

ANNUAL REPORT 2019
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.

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

CEO'S INTRODUCTION

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

DNV GL operates in 100 countries, and its nearly 12,000 professionals are dedicated to helping customers tackle global transformations.

2019 was a good year for DNV GL. Revenue increased by 9.7%, helped by improved market conditions. The dedication and hard work of DNV GL professionals was evident across the businesses.

The Maritime business area delivered the lion's share of revenue growth. However, Oil & Gas, Energy and Digital Solutions also delivered growth, while Business Assurance as expected had slightly lower activity after a bumper year in 2018. Moving into 2020 DNV GL is in a much stronger position than previous years and poised to take advantage of opportunities ahead.

In the short term, there is of course a major storm to weather. The present disruptions are extraordinary. We are deeply mindful of the effect of the Coronavirus pandemic on the customers and communities that DNV GL serves, and we are doing everything in our power to contribute as constructively as possible. DNV GL staff are demonstrating great resilience, resourcefulness and care, in keeping with the proud traditions that have sustained our company over the past 150 years. Our foremost priority is the health and safety of our people, as well as ensuring business continuity.

We are also preparing for the challenges and opportunities that lie ahead, because we can expect additional significant changes. The 2020s is being called 'the decade of transformation.' This is the decade where the pace of the energy transition will be set. This is also the decade where our food and health systems will change immensely, and when the digital technologies underpinning Industry 4.0 will mature from experimentation into large-scale application.

Most importantly, this is the decade where humanity will succeed or fail to deliver on the Sustainable Development Goals. Now, more than ever, we are reminded that the great challenges society faces are global, and we must work together to solve them. Therein lie great opportunities too; to decarbonize, to create more sustainable supply chains, to further digitize and leverage new technologies.

I believe DNV GL has a unique role to play in these transformations. With our technical expertise, domain knowledge and understanding of risks, we help customers to manage their assets safely, efficiently and with confidence. We aim to be a trusted voice to tackle the global transformations ahead of us.

As an organization responsible for assuring, verifying and advising on the assets that will provide the world's energy in the decades to come, DNV GL is at the nexus of the transition. We are a leading source of technical expertise in clean and zero-emission energy – from production and transmission to distribution, storage and use. Taking offshore wind as an example, our work spans the whole value chain from ocean studies, through design, construction, transmission and distribution of power to consumers. We are also increasingly involved beyond that with the assurance work we perform for investors and financial institutions.

We don't know what the coming year will look like. I do know, however, that we will do our part to foster collaboration among key stakeholders to solve global challenges and deliver on Stiftelsen Det Norske Veritas and DNV GL's shared purpose of safeguarding life, property and the environment.



Remi Eriksen
President and CEO

BOARD OF DIRECTORS' REPORT 2019

Stiftelsen Det Norske Veritas is a free-standing, independent Norwegian foundation whose purpose is to safeguard life, property and the environment. This purpose is realized mainly through the ownership of DNV GL Group AS via Det Norske Veritas Holding AS. Stiftelsen Det Norske Veritas also has a portfolio of financial investments.

The Stiftelsen Det Norske Veritas group of companies (Det Norske Veritas) achieved revenues of NOK 21,551 million in 2019 and a net profit after tax of NOK 1,310 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 owns 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. 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. The portfolio of financial investments shall support this strategy.

DNV GL GROUP AS (DNV GL)

DNV GL is the foremost vehicle for Stiftelsen Det Norske Veritas to achieve its purpose. 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 12,000 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 addition to the ownership of Det Norske Veritas Holding AS Stiftelsen Det Norske Veritas at the end of 2019 had a NOK 1,003 million portfolio of financial investments in equity funds and fixed income funds. The portfolio of financial investments is invested in accordance with a financial investment policy decided by the Board of Directors. The portfolio of financial investments is diversified and highly liquid and yielded in 2019 a return of NOK 55.8 million or 9.8 % of the average amount invested.

Stiftelsen Det Norske Veritas has no debt.

FINANCIAL PERFORMANCE

The consolidated statements for Det Norske Veritas include Stiftelsen Det Norske Veritas and 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 21,551 million in 2019, an increase of NOK 1,907 million (10%) compared to 2018.

Business Area Maritime recorded revenue of NOK 7,744 million in 2019, corresponding to growth of 15.5% compared to 2018. Business Area Oil & Gas reported revenue of NOK 4,839 million, representing growth of 8.6%. Business Area Energy achieved 15.9% revenue growth and revenue of NOK 4,196 million, including a NOK 141 million sales gain from divestment of the Kema laboratories. Business Assurance ended the year with revenue of NOK 3,626 million, in line with last year. Digital Solutions experienced growth of 14.7% in 2019 and delivered external revenues of NOK 1,046 million.

Earnings before interest, taxes, depreciation and amortization (EBITDA) increased by NOK 1,554 million from NOK 1,963 million in 2018 to NOK 3,517 million in 2019. Of this, NOK 421 million comes from the implementation of IFRS 16 Leases, which technically led to reduced operating expenses and increased depreciation. The operating profit (EBIT) for 2019 ended at NOK 2,323 million, NOK 1,783 million up from NOK 540 million in 2018. The EBITDA and EBIT improvements are primarily driven by strong growth and financial performance in Business Area Maritime.

The net financial expenses were NOK 392 million in 2019, compared to NOK 462 million in 2018. The main financial items are return on short term financial investments in the Foundation of NOK 56 million, NOK 164 million interest and financial expenses related to the external loan facilities in DNV Holding, net interest costs of NOK 27 million from defined benefit pension plans and net currency losses of NOK 143 million and other financial expenses. Implementation of IFRS 16 led to a NOK 67 million interest cost on lease liabilities.

The 2019 tax expense of NOK 620 million represents an average tax cost of 32%. The average corporate income tax is 26% of the pre-tax profit from operations, while the additional tax cost is caused by withholding taxes on remitted earnings, losses from operations without recognition of tax assets and non-tax-deductible items

and wealth tax in Stiftelsen DNV. The net profit for the year was NOK 1,310 million, compared to last year's net loss of NOK 39 million.

The cash flow from operations ended at NOK 2,572 million in 2019, compared with NOK 939 million in 2018. This improvement comes primarily from the strong financial performance (EBITDA) in 2019. The implementation of IFRS 16 had no net cash flow effect but led to an increase in cash flow from operations and a decrease in cash flow from financing activities of NOK 421 million in 2019.

The cash flow from investments was NOK 733 million in 2019. The net cash effect of divesting the Kema laboratories in December 2019 was NOK 1,139 million. The investment of NOK 280 million in intangible assets relates to the development of commercial software within Digital Solutions, in-house Oracle ERP implementation and system integration in the Business Areas.

Financing activities of NOK 1,680 million, of which NOK 1,250 million repayment of external loan, led to a net positive cash flow for the year of NOK 1,624 million.

At year-end, the Det Norske Veritas group had liquidity of NOK 4,812 million plus unused credit lines of NOK 2,500 million. The Group has a strong balance sheet, with an equity ratio of 47% of total assets.

A net actuarial gain of NOK 460 million from defined benefit pension plans was recognized in equity at the year-end.

The accounts of the parent company, Stiftelsen Det Norske Veritas, show a profit for the year of NOK 31 million, mainly generated from return on financial investments. The Board proposes to transfer the profit for the year to other equity.

The Board confirms that the going concern assumption applies and that the financial statements have been prepared on this basis. The Board regards DNV's financial performance as strong and liquidity as very good. Both parameters contribute to a robust platform to achieve our strategic targets and maintain our independence as a financially strong and trusted company. 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 the Det Norske Veritas for the period, and that there are no other material events after the balance sheet date affecting the 2019 financial statements.

ORGANIZATION

DNV GL makes up the main component of Stiftelsen Det Norske Veritas' consolidated accounts. The legal entity Stiftelsen Det Norske Veritas does not have any employees. All employees 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 Det Norske Veritas employees, please refer to the DNV GL Annual Report.

To maintain a lean management structure, Stiftelsen 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") 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.

The Board of Directors of Stiftelsen Det Norske Veritas consists of ten Board members. Six of these are elected by the Council of Stiftelsen Det Norske Veritas while four are elected by and from among DNV GL employees worldwide. The Board consists of six men and four women from four nationalities, with an average age of 58.2 years. The Board's combined expertise represents a range of stakeholders, markets and competences.

