities	Balance 31 Dec 2018 NOK million
Danske Bank	NOK 200	All DNV GL subsidiaries in Norway, Denmark, Sweden, Finland, UK, Ireland, Faroe Islands, and the Baltics	552
Deutsche Bank	EUR 20	Several subsidiaries in Europe	127
Bank of America		Most of the DNV GL subsidiaries in US	170
Bank of America		Most of the DNV GL subsidiaries in Canada	47
DNB ASA	NOK 50	Some of legacy DNV legal entities	135
Handelsbanken		Some DNV GL subsidiaries in Sweden, Poland, Finland, Estonia, Latvia, Lithuania and Germany	34
Citibank - AED		Some DNV GL legal entities in Middle East	20
Citibank - USD (UAE)		Some DNV GL legal entities in Middle East	47
Citibank -USD (SG)	USD 13	Some DNV GL legal entities in Singapore and South East Asia	9
Citibank - SGD		Some DNV GL legal entities in Singapore and South East Asia	5
Citibank - EUR		Some legacy DNV legal entities in the Euro-countries	(11)

Balances on bank accounts participating in the cash pooling systems are considered as internal assets or liabilities vis-à-vis other Group participants. Cash pool balances 31 December are included in Cash and bank deposits in the balance sheet at 31 December.

The following DNV GL Group AS' wholly owned subsidiaries have the following local credit facilities guaranteed by DNV GL Group AS or DNV GL AS through parent company guarantees:

Bank	Overdraft facility (mill.)	Participating entities	Balance 31 Dec 2018 (mill.)
Citibank China	CNY 50	Det Norske Veritas China Company Ltd	Undrawn
Citibank India	INR 40 + INR 30	DNV GL Business Assurance India Private Ltd	Undrawn
Citibank India	INR 200	Garrad Hassan India Private Ltd	INR 150
Citibank Korea	KRW 17 000	DNV GL Korea Ltd	Undrawn
Citibank Brazil	BRL 15	DNV GL Classificacao Certificacao e Consultoria Brasil Ltda	BRL 5.4

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.

Amounts in NOK million

21. Interest bearing loans and borrowings

Det Norske Veritas Holding AS has an agreement for a NOK 1 500 million multi-currency revolving credit facility and a NOK 6 250 million term loan with a bank syndicate consisting of Danske Bank, Handelsbanken Norwegian branch of Svenska Handelsbanken AB and Nordea. The facilities expire in December 2023. The revolving credit facility was undrawn per year-end 2018. The credit agreement supporting these facilities has certain covenants. Det Norske Veritas Holding AS was well within all covenants at year-end. The facilities are secured with a pledge in properties belonging to Det Norske Veritas Eiendom AS.

DNV GL Group AS has an agreement for a NOK 1 000 million multi-currency revolving credit facility with Handelsbanken Norwegian branch of Svenska Handelsbanken AB. The facility expires in May 2022 and was undrawn per year-end 2018. 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 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.

22. Guarantees

STIFTELSEN DET NORSKE VERITAS			STIFTELSEN DET NORSKE VERITAS CONSOLIDATED	
31 Dec 2018	31 Dec 2017		**31 Dec 2018**	31 Dec 2017
0.0	0.0	Guarantee commitments not included in the accounts	**304.6**	268.8

These guarantees are not secured by mortgage.

23. Related party transactions

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 2018 amounts to NOK 7.3 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 2018 is NOK 0.3 million.

Amounts in NOK million

24. Financial assets and financial liabilities[1]

STIFTELSEN DET NORSKE VERITAS CONSOLIDATED

31 December 2018	Financial instruments at fair value through OCI	Financial instruments at fair value through P&L	Amortized costs	Fair value through P&L	Other financial liabilities
Assets – non-current assets					
Equity instruments				27.4	
Loans to employees			29.0		
Other long-term receivables			367.2		
Assets – current assets					
Cash and bank deposits			3 187.9		
Trade debtors			4 426.0		
Other debtors			879.7		
Interest rate swap					
Financial liabilities – non-current					
Other non-current liabilities					292.4
Financial liabilities – current					
Trade creditors					544.7
Overdrafts					30.7
Forward contracts		80.5			
Interest rate swap	27.4				

