ANNUAL REPORT 2020
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 Group AS, a global assurance and risk management company.

Stiftelsen Det Norske Veritas owns 100% of DNV 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 Group AS. Stiftelsen Det Norske Veritas also manages a portfolio of financial investments to ensure sufficient financing, liquidity and flexibility, in support of its strategy.

In one of the most challenging years in its 157-year history, the 3% decrease in revenue at DNV in speaks volumes about the strength and resilience of the company and the extraordinary efforts of its employees. Strong cost-saving measures, coupled with a switch to digital services at the start of the pandemic, led to a financial result for the year much better than feared when lockdowns began sweeping across the globe.

The factors that were instrumental in securing this result include DNV's strong digitalization capabilities, company values and business culture and the added value that DNV's expertise brings to its customers.

DNV set a new course five years ago to create a more digital, agile, and efficient company. At DNV, we introduced remote surveys and audits, machine learning and blockchain-based tools and services. During 2020, these services proved their value by enabling DNV to help customers continue their operations and avoid undue delays to new projects. DNV delivered on its commitments to customers despite challenging circumstances and generated new business in several areas including the assurance of digital assets and by growing faster than the market in solar power monitoring services.

DNV's brand signifies trust. It is a mark of quality that holds strategic value for our customers. By changing its name from DNV GL to DNV in March 2021, DNV simplified its brand name to make sure that it is instantly recognized and remembered in this evermore complex world, but retains all the expertise and embodiment of quality that the company's history holds.

DNV's capabilities have never been more relevant, and the decade ahead will be about both strengthening and renewing core services. As the leading maritime classification society, DNV will develop more and enhanced services to tackle digitalization and decarbonisation. Expertise in oil & gas, renewable energy, power grids and energy efficiency is combined in a new Energy Systems business area to enable customers to tackle the energy transition – faster.

DNV will help customers address the rising demand for trust and transparency in their products and enable them to shift towards circular and sharing economies in a new business area Supply Chain and Product Assurance. Business Assurance will focus on management system certification and training services. Digital Solutions will house the software and digital application portfolio, and the new Accelerator business area will scale services in inspection, cyber security, and digital health.

With this renewed focus, DNV aims not only to be its customers' preferred choice, but the place for employees to develop their skills and make a difference.

With a strong balance sheet, DNV is poised for growth and well-positioned to deliver on Stiftelsen Det Norske Veritas' ambitious strategic goals and our purpose of safeguarding life, property and the environment.

Both Stiftelsen Det Norske Veritas and DNV are committed to uphold the ten principles of the UN Global Compact on human rights, labour, environment, and anti-corruption. DNV will use its technical expertise and continued investment in research and development to accelerate the transformation, in line with the Sustainable Development Goals and the 1.5°C target, to create a better future.

Remi Eriksen
Chief Executive Officer

BOARD OF DIRECTORS' REPORT 2020

Stiftelsen Det Norske Veritas is a free-standing, independent Norwegian foundation whose 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 Group AS (DNV). Stiftelsen Det Norske Veritas' purpose is realized mainly through the ownership of DNV. Stiftelsen Det Norske Veritas also has a portfolio of financial investments.

2020 was a different and difficult year in many ways as a result of the COVID-19 pandemic, and this is the main explanation for the 3% reduction in revenues compared to 2019. The Stiftelsen Det Norske Veritas group of companies (Det Norske Veritas) achieved revenues of NOK 20,911 million in 2020 and a net profit after tax of NOK 1,503 million.

On 1 March 2021, DNV Group AS changed its name to DNV Group AS. In this report we refer to DNV throughout.

STRATEGY

Stiftelsen Det Norske Veritas' purpose is to safeguard life, property and the environment. The strategy is to realize Stiftelsen Det Norske Veritas' purpose through the ownership of DNV and to grow and expand the business of DNV.

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. The portfolio of financial investments shall support this strategy.

DNV GROUP AS (DNV)

DNV is the foremost vehicle for Stiftelsen Det Norske Veritas to achieve its purpose. DNV is an independent expert in risk management and assurance, operating in more than 100 countries. Through its broad experience and deep expertise DNV advances safety and sustainable performance, sets industry benchmarks, and inspires and invents solutions. Whether assessing a new ship design, optimizing the performance of a wind farm, analyzing sensor data from a gas pipeline or certifying a food company's supply chain, DNV enables its customers and their stakeholders to make critical decisions with confidence. Driven by its purpose, to safeguard life, property, and the environment, DNV helps tackle the challenges and global transformations facing its customers and the world today and is a trusted voice for many of the world's most successful and forward-thinking companies.