In June 2019, Morten Ulstein, Lasse Kristoffersen, Birgit Aagaard-Svendsen and Silvija Seres were up for re-election. Morten Ulstein was replaced as Vice-Chairman of the Board by Jon Fredrik Baksaas, while Lasse Kristoffersen, Birgit Aagaard-Svendsen and Silvija Seres were re-elected.

Of the Board members elected by and from among the employees, Clemens Keuer was re-elected by the constituency "Europe (except Norway)" and David McKay was elected to replace Tian Da Wei as a Board member representing the constituency "Worldwide (except Europe)".

Because of the changes in corporate governance that were decided on by the Board in June 2018, the position of Observer to the Board, held by Nikolaos Papanikos, was discontinued as from 31 July 2019.

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, 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 risks are financial market risks (interest rate and foreign currency risks), credit risks, liquidity risk and political risks 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 Stiftelsen Det Norske Veritas. The risk related to this portfolio is calculated and reported based on a value-at-risk methodology.

Interest rate risk: The exposure to interest rate risk is primarily connected to the risk of changes in market interest rates for the bank loan in Det Norske Veritas Holding AS, and DNV GL's forward exchange contracts. NOK 3,250 million of the NOK 5,000 million bank loan in Det Norske Veritas Holding AS has a fixed interest rate of 2.12 % until December 2022.

Foreign currency risk: DNV GL has revenues and expenses in approximately 70 currencies. Of these, six (NOK, EUR, USD, CNY, KRW and GBP) make up 77% of the total revenue. In most currencies, the company has a natural hedge through a balance of revenues and expenses. The foreign currency policy is to focus on hedging expected cash flows, primarily in US dollars. However, DNV GL is also materially exposed to the re-evaluation of balance sheet items, including net investments in foreign subsidiaries.

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

Liquidity risk: Det Norske Veritas Holding AS maintains a liquidity reserve where the targeted amount shall correspond to 15 % of the annual revenue for the Group plus NOK 500 million in an acquisition and investment reserve. DNV GL monitors its liquidity risk on a continuous basis. The liquidity planning considers the maturity of the financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations.

Pension plan risk: The company has closed all existing defined benefit pension schemes to new entrants. However, DNV GL is exposed to volatility in the financial markets affecting the value of the pension plan assets. The Group is also exposed to interest rate volatility affecting the pension commitments. Lower interest rates over the past years have led to an increase in the pension commitments.

Political risk: Det Norske Veritas operation is global and exposed to fluctuations in economic growth and world trade development. Compliance with applicable trade sanctions is monitored at business area and Group level.

Climate risk: The international concern about the climate emergency has moved up the agenda. Addressing these concerns is a major driver of the energy transition which will affect both Det Norske Veritas and its customers. DNV GL conducts significant research into this which is fed into their strategy development.

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. 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

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 has zero-tolerance for corruption and unethical behaviour and a business ethics and compliance policy that applies to all employees, sub-contractors, agents and suppliers. Det Norske Veritas' compliance programme and related instructions are based on the Code of Conduct. Anticorruption, 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 Executive Committee when relevant, to the DNV GL Audit Committee quarterly and Det Norske Veritas Control Committee three times per year.

In 2019, 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

Late in 2019 the world economy slowed, with weakened trade, manufacturing and investments. The IMF cut the GDP growth forecast.

The coronavirus (COVID-19) outbreak has already brought considerable human suffering and major economic disruption. Growth prospects for 2020 and 2021 are therefore highly uncertain. Risk aversion has increased in the financial markets, with interest rates falling to record low levels and equity prices declining sharply, commodity prices have dropped, and business and consumer confidence have turned downwards. Relative to other pandemic in modern times, such as the SARS outbreak in 2003, the global economy has

become substantially more interconnected, and China plays a far greater role in global output, trade, tourism and commodity markets. This magnifies the economic spillovers from an adverse shock in one region to all other countries. Even if the peak of the outbreak proves short-lived, with a gradual recovery in output and demand it will still exert a substantial drag on global growth in 2020.

Provided the effects of the COVID-19 virus outbreak fade, the impact on confidence and incomes of well-targeted policy actions in the most exposed economies could help global GDP growth to recover in 2021. However, there is a downside risk in that the impact of the COVID-19 virus proves longer lasting and more intensive than assumed in the present projections, possibly with second and third waves of the pandemic.

The COVID-19 virus outbreak is in an early state, and ahead we already see significant business impact for DNV GL. The situation is monitored closely and the impact on employees, customers and business will be assessed continuously and necessary mitigations will be implemented as required.

DNV GL has an ambitious program of digital transformation and using these digital tools and processes will be critical in the new business environment. The effects of the cost restructuring and productivity initiatives implemented across all business areas and in the shared services organization the past four years have contributed to improved performance and positioned DNV GL to better deal with the prevailing market conditions.

The trade tensions between China and the US will be a decisive factor for future economic development, including world trade. The signing of the "Phase 1" trade agreement in January 2020 reduces and stabilizes the tension in the US-China trade relations.

Europe has a relatively open economy and is therefore very exposed to global trade developments. The political uncertainty in Europe related to Brexit and Europe's relatively weak ability to implement social reform programmes may have a negative influence on the global economy.

The strong political wind blowing in the direction of ambitious climate transition targets enforced by further regulation will continue, and all markets and industries will search for solutions to the climate- and environment-related challenges - which many companies see as business opportunities.

For 2020, a fall in seaborne trade and a higher level of scrapping, is expected. The IMO 2020 global sulphur cap requirements led to a peak in retrofit and conversion projects in 2019 and will continue to have some impact in 2020. The consequences of the COVID-19 virus, political risks in major economies, trade wars and sanctions will contribute to increased volatility in the market. Competition continues to be fierce, but DNV GL has managed to maintain its market share in the newbuilding market. The global ship newbuilding market has stabilized at a 40-50 million GRT level, and we expect this to continue into 2020. The company aims to win 25% of global newbuilding contracts measured in gross tonnes and will work to attract new tonnage from targeted customers and minimize the transfer of DNV GL classed ships to other classification societies.

In the oil and gas market, oil prices are highly volatile. The oil producing countries have not been able to reduce production to the level of oil demand and the oil prices are record low. Trade tensions and unrest in the Middle East region add to the volatility. The trade war is also limiting the important LNG expansion in the US. Offshore oil and gas developments will focus on less capital-intensive projects with a shorter payback time. The existing infrastructure across the value chain, including pipelines and refineries, will continue to demand operations support services. The oil & gas industry is being challenged to set ambitious targets for reduced emissions from its production and to engage in making end-products cleaner. 2020 will be a difficult year for DNV GL's oil and gas customers and we foresee a very demanding year for DNV GL's services to the oil & gas industry.

The trend towards decarbonization of the world's energy systems strengthened in 2019, leading to a demand for renewable energy, power grid and storage services. The energy transition, with planned grid integration and an

increased transition to renewable energy sources, is expected to continue in many countries. Energy efficiency will continue to be high on the agenda, particularly in the US and Middle East. The successful divestment of the Power Testing laboratory business has contributed to a more focused strategy for our energy services, and a better position for further investments in our core areas.

After the extraordinary growth achieved by DNV GL management system certification services in 2018, driven by the implementation of new ISO standards, 2019 was a year of stabilization. We expect 2020 to be a good year for our management system services, however, executing the order book will be challenging given the COVID-19 lock down in many countries. The underlying demand for product assurance, supply chain assurance and digital assurance is strong and is expected to create new business opportunities post COVID-19. DNV GL will continue to strengthen its industry position within the food & beverage, healthcare, automotive and aerospace sectors.

The revenue from DNV GL's portfolio of software products and other digital services grew in 2019, and pre COVID-19 this trend was expected to be maintained in 2020 based on the upgrade of several applications and continued move towards a software-as-a-service platform. The Veracity platform will continue to be developed, with increased attention to the maritime and energy markets, the creation of digital wallet functionality and an increase in the number of registered users to benefit from network effects and drive scale.

