
REPORT ON CORPORATE GOVERNANCE 2019

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 1st April 2020, 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 19.

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.

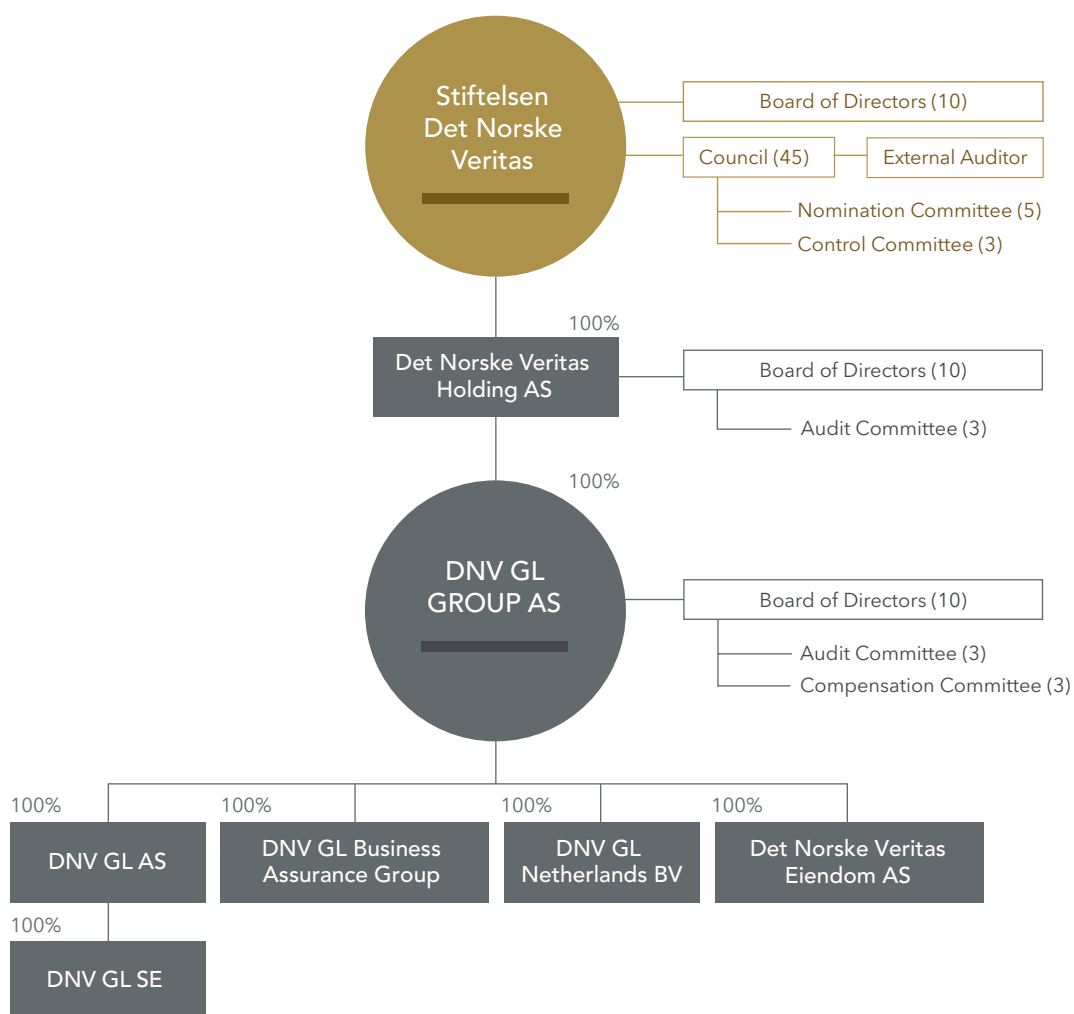
OVERVIEW OF THE CORPORATE GOVERNANCE STRUCTURE OF DET NORSKE VERITAS GROUP

Stiftelsen Det Norske Veritas is incorporated as a Norwegian foundation (No: “Stiftelse”) whose Purpose is “to safeguard life, property and the environment”. During 2019 Stiftelsen decided to update and modernize its Vision and Values to guide the organization through the coming decade and beyond. The new Vision is “A trusted voice to tackle global transformations” and compliments the abovementioned Purpose. The new Values are “We care. We dare. We share”. The new Vision and Values were launched on 14th January 2020.