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

FINANCIAL INVESTMENTS

Stiftelsen Det Norske Veritas has NOK 1,037 million in financial investments held entirely separately from loan obligations in Det Norske Veritas Holding AS and the operations in DNV. These financial investments are managed in accordance with Stiftelsen Det Norske Veritas' financial investment policy. The financial investments are held in bank deposits or in diversified and highly liquid investment funds that have ethical investment criteria based on the UN Global Compact's ten principles in the areas of human rights, labour, the environment and anti-corruption, as well as the UN's 17 Sustainable Development Goals. According to the financial investment policy, half of the funds are allocated to low-risk fixed income investments and the other half to investments in equities and high yield fixed income.

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 operating revenues of NOK 20,911 million in 2020, NOK 640 million less than in 2019, representing a decline of 3.0%. Adjusted for exchange rate fluctuations and the sale of Power TIC Laboratories in December 2019, the decrease was 5.1%. This was mainly driven by negative market effects following COVID-19 and a drop in activity in the oil & gas industry caused by a sharp fall in the oil price, which was partly compensated by growth in the renewable energy sector.

Business Area Maritime recorded revenues of NOK 7,557 million in 2020, corresponding to a decline of 2.4% compared to 2019. Oil & Gas reported revenues of NOK 3,715 million, representing a drop of 5.2%. Energy achieved revenues of NOK 3,939 million, equal to growth of 11.4%. Business Assurance ended the year with revenues of NOK 3,595 million, a decline of 0.9%, while Digital Solutions had a growth of 8.4% in 2020 and delivered external revenues of NOK 1,135 million.

Earnings before interest, taxes, depreciation and amortization (EBITDA) fell by NOK 47 million from NOK 3,517 million in 2019 to NOK 3,470 million in 2020. The operating profit (EBIT) for 2020 ended at NOK 2,395 million, NOK 72 million up from NOK 2,323 million in 2019. The reduction in EBITDA relates primarily to COVID-19's market impact, weaker oil & gas markets and the continued decline in ship newbuilding activity.

The net financial expenses were NOK 228 million in 2020, compared to NOK 392 million in 2019. The change from 2019 is primarily due to lower bank loans after part-repayment, lower net currency losses, reduced net interest on defined benefit pension liabilities and the return on the financial investments.

The 2020 tax expense of NOK 665 million represents an average tax cost of 31%. The average corporate income tax is 25% of the pre-tax profit from operations, while the additional tax cost is caused by withholding taxes on remitted earnings, wealth tax in Stiftelsen Det Norske Veritas, losses from operations without recognition of tax assets and non-tax-deductible items. The net profit for the year was NOK 1,503 million, compared to last year's net profit of NOK 1,310 million.

The cash flow from operations ended at NOK 4,104 million in 2020, compared with NOK 2,572 million in 2019. The cash flow was significantly impacted by the reduction in working capital of NOK 1,419 million. The cash flow from investments was NOK -305 million in 2020. The investment of NOK -237 million in intangible assets mainly relates to the development of commercial software by Digital Solutions, in-house Oracle ERP implementation, and system integration in the business areas. The cash flow from investments also includes NOK -136 million due to the acquisition of US energy management company Energy and Resource Solutions (ERS) in December 2020, while the cash effect of the divestment of the US Energy laboratories in February 2020 was NOK 179 million.

Financing activities produced a negative cash flow of NOK 2,224 million, of which NOK 1,750 million pertained to down payment of an external loan to Det Norske Veritas Holding AS. Following from IFRS 16, change in lease liabilities caused a negative impact of NOK 466 million in cash flow from financing activities, with the opposite effect in cash flow from operations.

The total net positive cash flow for the year was NOK 1,575 million.

At year-end, Det Norske Veritas had liquidity of NOK 6,402 million plus unused credit lines of NOK 2,500 million. A net actuarial loss of NOK 363 million from defined benefit pension plans and positive exchange differences from net investments in foreign subsidiaries of NOK 605 million were recognized in equity at the year-end.