The Board believes that DNV GL's performance in 2019 demonstrates that the company has responded well to the challenges posed throughout the year and is entering the next decade more robust than ever. The company will continue to develop its broad competence and resource base to provide guidance and support to customers in a business environment where trust is at a premium and where the need for technical expertise and risk management will be in increasing demand to tackle the extraordinary situation the world currently faces and the global transformations ahead.

[signatures on next page]

Høvik
1th April 2020

Leif-Arne Langøy
Chairman

Jon Fredrik Baksaas
Vice-Chairman

Lasse Kristoffersen
Board Member

Clemens Keuer
Board Member

Nina Ivarsen
Board Member

Jon Eivind Thrane
Board Member

Liselott Kilaas
Board Member

Birgit Aagaard-Svendsen
Board Member

Silvija Seres
Board Member

David McKay
Board Member

Remi Eriksen
Group President & CEO



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.

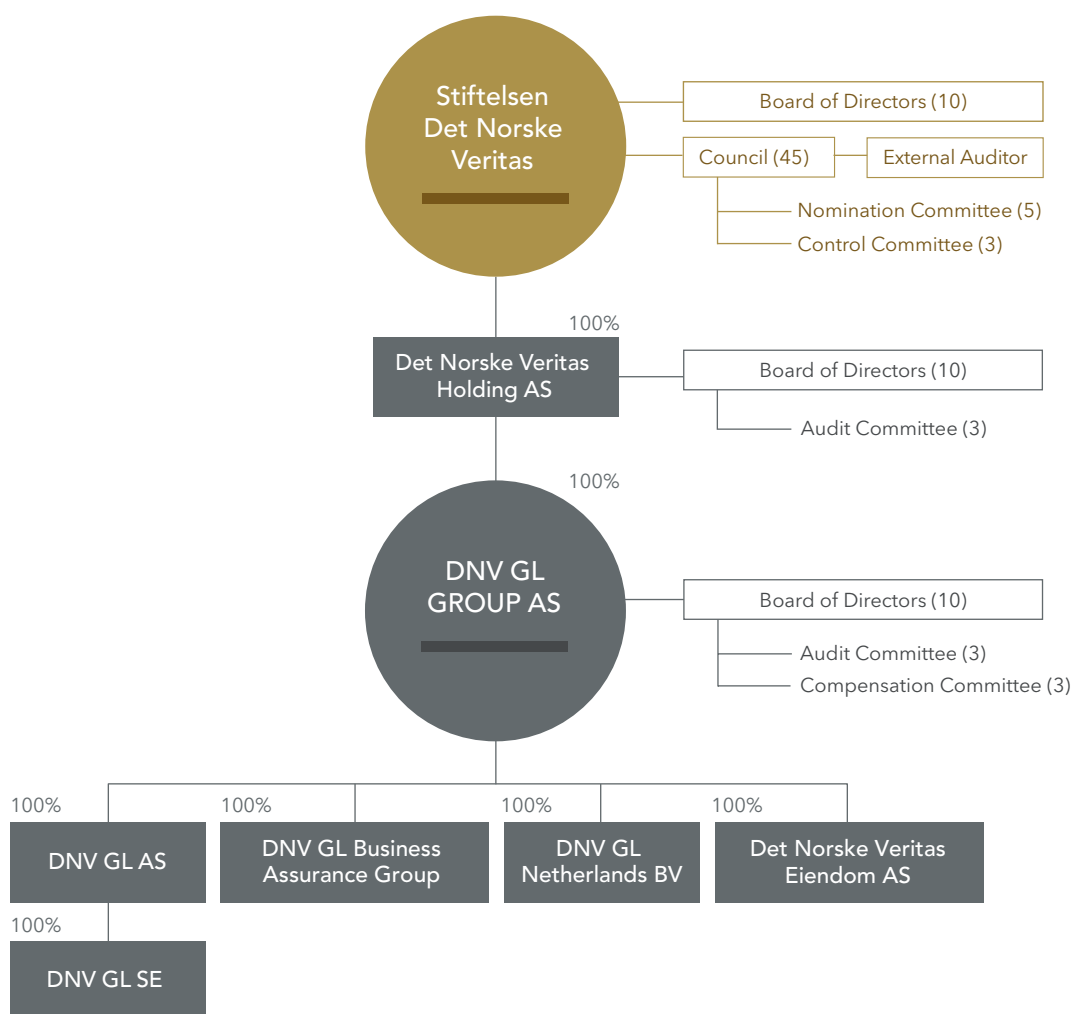
OVERVIEW OF THE CORPORATE GOVERNANCE STRUCTURE OF DET NORSKE VERITAS GROUP

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.

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.



v

KEY FIGURES

Amounts in NOK million

	2019 ¹	2018	2017	2016	2015	
Income statement:						Definition of ratios:
Operating revenue	21 551	19 644	19 591	20 852	23 516	Profitability:
EBITDA	3 517	1 963	1 562	1 773	2 895	<i>EBITDA:</i>
Depreciation	765	358	358	380	388	Earnings before financial items, tax, depreciation, amortization and impairment
Impairment of fixed assets		552	14	4	5	<i>EBITDA margin:</i>
EBITA	2 753	1 053	1 190	1 389	2 502	EBITDA x 100/Operating revenue
Amortization	420	513	503	519	536	<i>EBITA:</i>
Impairment of goodwill and other intangible assets	9	0	15	311	0	Earnings before financial items, tax, amortization and impairment
EBIT/ Operating profit	2 323	540	671	559	1 966	<i>EBITA margin:</i>
Net financial income (expenses)	(392)	(462)	(8)	834	39	EBITA x 100/Operating revenue
Profit before tax	1 930	77	663	1 393	2 006	<i>Operating margin:</i>
Profit (loss) for the year	1 310	(39)	284	876	1 233	Operating profit x 100/Operating revenue
Balance sheet:						<i>Pre-tax profit margin:</i>
Non-current assets	18 502	17 313	18 019	16 906	18 269	Profit before tax x 100/Operating revenue
Current assets	12 854	11 572	12 832	15 999	16 860	<i>Net profit margin:</i>
Total assets	31 356	28 884	30 850	32 904	35 129	Profit (loss) for the year x 100/Operating revenue
Equity	14 765	13 121	13 035	23 507	23 757	
Non-current liabilities	10 068	9 573	11 811	3 600	4 105	
Current liabilities	6 523	6 191	6 005	5 797	7 268	
Cash flow items:						Cash flow:
Net cash flow from operations	2 572	939	780	792	2 287	<i>Net cash flow:</i>
Net cash flow from investments	733	(385)	(12 550)	(194)	(1 020)	Net change in liquidity from cash flow statement
Net cash flow from financing activities	(1 680)	(1 764)	8 377	(285)	(588)	<i>Liquidity:</i>
Net cash flow	1 624	(1 210)	(3 393)	314	678	Cash and bank deposits + Short-term financial investments
Liquidity	4 812	3 188	4 395	7 789	7 412	
Financial ratios:						Leverage:
Profitability:						<i>Equity ratio:</i>
EBITDA margin	16.3%	10.0%	8.0%	8.5%	12.3%	Equity x 100/Total assets
EBITA margin	12.8%	5.4%	6.1%	6.7%	10.6%	
Operating margin	10.8%	2.7%	3.4%	2.7%	8.4%	
Pre tax profit margin	9.0%	0.4%	3.4%	6.7%	8.5%	
Net profit margin	6.1%	-0.2%	1.4%	4.2%	5.2%	
Leverage:						
Equity ratio	47.1%	45.4%	42.3%	71.4%	67.6%	
Number of employees	11 832	12 101	12 715	13 550	14 954	

1) The group implemented IFRS 16 from 01.01.2019 by applying the modified retrospective approach. Previous years have not been restated.