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”).

OVERVIEW OF THE CORPORATE GOVERNANCE STRUCTURE OF DET NORSKE VERITAS GROUP



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.

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 2019, Stiftelsen Det Norske Veritas had a total equity of NOK 14 765 million, up from NOK 13 121 million in 2018. 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 and capital reductions contribute to Stiftelsen Det Norske Veritas' capital base. In 2019 a capital reduction in DNV Holding, resulted in a NOK 400 million capital contribution to Stiftelsen Det Norske Veritas.

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 since 2011. Advisor and executive director
- **Harald Solberg,**
Vice-Chairman of the Council and the Nomination Committee since 2018. CEO, Norwegian Shipowners' Association
- **Kristin Skogen Lund,**
Member of the Council and the Nomination Committee since 2019. CEO Schibsted
- **Kristin Færøvik,**
Member of the Council and the Nomination Committee since 2019. Managing Director Lundin Norway
- **Ingvild Sæther,**
Member of the Council and the Nomination Committee since 2017. 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 December 2019):

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
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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
Øystein Arvid Håland.....	Norway
Monical Th. Bjørkmann	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
Ole Erik Almlid.....	Norway

Appointed by: The Council

Sigve Brekke	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

Krzystof Krolak.....	Poland
John Rose	UK
Hege Halseth Bang	Norway
Elizabeth Traiger	UK
Deng Ling.....	China
Thomas Reimer.....	Germany
Tatiana Tzeferakou	Norway

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 2011. Harald Solberg, CEO of Norwegian Shipowners' Association is the Vice-Chairman since 2019.

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 since 2011 and Chairman of the Control Committee since 2013, Managing Director Fred Olsen Renewables AS
- **Tore Ulstein,**
Member of the Council since 2016 and the Control Committee since 2017, Chairman of the Board, Ulstein Group
- **Åse Aulie Michelet,**
Member of the Council since 2013 and the Control Committee since 2015, 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 since 2011 and Board Member since 2010, LAPAS AS
- **Jon Fredrik Baksaas,**
Vice-Chairman of the Board of Directors since 2019, Professional Board member
- **Liselott Kilaas,**
Member of the Board of Directors since 2016, Professional Board member
- **Lasse Kristoffersen,**
Member of the Board of Directors since 2017, Torvald Klaveness Group
- **Silvija Seres,**
Member of the Board of Directors since 2017, Professional Board member
- **Birgit Aagaard-Svendsen,**
Member of the Board of Directors since 2017, Professional Board member

- **Jon Eivind Thrane,**
Member of the Board of Directors since 2018, DNV GL (Norway)
- **Nina Ivarsen,**
Member of the Board of Directors since 2016, DNV GL (Norway)
- **Clemens Keuer,**
Member of the Board of Directors since 2013, DNV GL (Germany)
- **David McKay,**
Member of the Board of Directors since 2019, DNV GL (USA)

More details about the individual board members can be found in the 2019 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 are elected by and among the employees of DNV GL worldwide. The elections take place in three separate constituencies and elections are staggered. The employee representation scheme is approved by the Norwegian Working Democracy Committee (i.e. "Tvistenemda").

The constituencies are,

- Norway (elects two members of the Board)
- Europe – excluding Norway (elects one member of the Board)
- Worldwide – excluding Europe (elects one member of the Board)

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' strategy and annual plans, 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 2019 is described hereunder and in the Board of Director's report 2019.

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 2019, six ordinary Board meetings were conducted - one in each of the months of February, April, June, September, November and December. The Board held its meetings at the Head office in Høvik (Norway), except for the February meeting which was held in Madrid/ Barcelona Spain and the August meeting, which was held in Houston, USA.

In 2019 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 Chief Financial Officer, the Secretary to the Board and other persons from the executive management as decided by the Chairman and the Chief Executive Officer. 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.

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 2019 the self-evaluation was performed through regular self-evaluations at the end of the Board meetings and individual interviews of the Board members by the Council's Nomination Committee.

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 2019 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 2019 provided tax consulting services, other attestation services, and non-audit services. For details, see Note 7 in the 2019 financial statements.

Adopted by the Board of Directors,
Høvik 1th April 2020

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.