The Group has a strong balance sheet, with an equity ratio of 51%.

The accounts of the parent company, Stiftelsen Det Norske Veritas, show a net profit for the year of NOK 32 million, mainly generated from NOK 39 million in return on the financial investments. As at 31 December 2020, Stiftelsen Det Norske Veritas had total assets of NOK 1,256 million and total equity of NOK 1,242 million. 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 Det Norske Veritas' financial performance as strong and liquidity as very good, even more so considering the challenging operating conditions during 2020. Both parameters contribute to a robust platform for achieving our strategic targets and maintaining our independence as a financially strong and autonomous 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 Stiftelsen Det Norske Veritas for the period, and that there are no material events after the balance sheet date affecting the 2020 financial statements.

ORGANIZATION

DNV 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. Management and administrative services for Stiftelsen Det Norske Veritas and Det Norske Veritas Holding AS are provided by resources in the Norwegian subsidiary DNV AS pursuant to a Management Services Agreement entered on arm's length terms. A dedicated management resource is seconded from DNV 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 Annual Report.

To maintain a lean management structure, Stiftelsen Det Norske Veritas applies DNV'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 for securing trust in the company and a cornerstone for achieving sustainable value creation in the best interests of its stakeholders.

Stiftelsen Det Norske Veritas issues an annual Corporate Governance Report to verify 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 among DNV employees worldwide. The Board consists of six men and four women from four nationalities, with an average age of 57.4 years. The Board's combined expertise represents a range of stakeholders, markets, and competences.

In 2020, Leif-Arne Langøy and Liselott Kilaas informed the Nomination Committee that they were not available for re-election. Due to the COVID-19 situation, the 2020 elections were postponed from June to October.

The results of the 2020 Board elections are as follows:

- Jon Fredrik Baksaas was elected Chair of the Board
- Lasse Kristoffersen was elected Vice-Chair of the Board
- Ingvild Sæther was elected as a Board Member
- Christian Venderby was elected as a Board Member
- Nina Ivarsen was re-elected by the employees in the constituency 'Norway'
- Jon Eivind Thrane was re-elected by the employees in the constituency 'Norway'.

The Board sincerely thanks Leif-Arne Langøy and Liselott Kilaas for their contributions to the Board.

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 reputation and key business objectives. Det Norske Veritas has processes in place to proactively identify such risks at an early stage and initiate adequate mitigating measures and actions. The Board formally reviews the risk management status and outlook, both risks and opportunities twice a year - as part of the strategy revision process and annual plan process.

In addition to the operational risks in DNV, 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's risk management system and processes. Financial risks outside DNV are 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 the financial investment 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's forward exchange contracts. The NOK 3,250 million bank loan in Det Norske Veritas Holding AS has a fixed interest rate of 2.12 % until December 2022.

Foreign currency risk: Det Norske Veritas has revenues and expenses in approximately 70 currencies. Of these, six (NOK, EUR, USD, CNY, KRW, and GBP) make up 76% 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 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, Det Norske Veritas' exposure arises from any default of the counterparty, with maximum exposure equal to the market value of these instruments.

Liquidity risk: In addition to the financial investment portfolio in Stiftelsen Det Norske Veritas, Det Norske Veritas 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. Det Norske Veritas 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 defined benefit pension schemes to new entrants. However, Det Norske Veritas 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 calculation of the pension liability. Lower interest rates over the past years have led to an increase in the pension liability.

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. Det Norske Veritas conducts significant research into this which is fed into their strategy plan.

SUSTAINABILITY AND CLIMATE

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.

The Board maintains that the integration of the United Nations Global Compact ten principles on human rights, labour standards, environmental performance and anti-corruption is critical for achieving long-term value, and that the UN Sustainable Development Goals (SDGs) are to be used to set goals for the business community.

The Board refers to DNV's Annual Report for a complete account of corporate sustainability, including information on the priorities, management approach, targets and performance relating to: sustainable leadership; health and safety; business ethics and anti-corruption; people, environment and climate; sustainable procurement; and partnerships for sustainability. DNV 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 ANTI-CORRUPTION

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 a zero-tolerance policy for corruption and unethical behaviour that applies to all employees, subcontractors, agents and suppliers. Det Norske Veritas' compliance programme and related instructions are based on the DNV Code of Conduct. The Code of Conduct covers anti-corruption, antitrust, export controls, sanctions and personal data protection, and processes to handle cases are in place. Information on how to report potential misconduct is published on DNV's website and intranet, and there is also an ethical helpline and anonymous whistleblowing channel. The DNV Group Compliance Officer reports on performance to the DNV Board annually, to DNV's Board Audit Committee quarterly, and to DNV's Executive Committee when relevant.