CONSOLIDATED INCOME STATEMENT

Amounts in NOK million

STIFTELSEN DET NORSKE VERITAS		STIFTELSEN DET NORSKE VERITAS CONSOLIDATED			
2019	2018		Note	2019	2018
		Operating revenue			
0.0	5.0	Sales revenue		21 409.9	19 643.5
0.0	0.0	Gain divestment (sale of operations)	3	141.1	0.0
0.0	5.0	Total operating revenue	4	21 551.0	19 643.5
		Operating expenses			
0.0	0.0	Payroll expenses	5, 7, 8	11 715.6	11 223.9
3.5	5.3	Other operating expenses	6, 7	6 318.3	6 456.7
(3.5)	(0.3)	EBITDA		3 517.1	1 962.8
0.0	0.0	Depreciation and amortization	12, 14	1 185.1	871.3
0.0	0.0	Impairment	12, 13, 14	9.3	552.0
(3.5)	(0.3)	Operating profit (loss)		2 322.8	539.6
		Financial income and expenses			
0.0	0.0	Loss from associates	15	(5.6)	(3.2)
55.9	11.9	Financial income	8, 9	103.8	52.4
(0.4)	(12.5)	Financial expenses	8, 9	(490.6)	(511.6)
55.6	(0.6)	Net financial income (expenses)		(392.4)	(462.5)
52.0	(1.0)	Profit (loss) before tax		1 930.3	77.2
(21.3)	(6.2)	Tax expense	11	(620.3)	(116.0)
30.7	(7.1)	Profit (loss) for the year		1 310.0	(38.8)
		Profit for the period attributable to:			
		Non-controlling interest		14.1	12.9
		Equity holders of the parent		1 295.9	(51.7)
		Total		1 310.0	(38.8)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

30.7	(7.1)	Profit (loss) for the year		1 310.0	(38.8)
		<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
		Actuarial gains/(losses) on defined benefit pension plans		460.2	(21.1)
		<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
		Currency translation differences/Translation differences foreign operations		44.4	133.3
		Change in fair value of interest rate swap		10.0	21.0
		Share of other comprehensive income from associates		4.6	0.6
0.0	0.0	Other comprehensive income for the period, net of tax		519.1	133.8
30.7	(7.1)	Total comprehensive income for the period		1 829.2	95.0
		Total comprehensive income attributable to:			
		Non-controlling interest		14.1	12.9
		Equity holders of the parent		1 815.1	82.1
		Total		1 829.2	95.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in NOK million

STIFTELSEN DET NORSKE VERITAS		STIFTELSEN DET NORSKE VERITAS CONSOLIDATED			
31 Dec. 2019	31 Dec. 2018	ASSETS	Note	31 Dec. 2019	31 Dec. 2018
		Non-current assets			
		Intangible assets			
0.0	0.0	Deferred tax assets	11	995.7	1 182.0
0.0	0.0	Goodwill	12, 13	8 657.1	8 906.7
0.0	0.0	Other intangible assets	12	2 536.2	2 852.2
0.0	0.0	Total intangible assets		12 189.0	12 940.8
		Tangible fixed assets			
5.4	5.8	Land, buildings and other property		3 614.7	2 148.5
0.0	0.0	Office equipment, fixtures and fittings		563.0	1 034.3
5.4	5.8	Total tangible fixed assets	14	4 177.7	3 182.7
		Non-current financial assets			
211.4	611.4	Investments in subsidiaries	2	0.0	0.0
0.0	0.0	Investments in associates	15	182.3	183.4
0.0	0.0	Equity instruments		27.4	27.4
0.0	0.0	Net pension asset	8	1 483.9	539.7
0.5	0.5	Other long-term receivables	18	441.6	438.7
211.9	611.9	Total non-current financial assets		2 135.3	1 189.2
217.3	617.7	Total non-current assets		18 501.9	17 312.8
		Current assets			
		Debtors			
0.0	0.0	Trade debtors	17	4 479.2	4 426.0
0.0	0.0	Contract assets		2 630.8	3 078.1
9.9	21.9	Other receivables group companies		0.0	0.0
0.0	0.3	Other debtors		931.8	879.7
10.0	22.1	Total debtors		8 041.9	8 383.8
1 003.2	557.2	Cash and bank deposits	21	4 812.2	3 187.9
1 013.2	579.4	Total current assets		12 854.1	11 571.7
1 230.4	1 197.0	TOTAL ASSETS		31 356.0	28 884.5

PARENT AND CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in NOK million

STIFTELSEN DET NORSKE VERITAS				STIFTELSEN DET NORSKE VERITAS CONSOLIDATED	
31 Dec. 2019	31 Dec. 2018	EQUITY AND LIABILITIES	Note	31 Dec. 2019	31 Dec. 2018
		Equity			
		Paid-in capital			
283.5	283.5	Foundation capital		283.5	283.5
		Retained earnings			
926.4	895.7	Other equity		14 439.2	12 785.3
0.0	0.0	Non-controlling interest		42.0	51.7
1 209.9	1 179.2	Total equity		14 764.7	13 120.5
		Liabilities			
		Non-current liabilities			
0.0	0.0	Interest bearing loans and borrowings	22	4 999.5	6 249.8
0.0	0.0	Pension liabilities	8	2 689.0	2 479.3
0.0	0.0	Deferred tax liabilities	11	375.4	412.5
0.0	0.0	Lease liabilities	20	1 550.5	0.0
0.0	0.0	Non-current provisions	19	95.0	138.5
0.0	0.0	Other non-current liabilities		358.7	292.4
0.0	0.0	Total non-current liabilities		10 068.1	9 572.5
		Current liabilities			
0.0	0.0	Overdrafts		22.0	30.7
0.0	0.0	Trade creditors		427.8	544.7
20.4	7.9	Taxes payable	11	561.5	365.3
0.0	0.0	Public duties payable		439.2	366.4
0.0	9.3	Current liabilities group companies		0.0	0.0
0.0	0.0	Lease liabilities	20	409.9	0.0
0.0	0.0	Current provisions	19	163.2	264.6
0.1	0.6	Other current liabilities	16	4 499.7	4 619.8
20.5	17.7	Total current liabilities		6 523.3	6 191.5
20.5	17.8	Total liabilities		16 591.3	15 764.0
1 230.4	1 197.0	TOTAL EQUITY AND LIABILITIES		31 356.0	28 884.5

Høvik, 1 April 2020

Leif-Arne Langøy
Chairman

Jon-Fredrik Baksaas
Vice-Chairman

Lasse Kristoffersen
Board member

Clemens Keuer
Board member

Nina Ivarsen
Board member

Jon Eivind Thrane
Board member

Silvija Seres
Board member

Liselott Kilaas
Board member

Birgit Aagaard-Svendsen
Board member

Remi Eriksen
Group President & CEO

David McKay
Board member

CONSOLIDATED STATEMENT OF CASH FLOW

Amounts in NOK million

STIFTELSEN DET NORSKE VERITAS			STIFTELSEN DET NORSKE VERITAS CONSOLIDATED	
2019	2018		2019	2018
		CASH FLOW FROM OPERATIONS		
52.0	(1.0)	Profit before tax	1 930.3	77.2
0.0	(5.0)	Gain on disposal of tangible fixed assets	14 (2.8)	(207.8)
0.0	0.0	Loss (gain) on divestments	(141.1)	23.7
0.0	0.0	Loss (gain) from change of defined benefit pension plans	8 (6.4)	11.2
0.0	0.0	Depreciation, amortization and impairment	14 1 194.4	1 423.2
(8.8)	(24.2)	Tax payable	(623.8)	(484.0)
0.0	0.0	Change in work in progress, trade debtors and trade creditors	247.1	56.0
2.7	(19.8)	Change in accruals, provisions and other	(26.2)	39.6
46.0	(50.0)	Net cash flow from operations	2 571.6	939.1
		CASH FLOW FROM INVESTMENTS		
0.0	0.0	Acquisitions	3 0.0	(44.6)
0.0	0.0	Divestments of subsidiaries	3 1 138.9	0.0
0.0	0.0	Investments in tangible fixed assets	14 (146.8)	(306.4)
0.0	0.0	Investments in intangible assets	12 (279.9)	(358.9)
0.0	5.0	Sale of tangible fixed assets (sales value)	20.3	293.5
0.0	0.0	Change in other investments	0.0	31.1
0.0	5.0	Net cash flow from investments	732.6	(385.3)
		CASH FLOW FROM FINANCING ACTIVITIES		
0.0	0.0	Change in overdraft	(8.6)	(14.1)
0.0	0.0	Borrowings	(1 250.3)	(1 750.3)
0.0	0.0	Change in lease liabilities	(420.9)	0.0
400.0	0.0	Capital reduction DNV Holding	0.0	0.0
400.0	0.0	Net cash flow from financing activities	(1 679.8)	(1 764.3)
		LIQUIDITY		
46.0	(50.0)	Net cash flow from operations	2 571.6	939.1
0.0	5.0	Net cash flow from investments	732.6	(385.3)
400.0	0.0	Net cash flow from financing activities	(1 679.8)	(1 764.3)
446.0	(45.0)	Net change in liquidity during the year	1 624.4	(1 210.5)
557.2	602.2	Liquidity at 1 January	3 187.9	4 395.3
0.0	0.0	Cash in acquired companies	0.0	3.1
1 003.2	557.2	Liquidity at 31 December	4 812.2	3 187.9