31 December 2017	Financial instruments at fair value through OCI	Financial instruments at fair value through P&L	Loans and receivables	Available for sale	Other financial liabilities
Assets – non-current assets					
Available for sale investments				42.5	
Loans to employees			42.5		
Other long-term loans			34.5		
Other long-term receivables			392.0		
Assets – current assets					
Cash and bank deposits			4 395.3		
Trade debtors			4 314.8		
Other debtors			972.1		
Forward contracts		3.0			
Interest rate swap	5.2				
Financial liabilities – non-current					
Other non-current liabilities					461.3
Financial liabilities – current					
Trade creditors					524.5

1. The classifications of financial assets and financial liabilities have for 2018 been updated with IFRS 9 Financial Instruments effective 1 January 2018. The classifications for 2017 is in accordance with the old standard IAS 39.

25. Financial instruments

Interest rate swap

Det Norske Veritas Holding AS has a NOK 6 250 million Term Loan and a NOK 1 500 million Revolving Credit Facility. The interest on the facilities consist of a floating interest element of NIBOR plus a margin. Hence, Det Norske Veritas Holding AS will have risk related to fluctuations in NIBOR. To limit this risk NOK 3 250 million of the Term Loan was hedged at a fixed interest rate until December 2022. The interest rate swaps are measured at fair value through Other Comprehensive Income (OCI). Changes in fair value recognized in OCI in 2018 is NOK 21.1 million gain after tax (NOK 4 million gain in 2017).

26. New standards issued, effective and not yet effective

IFRS 15 Revenues from contracts and IFRS 9 Financial Instruments
The Group has initially applied IFRS 15 and IFRS 9 from 1 January 2018. The implementation of the new IFRS standards have no material impact on DNV GL's processes and controls. No implementation effects have been recognized in the 2018 consolidated financial statements.

IFRS 16 Leases
Of those standards that are not yet effective, IFRS 16 is expected to have a material impact on the Group's financial statements in the period of initial application.

The Group is required to adopt IFRS 16 Leases from 1 January 2019. The Group has assessed the estimated impact that initial application of IFRS 16 will have on its consolidated financial statements, as described below. The actual impacts of adopting the standard on 1 January 2019 may change because:

- the Group has not finalised the testing and assessment of controls over its new IT systems; and
- the new accounting policies are subject to change until the Group presents its first financial statements that include the date of initial application.

The Group will recognize assets and liabilities for its leases of properties previously recognized as operating lease. The nature of expenses related to those leases will now change because the Group will recognize a depreciation charge for right-of-use assets and interest expense on lease liabilities. Previously, the Group recognized operating lease expense on a straight-line basis over the term of the lease, and recognized assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognized.

In addition, the Group will no longer recognise provisions for operating leases that it assesses to be onerous as described in Note 19. Instead, the Group will include the payments due under the lease in its lease liability.

Based on the information currently available, the Group estimates that it will recognize lease liabilities of NOK 1 977 million and right-of-use asset of NOK 1 880 as at 1 January 2019.

Transition
DNV GL Group will implement the new standard with effect 1 January 2019. DNV GL Group will use the modified retrospective approach for transition to IFRS 16 and the right-of-use asset will be set equal to the liability, adjusted for the onerous lease, 1 January 2019.

AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

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 financial position as at 31 December 2018, the income statement, statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Foundation and the Group as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

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 as required by laws and regulations, and we have fulfilled our other ethical responsibilities 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
The Board of Directors and Group President & CEO (management) is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

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 the management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with simplified application of International Accounting Standards according to the Norwegian Accounting Act section 3–9, 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 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 laws, regulations, and auditing standards and practices generally accepted 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. We 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 the Board of Directors 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 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 produce a proper and clearly set out registration and documentation of the Foundation's accounting information in accordance with the law and bookkeeping standards and practices generally 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, 4. April 2019
KPMG AS

Mona Irene Larsen
State Authorised Public Accountant

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