In 2020, no potential compliance cases were reported and handled for Stiftelsen Det Norske Veritas. For further information on compliance cases with regards to DNV, please see the DNV Annual Report.

OUTLOOK

Despite massive efforts, COVID-19 is not yet contained and growth prospects for 2021 and 2022 remain uncertain. After a sharp decline in the financial markets in the initial months following the first global lockdowns, the markets have picked up throughout 2020 and are at the beginning of 2021 at a higher level than when entering the crisis. As a result, both business and consumer confidence have picked up slightly. Provided COVID-19 is gradually contained with the help of vaccines during 2021, the GDP of most economies is expected to start recovering in 2021 and return to growth no later than 2022.

However, the short-term downside risk is probably higher and more explicit than we have experienced in modern times. With interest rates at around zero, and a sharp rise in public spending and debts, there are fewer financial tools available to fight another major set-back.

Although some market segments (such as the fossil-based energy sector and personal travel industries) have been significantly hit and recovery will take time, other segments have thrived and the need for our assurance services is more important than ever. The company's ability to deliver services and secure new orders during the pandemic has been remarkably good, largely owing to focus on digital transformation the past five year. Further development of these digital capabilities will be critical going forward.

Near term market outlook
DNV already has a significant role in the ongoing energy transition. The company's work in assuring that energy systems work safely and effectively through monitoring, verifying and advising on energy infrastructure has a global bearing on the scale and pace of the decarbonization efforts. The energy transition is high risk, regulatorily demanding and cross-sectoral - making it a good fit for the company's knowledge and expertise to create value for customers. It is expected that the trend of increased demand for the company's renewable energy, power grid, storage and energy efficiency services observed during 2020 will continue into 2021.

Oil and gas prices remain highly volatile. Modest growth is forecasted in midstream and downstream parts of the industry, while the upstream investment will be at 2020 levels following a 30% contraction from 2019 to 2020. The existing infrastructure will continue to require operations support services, providing growth opportunities for DNV. The oil & gas industry is facing increasing demands to reduce emissions from its production and to make end-products cleaner. Many oil & gas companies will transform into integrated energy companies with an increased focus on sector coupling. As consequence, growth in activities related to offshore wind, hydrogen, and low carbon fuels as well as carbon capture and storage (CCS) is expected. Positioning our services towards these markets will be key in 2021.

The maritime market outlook for 2021 remains uncertain, with significant political, financial, technological, and environmental risk factors impacting the sentiment. Global ship newbuilding orders remained low throughout 2020, and is expected to stay at low levels throughout 2021. The medium- to long-term outlook is however more optimistic, and growth rates are expected from 2022 onwards. For 2021, DNV aims to win 25% of all global newbuilding contracts for classification of ships measured in gross tonnes and 40% of the mobile offshore units ordered and will continue to attract new tonnage from targeted customers and minimize the transfer of DNV classed ships to other classification societies.

The revenue from DNV's portfolio of software products and digital services grew in 2020, despite COVID-19. This trend is expected to be amplified in 2021 based on the upgrade of several applications and continued move towards Software-as-a-Service solutions. We expect an increased uptake of services powered by our Veracity platform in the maritime and energy sectors.

The demand for DNV's management system certification services are expected to be strong in 2021. The same goes for product assurance, supply chain assurance and digital assurance services which are expected to see even more opportunities post COVID-19. DNV will continue to strengthen its industry position, especially within the food & beverage, medical and healthcare sectors.

Longer term strategic outlook
The 2020s is being named the exponential decade, where the pace of the energy transition will be set and where our food, health and transport systems will change immensely. This is the decade where 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.

DNV's capabilities have never been more relevant, and the decade ahead will be about renewing and strengthening the core and scaling rapidly so that the company can take the first big step in delivering on the vision of DNV as a trusted voice to tackle global transformations.