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 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
Profit for the period		30.7	30.7
Equity at 31 December 2019	283.5	926.4	1 209.9

Changes in equity in Stiftelsen Det Norske Veritas Consolidated

<i>Amounts in NOK million</i>	Foundation capital	Other equity	Currency translation differences	Non- controlling interest	Total
Equity at 31 December 2017	283.5	9 678.6	3 032.4	39.7	13 034.6
Profit 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 interest 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	51.8	13 120.5
Adjustment on correction of error related to previous years ¹		(158.3)			(158.3)
Equity at 1 January 2019 (restated)	283.5	9 460.8	3 165.7	51.8	12 962.1
Profit/(loss) for the period		1 295.9		14.1	1 310.0
Actuarial gains/(losses) on defined benefit pension plans		460.2			460.2
Exchange differences			44.4		44.4
Change in fair value of interest rate swap		10.0			10.0
Share of other comprehensive income from associates		4.6			4.6
Other equity changes		(2.9)		(23.8)	(26.7)
Equity at 31 December 2019	283.5	11 228.6	3 210.1	42.1	14 764.7

1. In 2019, prior year's errors of NOK 158.3 million have been identified. The main effects are related to pre 2019 imbalances in group internal trade receivables and payables built up over multiple financial years, cleared during 2019. The accumulated effect (NOK 115 million) has not been possible to allocate back to the respective financial year. The majority of the remaining corrections relate to old DTA differences related to pensions and GAAP differences in Germany. The errors are considered material and thus an adjustment is made to the opening balance as at 1 January 2019.

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 DNV GL Group AS 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

The Group has applied IFRS 16 using the modified retrospective approach.

Identifying a lease

At the inception of a contract, The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To determine whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The agreement creates enforceable rights of payment and obligations
- The identified asset is physically distinct
- It has the right to obtain substantially all of the economic benefits from use of the asset
- It has the right to direct the use of the asset
- The supplier does not have a substantive right to substitute the asset throughout the period of use

Separating components in the lease contract

For contracts that constitutes, or contains a lease, the Group separates lease components if it benefits from the use of each underlying asset either on its own or together with other resources that are readily available, and the underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract. The Group then account's for each lease component within the contract as a lease separately from non-lease components of the contract. The Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. If an observable stand-alone price is not readily available, the Group estimates this price by maximising the use of observable information.

Recognition of leases and exemptions

At the lease commencement date, the Group recognises a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee, except for the following exemptions applied:

- Short-term leases (defined as 12 months or less)
- Low value assets

For these leases, the Group recognises the lease payments as other operating expenses in the statement of profit or loss when they incur.

Measuring the lease liability

The lease liability is initially measured at the present value of the lease payments for the right to use the underlying asset during the lease term that are not paid at the commencement date. The lease term represents the non-cancellable period of the lease, together with periods covered by an option to extend the lease when the Group is reasonably certain to exercise this option, and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

NOTES TO THE FINANCIAL STATEMENTS

The lease payments included in the measurement comprise of:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- Amount expected to be payable by the Group under residual value guarantees
- The exercise price of a purchase option, if the Group is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The Group do not include variable lease payments in the lease liability arising from contracted index regulations subject to future events, such as inflation. Instead, the Group recognises these costs in profit or loss in the period in which the event or condition that triggers those payments occurs.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect adjustments in lease payments due to an adjustment in an index or rate.

Group presents its lease liabilities as separate line items in the statement of financial position.

Measuring the right-of-use asset

The right-of-use asset is initially measured at cost. The cost of the right-of-use asset comprise:

- The amount of the initial measurement of the lease liability
- Any lease payments made at or before the commencement date, less any lease incentives received
- Any initial direct costs incurred by the Group
- An estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment losses. The Group applies the depreciation requirements in IAS 16 Property, Plant and Equipment in depreciating the right-of-use asset, except that the right-of-use asset is depreciated from the commencement date to the earlier of the lease term and the remaining useful life of the right-of-use asset. The Group has elected to not apply the revaluation model for its right of use asset for leased buildings.

The Group applies IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Group presents its right-of-use assets as separate line items in the consolidated statement of financial position. Borrowing costs

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

Intangible assets

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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.

NOTES TO THE FINANCIAL STATEMENTS

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 in 2018 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. On initial application of IFRS 16 1 January 2019, the onerous lease provisions were recognized as impairment of the right of use assets.

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.

NOTES TO THE FINANCIAL STATEMENTS

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%	211.4
Total investment in subsidiaries				211.4

196 legal entities are consolidated in DNV GL Group's financial statements at 31 December 2019 of which 6 entities has non-controlling interest.

3. Business combinations and sale of operations

Significant changes in group structure 2019

30 December 2019, the KEMA Laboratories in Arnhem (KEMA B.V.) and Prague (Zkusebnictví a.s.) were sold to CESI. The transfer comprised KEMA and all the high-voltage and high-power testing and inspection activities performed by its personnel in its own laboratories in Arnhem and Prague. A sales gain of 141 million from the transaction is included in the income statement for 2019. The net sales amount of NOK 1 139 million was settled in cash in 2019.

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)

NOTES TO THE FINANCIAL STATEMENTS

Amounts in NOK million

4. External operating revenue

	STIFTELSEN DET NORSKE VERITAS CONSOLIDATED	
Geographical area:	2019	2018
Nordic countries	5 697.7	5 033.6
Europe and Africa	6 298.8	6 337.9
Asia Pacific	5 183.4	4 413.9
North and South America	4 230.0	3 858.1
Total operating revenue	21 409.9	19 643.5
Business areas:		
Maritime	7 743.6	6 701.7
Oil & Gas	4 838.8	4 454.7
Energy	4 055.5	3 620.2
Business Assurance	3 626.4	3 645.4
Digital Solutions	1 046.3	911.9
Real Estate	8.2	205.5
Other	91.2	104.2
Total operating revenue	21 409.9	19 643.5

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	
	2019	2018
Salaries	8 696.8	8 496.2
Bonus expenses	597.0	400.0
Payroll tax	1 016.5	958.7
Pension costs	785.4	779.9
Effect of pension plan changes/ curtailment effects	(6.4)	11.2
Other contributions	626.3	578.0
Total payroll expenses	11 715.6	11 223.9
Full time equivalent	11 618	11 877

NOTES TO THE FINANCIAL STATEMENTS

Amounts in NOK million

6. Other operating expenses

STIFTELSEN DET NORSKE VERITAS			STIFTELSEN DET NORSKE VERITAS CONSOLIDATED	
2019	2018		2019	2018
0.0	0.0	Travel expenses (refundable and non-refundable)	1 091.6	1 067.1
0.0	0.0	External hired assistance	1 890.9	1 764.8
0.0	0.0	IT and communication expenses	588.5	586.8
0.0	0.0	Rent and real estate expenses	433.6 ¹	878.5
0.0	0.0	Losses on accounts receivables	56.2	75.5
0.0	0.0	Loss on sale DNV GL PVEL LLC. USA	0.0	24.7
3.5	5.3	Other expenses (refundable and non-refundable)	2 257.4	2 059.5
3.5	5.3	Total other operating expenses	6 318.3	6 456.7

1. The change in rent and real estate expenses is related to the implementation of IFRS 16. See note 27 for further details.

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 2019: ¹

Name	Stiftelsen Det Norske Veritas	Other Group companies ⁶
Leif-Arne Langøy	297	490
Morten Ulstein ²	106	221
Jon Fredrik Baksaa ³	78	190
Nina Ivarsen	74	297
Clemens Keuer	74	297
Liselott Kilaas	74	350
Lasse Kristoffersen	74	297
David McKay ⁵	32	126
Nikolaos Papanikos ⁴	0	171
Silvija Seres	74	326
Birgit Aagaard-Svendsen	74	363
Da Wei Tian ⁴	43	171
Jon Eivind Thrane	74	297

1. Amounts in NOK thousand

2. Vice-chairman of the Board of Directors until 31 July 2019

3. Vice-chairman of the Board of Directors from 1 August 2019

Remuneration to the Control Committee paid 2019: ¹

Name	Stiftelsen Det Norske Veritas
Ivar Brandvold	130
Tore Ulstein	87
Åse Aulie Michelet	87

Remuneration to the Nomination Committee paid 2019: ¹

Name	Stiftelsen Det Norske Veritas
Walter Qvam	180
Karl Erik Kjelstad	62
Harald Solberg	81
Wenche Agerup	30
Kristin Færøvik	10
Kristin Skogen Lund	10

4. Member of the Board of Directors until 31 July 2019

5. Member of the Board of Directors from 1 August 2019

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

NOTES TO THE FINANCIAL STATEMENTS

Amounts in NOK million

Fees to the auditors for 2019 <i>(amounts in NOK thousand)</i>	Stiftelsen Det Norske Veritas	Group auditor other Norwegian entities	Group auditor non- Norwegian entities	Other auditors	Total
Statutory audit	355	6 255	24 603	463	31 675
Tax consulting services			908	778	1 685
Other audit related services			177	1	178
Non-audit services			10	76	85

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. 10 137 employees are covered by the defined contribution pension plans while 2 921 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 countries, 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 mainly 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, are based on the presented actuarial assumptions, together with remuneration of the employee and length of service.

Contribution to the Group's pension plans are made in accordance with common actuarial methods and statutory regulations in the country where the pension plan is administered. Total pension costs for 2019 are NOK 779.0 million of which NOK 185.0 million are related to the defined benefit pension plans and NOK 593.9 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. 2019	31 Dec. 2018
Buildings and property	188.0	181.0
Mutual equity funds and hedge funds	4 355.7	3 622.2
Norwegian bonds and bond funds	1 843.8	1 567.2
Non-Norwegian bonds and bond funds	110.3	98.8
Bank accounts, other assets and liabilities	640.2	784.3
Total market value of plan assets Norway (DNV GL Pension fund)	7 138.0	6 253.5
Actual return/ (loss) on plan assets	960.9	(64.7)

Capital contributed from DNV GL Group AS to the Norwegian Pension Fund, NOK 411 million, is reflected as other investments in the balance sheet for DNV GL Group AS.

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	
	2019	2018	2019	2018	2019	2018
Net present value of this year's pension contribution	129.0	137.1	39.2	40.4	5.1	5.7
Effect of plan changes/ curtailments	0.0	0.0	(6.4)	0.0	0.0	11.2
Payroll tax	18.2	19.3	0.0	0.0	0.0	0.0
Net present value of this year's pension contribution	147.1	156.4	32.7	40.4	5.1	16.9
Net interest on the net defined benefit liability (asset)	(16.1)	(17.8)	46.8	42.8	(1.7)	(0.7)
Payroll tax	(2.3)	(2.5)	0.0	0.0	0.0	0.0
Net interest on the net defined benefit liability (asset)	(18.3)	(20.3)	46.8	42.8	(1.7)	(0.7)

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. 2019	31 Dec. 2018	31 Dec. 2019	31 Dec. 2018	31 Dec. 2019	31 Dec. 2018
Market value of plan assets	7 138.0	6 253.5	75.9	69.9	2 185.9	1 881.5
Actuarial present value of pension liabilities	(5 617.0)	(5 697.9)	(2 700.8)	(2 498.4)	(2 194.0)	(1 850.8)
Payroll tax	(93.1)	(97.3)	0.0	0.0	0.0	0.0
Net pension asset (liabilities)	1 427.9	458.2	(2 624.9)	(2 428.5)	(8.0)	30.7

End of service benefit schemes:	Norwegian schemes		German schemes		Other schemes	
	31 Dec. 2019	31 Dec. 2018	31 Dec. 2019	31 Dec. 2018	31 Dec. 2019	31 Dec. 2018
Net liability	0.0	0.0	0.0	0.0	(184.9)	(171.5)
Hereof recorded in the balance sheet as:						
Net pension asset	1 427.9	458.2	0.0	0.0	56.0	81.5
Pension liabilities	0.0	0.0	(2 624.9)	(2 428.5)	(64.1)	(50.8)
Other non-current liabilities	0.0	0.0	0.0	0.0	(184.9)	(171.5)

The assumptions (discount rate, covered bonds) for calculation of the pension liabilities in Norway have been changed from 2.5% to 2.3%, the real income in society have been reduced from 0.75% to 0.25%. The changed assumptions led to reduced pension liabilities of NOK 98 million in 2019.

The assumptions (discount rate) for calculation of the pension liabilities in Germany have been changed from 2.0% to 1.3%. The changed assumptions led to increased pension liabilities of NOK 222 million in 2019.

NOK 460.2 million net actuarial gain on defined benefit pension plans have been reflected in other comprehensive income/ other equity in 2019.

NOTES TO THE FINANCIAL STATEMENTS

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. 2019	31 Dec. 2018	31 Dec. 2019	31 Dec. 2018	31 Dec. 2019	31 Dec. 2018
Discount rate ¹	2.30%	2.50%	1.3%	2.0%	0.5–5.3%	0.5–7.0%
Projected annual salary adjustment	2.25%	2.75%	2.5%	2.5%	2.0–5.0%	2.0–5.0%
Projected annual increase in pension benefit	1.58%	1.75%	1.5%	1.5%	0.5–2.9%	0.5–2.3%
Projected annual increase of Norwegian government basis pension	1.75%	2.25%				
Expected annual return on plan assets	2.30%	2.40%	2.0%	1.8%	0.5–5.3%	0.5–7.0%

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 Sensitivity level	Discount rate		Future salary increases	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation Norwegian plans	434.8	(493.4)	(137.8)	169.3
Impact on defined benefit obligation German plans	196.0	(200.7)	(21.6)	21.4

NOTES TO THE FINANCIAL STATEMENTS

Amounts in NOK million

9. Financial income and financial expenses

STIFTELSEN DET NORSKE VERITAS			STIFTELSEN DET NORSKE VERITAS CONSOLIDATED	
2019	2018		2019	2018
55.8	(5.5)	Return on financial investments	55.8	(4.8)
0.0	0.0	Profit (loss) from investment in associates (note 15)	(5.6)	(3.2)
0.0	0.0	Gain from sale of available for sale investments	0.0	1.0
0.0	0.0	Net interest on the net defined benefit liability (asset) (Note 8)	(26.8)	(21.8)
0.2	4.9	Net interest income group companies	0.0	0.0
0.0	0.0	Interest expense for lease liabilities	(66.8)	0.0
0.0	0.0	Interest expense and other financial expenses external loan	(164.3)	(206.0)
0.0	0.0	Interest rate swap	3.6	(12.3)
0.0	0.0	Other net interest income (expense)	6.5	(16.4)
0.0	(0.0)	Currency gains (losses)	(143.2)	(141.8)
(0.4)	0.0	Other financial items	(51.6)	(57.1)
55.6	(0.6)	Net financial income (expenses)	(392.4)	(462.5)

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 76% 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 2 377 million. The Group does not apply hedge accounting and realized and unrealized gains and losses are recognized in the income statement. Unrealized gain at year-end is NOK 54.8 million.

NOK 1 069 million of the NOK 2 377 million nominal value of forward exchange contracts is hedging of the settlement of the KEMA laboratories in EUR. Net hedge gain of NOK 13.7 million has been reflected in the sales gain from divestment of KEMA laboratories in 2019.

A change in USD exchange rate of +/- 1 percentage point will lead to a change in operating revenue of approximately +/- NOK 36 million and a change in operating profit (EBIT) of approximately +/- NOK 4 million. A change in EUR exchange rate of +/- 1 percentage point will lead to a change in operating revenue of approximately +/- NOK 45 million and a change in operating profit (EBIT) of approximately +/- 4 million.

Credit risk

Receivable balances (NOK 4 634 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 3 809 million) and certain derivative instruments (NOK 54.8 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 multi-currency revolving credit facility. Both risks are considered to have limited effect.