DNV wants to continue developing its broad competence and resource base to provide guidance and support to customers in a business environment where trust comes at a premium and where the need for independent technical expertise and risk management will be in increasing demand.

The Board believes that DNV's performance in 2020 demonstrates that the company's business models are resilient, and that the strong balance sheet and the new strategy create a good foundation for growth. The company is more robust than ever and poised to tackle a decade of transformation.

Høvik
March 25, 2021

Jon Fredrik Baksaas
Chair

Lasse Kristoffersen
Vice-Chair

Birgit Aagaard-Svendsen
Board Member

Silvija Seres
Board Member

Clemens Keuer
Board Member

Nina Ivarsen
Board Member

Ingvild Sæther
Board Member

Christian Venderby
Board Member

Jon Eivind Thrane
Board Member

David McKay
Board Member

Remi Eriksen
Group President & CEO

REPORT ON CORPORATE GOVERNANCE 2020

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 25th March 2021, 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.

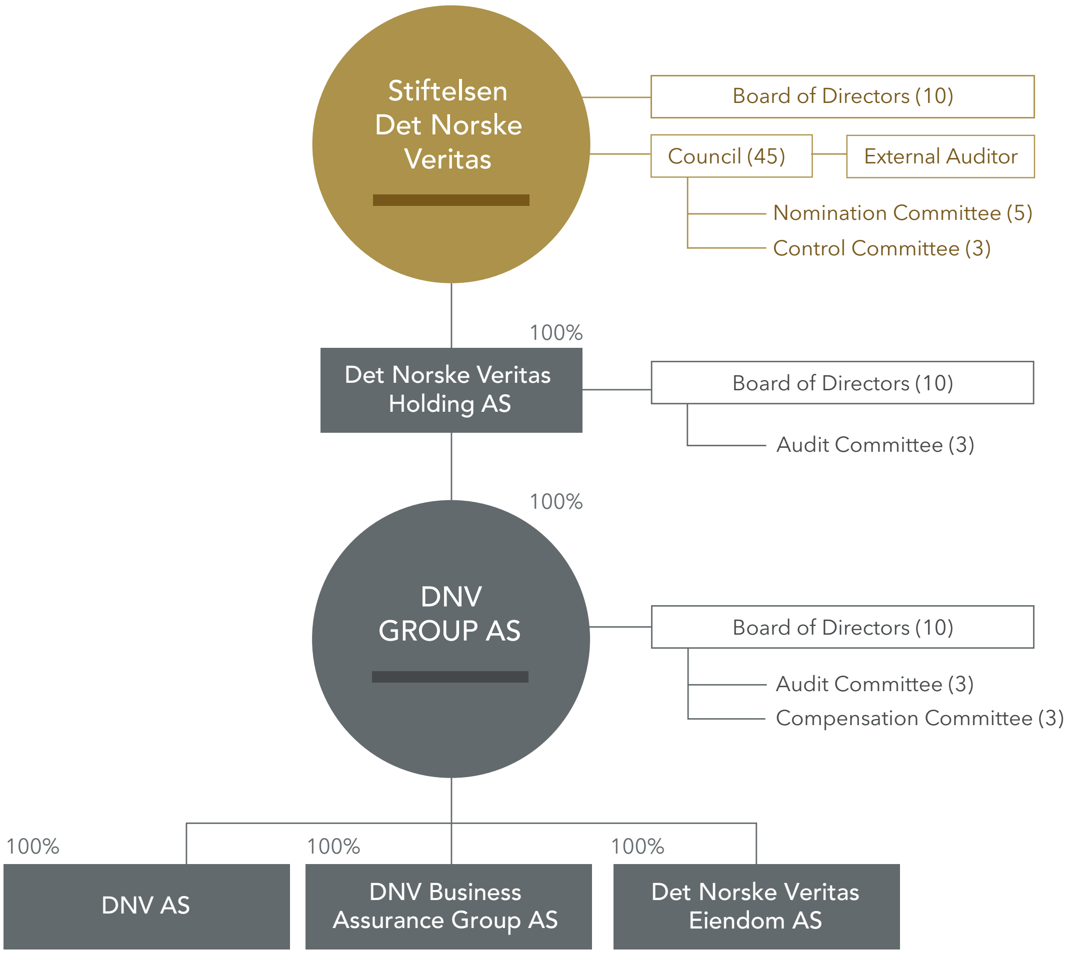
OVERVIEW OF THE CORPORATE GOVERNANCE STRUCTURE OF DET NORSKE VERITAS GROUP
Stiftelsen Det Norske Veritas is incorporated as a Norwegian foundation (No: “Stiftelse”) whose Purpose is “to safeguard life, property and the environment”. During 2019 Stiftelsen decided to update and modernize its Vision and 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”.