Pension plan risk

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

NOTES TO THE FINANCIAL STATEMENTS

Amounts in NOK million

11. Tax

STIFTELSEN DET NORSKE VERITAS			STIFTELSEN DET NORSKE VERITAS CONSOLIDATED	
2019	2018		2019	2018
		Tax expense consists of:		
8.8	7.7	Norwegian wealth tax	8.8	6.0
12.5	0.2	Norwegian income tax	120.4	1.2
0.0	0.0	Income tax outside Norway	533.2	476.8
21.3	7.9	Total tax payable	662.4	484.0
0.0	(0.0)	Change in deferred tax in Norway	34.4	(69.7)
0.0	0.0	Effect of changed tax rate	0.0	29.8
0.0	0.0	Change in deferred tax outside Norway	(76.4)	(328.0)
0.0	(0.0)	Total change in deferred tax	(42.0)	(368.0)
21.3	7.9	Tax expense	620.3	116.0
11.4	(0.2)	Tax on profit at 22% (23% in 2018)	424.7	17.8
		Tax effect of:		
0.0	0.0	Foreign tax exempt branches	0.0	(1.0)
0.0	0.0	Non refundable foreign withholding taxes	62.4	37.2
0.0	0.0	Gain sale of shares	(114.3)	(0.2)
0.9	(1.7)	Changes of previous years taxes	152.9	(59.5)
0.0	0.0	Effect of changed tax rate	0.0	29.8
8.8	7.7	Norwegian wealth tax	8.8	7.7
0.0	0.0	Tax assets not recognized current year	21.8	14.2
0.0	0.0	Differences between tax rates in Norway and abroad	22.6	5.0
0.1	0.5	Other permanent differences	41.5	65.0
21.3	6.2	Tax expense	620.3	116.0
		Effective tax rate	32%	150%
		Net tax-reducing/tax-increasing temporary differences:		
0.1	0.2	Non-current assets	1 438.6	1 020.9
0.0	0.0	Current assets	40.1	(115.6)
0.0	0.0	Liabilities	(2 620.2)	(2 359.8)
0.0	0.0	Tax loss to be carried forward	(1 133.7)	(1 667.6)
0.1	0.2	Basis for deferred tax asset/liability	(2 275.2)	(3 122.1)
22%	22%	Tax rates applied	17%–42%	17%–42%
0.0	0.0	Deferred tax asset	995.7	1 182.0
(0.0)	(0.0)	Deferred tax liability	(375.4)	(412.5)

In addition to the tax loss to be carried forward of NOK 1 133.7 million above, the Group has accumulated tax-loss to be carried forward amounting to NOK 794 million. As the future utilization of these tax losses cannot be demonstrated, the related deferred tax asset (DTA) of NOK 166 million, is not recognized in the balance sheet.

NOK 109.9 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.

NOTES TO THE FINANCIAL STATEMENTS

Amounts in NOK million

12. Intangible assets

	Goodwill	Customer contracts and relations	Trade-marks	Software development	Total
Acquisition cost					
1 January 2018	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
Additions	0.0	0.0	0.0	279.9	279.9
Disposals	(188.5)	(92.8)	(130.5)	(3.9)	(415.6)
Currency translation differences	(60.8)	(19.4)	(3.6)	(8.3)	(92.1)
Total acquisition cost 31 Dec 2019	9 016.7	2 641.3	427.4	2 985.7	15 071.1
Accumulated amortization and impairment					
1 January 2018	(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)
Amortization	0.0	(233.8)	0.0	(186.7)	(420.5)
Impairment	0.0	0.0	0.0	(9.3)	(9.3)
Disposals	0.0	72.8	0.0	0.0	72.8
Currency translation differences	(0.3)	11.9	0.0	7.6	19.3
Total accum. amortization and impairment 31 Dec. 2019	(359.6)	(1 876.2)	0.0	(1 642.0)	(3 877.8)
Net book value					
At 31 December 2019	8 657.1	765.2	427.4	1 343.6	11 193.3
At 31 December 2018	8 906.7	1 026.4	561.5	1 264.3	11 758.8
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.

NOTES TO THE FINANCIAL STATEMENTS

Amounts in NOK million

13. Impairment testing of goodwill

Goodwill obtained through acquisitions is allocated to the Group's business areas and followed up and tested collectively for the group of cash-generating units that constitute the business area. The cash-generating units correspond to DNV GL's business areas Maritime, Oil & Gas, Energy, Business Assurance and 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.

<i>Goodwill is allocated to the business areas as follows:</i>	2019	2018
Maritime	3 172.2	3 192.4
Oil & Gas	3 549.5	3 573.6
Energy	1 701.7	1 907.3
Business Assurance	185.8	185.4
Digital Solutions	47.9	47.9
Total goodwill	8 657.1	8 906.7

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

<i>Key assumptions per cash-generating unit:</i>	Cost of capital (WACC) Post-tax	Long-term nominal growth rate
Maritime	7.5%	1.5%
Oil & Gas	7.6%	1.5%
Energy	7.6%	1.5%
Business Assurance	7.5%	1.5%
Digital Solutions	8.2%	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 4.4% or an increase in WACC of 5.5% will lead to impairment. For Oil & Gas a decrease in EBITA-margin of 1.9% or an increase in WACC of 1.5% 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.

NOTES TO THE FINANCIAL STATEMENTS

Amounts in NOK million

14. Fixed assets

	Land, buildings and other property	Office equipment, fixtures and fittings	Right-of-use assets	Total
Acquisition cost				
1 January 2018	3 418.0	4 426.8	0.0	7 844.8
Additions	117.3	189.2	0.0	306.4
Additions from business combinations	0.0	8.1	0.0	8.1
Disposals	(48.2)	(226.4)	0.0	(274.5)
Currency translation differences	12.9	29.6	0.0	42.6
Total acquisition cost 31 December 2018	3 500.0	4 427.3	0.0	7 927.4
Recognition of right of use asset on initial application of IFRS 16			1 879.2	1 879.2
Total acquisition cost 1 January 2019	3 500.0	4 427.3	1 879.2	9 806.6
Additions	48.8	97.9	318.1	464.9
Disposals	(9.0)	(48.0)	0.0	(56.9)
Divestment of a subsidiary (note 3)	(355.3)	(1 085.6)	0.0	(1 441.0)
Currency translation differences	7.9	14.7	25.2	47.8
Total acquisition cost 31 December 2019	3 192.5	3 406.4	2 222.5	8 821.3
Accumulated depreciation and impairment				
1 January 2018	1 160.4	2 827.4	0.0	3 987.8
Depreciation	129.2	229.0	0.0	358.2
Impairment	58.2	493.8	0.0	552.0
Disposals	(9.1)	(179.5)	0.0	(188.7)
Currency translation differences	12.8	22.4	0.0	35.2
Total accumulated depreciation and impairment 31 December 2018	1 351.5	3 393.1	0.0	4 744.6
Depreciation	135.5	203.4	425.7	764.6
Impairment	0.0	0.0	0.0	0.0
Disposals	(4.3)	(34.8)	0.0	(39.0)
Divestment of a subsidiary (note 3)	(111.9)	(727.6)	0.0	(839.5)
Currency translation differences	3.7	9.2	0.0	12.9
Total accumulated depreciation and impairment 31 December 2019	1 374.4	2 843.4	425.7	4 643.5
Net book value				
31 December 2019	1 817.9	563.0	1 796.8	4 177.7
31 December 2018	2 148.4	1 034.3	0.0	3 182.7
Useful life	15–67 years/ indefinite (land)	3–15 years		
Depreciation plan	Linear	Linear		

The right-of-use assets consist of leased office premises

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 was recognized in 2018. The impairment loss was 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) was 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.

NOTES TO THE FINANCIAL STATEMENTS

Amounts in NOK million

15. Investment in associates

DNV GL Group AS' ownership (through DNV GL AS) in StormGeo Holding AS is 26.4%. The investment is recognized in accordance with the equity method in the consolidated financial statements.