Stiftelsen Det Norske Veritas owns 100% of Det Norske Veritas Holding AS (“DNV Holding”) which in turn owns 100% of DNV Group AS (“DNV Group”).

DNV Group is the management company of the DNV companies worldwide. In December 2020, the Board of Directors approved a new strategy for the period until 2025, including a change of the brand name from DNV GL to DNV. The new brand name became effective from 1st March 2021 and the new names are being used throughout this document.

In addition to its ownership in DNV Group, Stiftelsen Det Norske Veritas also owns financial assets.

The Board of Directors (“the Board”) is the principal body of Stiftelsen Det Norske Veritas. This deviates from the governance of public limited companies where the General Meeting is the principal body. Pursuant to the Norwegian Foundation Act (“Foundation Act”) only tasks and responsibilities which are specifically listed



in the Foundation Act may be vested in other bodies than the Board. In DNV, all such tasks and responsibilities to the extent permitted by the Foundation Act have been delegated from the Board to the DNV Council ("the Council").

The Council's main function is to supervise the Board's management of the Foundation, to elect the members of the Board of Directors and to determine their remuneration, to approve amendments to the Statutes of the Foundation, to appoint the external auditor and to state its opinion on the Board's annual report and financial statements.

The Council has 45 members who represent customer industries and other stakeholders. 19 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. 19 members are appointed by 7 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 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 Group AS.

Stiftelsen Det Norske Veritas' and DNV's shared vision is "A trusted voice to tackle global transformations" and compliments the abovementioned Purpose. The Values are "We care. We dare. We share".

Stiftelsen Det Norske Veritas adheres to DNV's ethical guidelines. The basis of DNV's ethical guidelines is the DNV 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. The Code of Conduct further describes DNV's commitment to its stakeholders, and how the requirements of responsible business practices and ethics are embedded in the core of DNV'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 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**.

Stiftelsen Det Norske Veritas' purpose is achieved through the ownership in DNV Group AS. The business and main functions of the Foundation are therefore to manage the ownership in DNV Group AS and its other assets.

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

3. EQUITY AND DIVIDENDS

As of 31 December 2020, Stiftelsen Det Norske Veritas had a total equity of NOK 16 414 million, up from NOK 14 765 million in 2019. 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.

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 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 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's employees, DNV's Code of Conduct sets forth rules for transactions between Stiftelsen Det Norske Veritas and DNV. With respect to transactions between the Foundation and DNV 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 Chair 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 Chair and Vice-Chair who shall be nominated separately;
- Chair and Vice-Chair of the Council;
- Council Members that according to the Statutes shall be elected by the Council;
- Chair and Members of the Control Committee, and
- Members of the Nomination Committee.

To promote governance proximity between the Council and DNV Group, the directors of the Foundation will be elected directors of both DNV Holding and DNV 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 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 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 Chair and the vice-Chair 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,**
  Chair of the Council and the Nomination Committee since 2011. Advisor and executive director
- **Harald Solberg,**
  Vice-Chair of the Council and the Nomination Committee since 2018. CEO, Norwegian Shipowners' Association
- **Kristin Færøvik**,
  Member of the Council and the Nomination Committee since 2019. Managing Director Lundin Norway
- **Steffen Syvertsen,**
  Member of the Council and the Nomination Committee since 2020. Managing Director Agder Energi
- **Harald Serck-Hanssen,**
  Member of the Council and the Nomination Committee since 2020. Group EVP Corporate Banking, DNB

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 nineteen (19) 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 nineteen (19) 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 2020):

Appointed by: ***The Norwegian Shipowners' Association (Norges Rederiforbund)***
- **Harald Solberg,** Managing Director, Norges Rederiforbund
- **Thomas Wilhelmsen**, Group CEO, Wilh. Wilhelmsen Holding ASA
- **Paul-Christian Rieber,** Managing Director,
- GC Rieber Gruppen
- **Trond Kleivdal,** CEO, Color Line AS
- **Ivar Brandvold,** CEO, Fred.Olsen Renewables AS
- **Synnøve Seglem,** Managing Director, Knutsen OAS Shipping AS