Investments in associates:

Company	Business Office	Ownership	Acquisition cost	Share of profit for the year	Book value
StormGeo Holding AS	Bergen	26%	145.5	(5.6)	182.3
Total investment in associates				(5.6)	182.3

16. Other current liabilities

STIFTELSEN DET NORSKE VERITAS CONSOLIDATED

	31 Dec. 2019	31 Dec. 2018
Contract liabilities	2 241.8	2 559.5
Accrued bonus to employees	597.0	400.0
Accrued holiday allowances	428.4	428.5
Unrealized loss (gain) and interest related to forward contracts	0.0	80.5
Accrued expenses and other short-term liabilities	1 232.5	1 151.4
Total other current liabilities	4 499.7	4 619.8

17. Trade debtors

STIFTELSEN DET NORSKE VERITAS CONSOLIDATED

	31 Dec. 2019	31 Dec. 2018
Gross trade debtors	4 633.7	4 600.6
Provision for bad debts	(154.5)	(174.6)
Net trade debtors	4 479.2	4 426.0

18. Other long-term receivables

STIFTELSEN DET NORSKE VERITAS CONSOLIDATED

	31 Dec. 2019	31 Dec. 2018
Loans to employees	19.7	29.0
Arrangement fee external loan	37.3	42.5
Other long-term receivables	384.7	367.2
Total other long-term receivables	441.6	438.7

NOTES TO THE FINANCIAL STATEMENTS

Amounts in NOK million

19. Provisions

STIFTELSEN DET NORSKE VERITAS CONSOLIDATED

	Claims and contingencies	Onerous lease	Restructuring	Other provisions	Total
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
Recognition of impairment of right of use asset on initial application of IFRS 16		(97.4)			(97.4)
Balance at 1 January 2019	82.0	0.0	127.0	96.7	305.7
Currency translation differences	(0.3)	0.0	1.4	(1.2)	(0.2)
Additions	34.1	0.0	76.7	16.5	127.2
Utilization	(26.1)	0.0	(83.5)	(11.1)	(120.7)
Reversal	(41.5)	0.0	(12.4)	0.0	(53.8)
Balance at 31 December 2018	48.2	0.0	109.2	100.8	258.2
Current	16.2	0.0	109.2	37.8	163.2
Non-current	32.0	0.0	0.0	63.0	95.0

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 31 December 2018 represent best estimates of the net lease obligations (net of incoming cash flows expected from sub-lease) under the onerous lease contracts. The provisions have been discounted. On initial application of IFRS 16 1 January 2019, the onerous lease provisions were recognized as impairment of the right of use assets.

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

NOTES TO THE FINANCIAL STATEMENTS

Amounts in NOK million

20. Lease liabilities

Overview of future minimum lease:

Within one year	409.9
After one year but not more than five years	1 148.2
More than five years	469.9
Future minimum lease	2 027.9

Summary of the lease liabilities in the financial statements:

At initial application 01.01.2019	1 976.7
New lease liabilities recognised in the year	244.9
Cash payments for the principal portion of the lease liability	(420.9)
Interest expense on lease liabilities	66.8
Reassessment of the discount rate on previous lease liabilities	65.7
Currency exchange differences	27.2
Total lease liabilities at 31 December 2019	1 960.4
Non-current lease liabilities	1 550.5
Current lease liabilities	409.9

21. 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 2019 NOK million
Danske Bank	NOK 200	All DNV GL subsidiaries in Norway, Denmark, Sweden, Finland, UK, Ireland, Faroe Islands, and the Baltics	633
Deutsche Bank	EUR 20	Several subsidiaries in Europe	1 182
Bank of America		Most of the DNV GL subsidiaries in US	236
Bank of America		Most of the DNV GL subsidiaries in Canada	19
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	29
Citibank - AED		Some DNV GL legal entities in Middle East	4
Citibank - AUD		Some DNV GL legal entities in Australia	12
Citibank - USD (UAE)		Some DNV GL legal entities in Middle East	69
Citibank -USD (SG)	USD 13	Some DNV GL legal entities in Singapore and South East Asia	34
Citibank - SGD		Some DNV GL legal entities in Singapore and South East Asia	27
Citibank - EUR		Some legacy DNV legal entities in the Euro-countries	(27)

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.

NOTES TO THE FINANCIAL STATEMENTS

Amounts in NOK million

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 2019 (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	Undrawn
Citibank Korea	KRW 17 000	DNV GL Korea Ltd	Undrawn
Citibank Brazil	BRL 15	DNV GL Classificacao Certificacao e Consultoria Brasil Ltda	BRL 10.1

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

22. 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 5 000 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 2024. The revolving credit facility was undrawn per year-end 2019. The credit agreement supporting these facilities has certain covenants. Det Norske Veritas Holding AS was well within all covenants at year-end 2019. 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 2019. 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.

23. Guarantees

STIFTELSEN DET NORSKE VERITAS

31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018	
0.0	0.0	Guarantee commitments not included in the accounts	367.6	304.6

These guarantees are not secured by mortgage.

24. 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 2019 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 2019 is NOK 0.3 million.

NOTES TO THE FINANCIAL STATEMENTS

Amounts in NOK million

25. Financial assets and financial liabilities

STIFTELSEN DET NORSKE VERITAS CONSOLIDATED					
31 December 2019	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			19.7		
Other long-term receivables			384.7		
Assets – current assets					
Cash and bank deposits			4 812.2		
Trade debtors			4 479.2		
Other debtors			931.8		
Forward contracts		12.7			
Financial liabilities – non-current					
Other non-current liabilities					358.7
Financial liabilities – current					
Trade creditors					427.8
Overdrafts					22.0
Interest rate swap	12.8				
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					
Available for sale investments				27.4	
Loans to employees			29.0		
Other long-term loans			367.2		
Assets – current assets					
Cash and bank deposits			3 187.9		
Trade debtors			4 426.0		
Other debtors			879.7		
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				

NOTES TO THE FINANCIAL STATEMENTS

Amounts in NOK million

26. Financial instruments

Interest rate swap

Det Norske Veritas Holding AS has a NOK 5 000 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 2019 is NOK 10 million gain after tax (NOK 21.1 million gain in 2018).

27. Implementation of new standards issued

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 consolidated financial statements and no implementation effects have been recognized in 2018.

IFRS 16 Leases

At 1 January 2019, DNV GL Group implemented IFRS 16 applying the modified retrospective approach with no restatement of comparable figures for 2018. At the date of initial application of IFRS 16, the Group recognised a lease liability for leases previously classified as operating leases after IAS 17 Leases. The Group measured the lease liabilities at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate 1 January 2019. The Group also recognised right-of-use assets on a lease-by-lease basis measured at an amount equal to the lease liability.

A lease liability of NOK 1 977 million and a right-of-use (ROU) asset of NOK 1 880 million was recognized 1 January 2019. The difference between the lease liability and the ROU asset being recognised relates to the derecognition of former onerous lease contract provisions of NOK 97 million which are now presented as impairment of ROU asset.

See note 14 for right-of-use assets and note 20 for lease liabilities.

Effect of implementing IFRS 16	31.12.2019
Deferred tax asset	17.3
Tangible fixed assets	1 796.8
Total assets	1 814.0
Other equity	(54.4)
Non-current liabilities	1 486.2
Current liabilities	382.2
Total equity and liabilities	1 814.0

28. Subsequent events

During the first quarter of 2020 the spread of the Corona virus (COVID-19) has impacted an increasing number of countries with increasing severity. In March 2020, the World Health Organization(WHO) declared COVID-19 a global pandemic.

The COVID-19 virus outbreak is in an early state. The impact of the virus outbreak for DNV GL for the first two months was limited and varies among the business areas. The situation is monitored closely and the impact on employees, customers and business is assessed continuously and necessary mitigations are and will be implemented as required. The full extent, consequences and duration of the COVID-19 pandemic and the resulting operational and economic impact for DNV GL cannot be predicted at the time of publication of Stiftelsen Det Norske Veritas consolidated financial statements for 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 statement of financial position as at 31 December 2019, the income statement, statement of comprehensive income, statement of changes in equity and the 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 2019, 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 Director's 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 the proposed 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 the bookkeeping standards and practices generally accepted in Norway.

Opinion on Distribution and Governance

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 the Foundation has been managed in accordance with the law, the Foundation's purpose and the articles of association.

Oslo, 1 April 2020
KPMG AS

Øyvind Skorgevik

State Authorised Public Accountant

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