Appointed by: ***The Nordic Association of Marine Insurers (CEFOR)***
- **Hans Christian Seim,** CEO, Norwegian Hull Club
- **Ståle Hansen,** President and CEO, SKULD
- **Tony Karlström,** CEO, Alandia Insurance
- **Rolf Thore Roppestad,** CEO, GARD AS

Appointed by: ***The Norwegian Oil and Gas Association (Norsk Olje og Gass)***
- **Kristin Færøvik,** Managing Director, Lundin Norway AS
- **Øystein Arvid Håland,** Senior VP, Equinor

Appointed by: ***The Confederation of Norwegian (Enterprise (NHO)***
- **Walter Qvam,** Chairperson
- **Tore Ulstein,** Chair of the Board, Ulstein Group ASA

Appointed by: ***The Federation of Norwegian Industries (Norsk Industri)***
- **Liv-Runi Syvertsen,** Senior VP, Aker Solutions
- **Elizabeth Heuch Olbjørn,** Head of Account Management, ABB

Appointed by: ***Energy Norway (Energi Norge)***
- **Steffen Syvertsen,** Managing Director, Agder Energy

Appointed by: ***The Norwegian Fishing Vessel Owners' Association (Fiskebåt)***
- **Jonny Berfjord,** Chair, Fiskebåt

Appointed by: ***The Council***
- **Ann Christin Andersen,** CEO in 4ADA AS
- **Karl Johan Bakken,** Managing Director, Remøy Shipping AS
- **Claes Berglund,** Director Public Affairs & Sustainability, Stena AB
- **Sigve Brekke,** President and CEO, Telenor Group
- **Raymond Carlsen,** CEO, Scatec Solar
- **John Coustas,** President and CEO, Danaos Shipping Co. Ltd.
- **Jannicke Hilland,** CEO, BKK
- **Geir Håøy,** President and CEO, Kongsberg Gruppen ASA
- **Sun Jiakang,** Senior Vice President, COSCO Shipping Group
- **Åse Aulie Michelet,** Man. Dir, Michelet Consult AS
- **Wenche Nistad,** Managing Director, GIEK
- **Chris Ong,** CEO, Keppel Offshore & Marine Ltd
- **Torgrim Reitan,** m EVP, Equinor
- **Roy Reite,** CEO, Vard Group AS
- **Svein A. Ringbakken,** Managing Director, The Norwegian Shipowners' Mutual War Risks Insurance Association
- **Harald Serck-Hanssen,** Group Executive Vice President, DNB
- **Christine Spiten,** Senior Advisor, Plastic & Circular Economy, WWF
- **Sverre B. Svenning,** Director, Fearnley Consultants AS
- **Knut Thorvaldsen,** Deputy Managing Director, Norsk Olje og Gass

Appointed by: ***Employees of DNV worldwide***
- **Hege Halseth Bang,** Senior Principal Engineer
- **Krzysztof Krolak,** Senior Approval Engineer/
- Technical leader
- **Deng Ling,** Principal Approval Engineer
- **Thomas Reimer,** Chair of Works Council
- **John Rose,** SCADA Lead, Asset Integrity Performance
- **Elizabeth Traiger,** Senior Researcher
- **Tatiana Tzeferakou,** Senior Engineer. On leave
- **Kristine Prøsch,** Project Manager Approval, Deputy member

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 maximum 12 years. The Chair and vice-Chair are elected from and among Council members.

Walter Qvam is the Chair of the Council since 2011. Harald Solberg, CEO of Norwegian Shipowners' Association is the Vice-Chair 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 Chair 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 Chair of the Control Committee since 2013,
  CEO Fred Olsen Renewables AS
- **Tore Ulstein,**
  Member of the Council since 2016 and the Control Committee since 2017, Chair of the Board,
  Ulstein Group
- **Åse Aulie Michelet,**
  Member of the Council since 2013 and the Control Committee since 2015, Man. Dir. 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 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:

- **Jon Fredrik Baksaas.** Vice-Chair of the Board since 2019 and Chair of the Board of Directors since 2020. Professional Board member
- **Lasse Kristoffersen.** Member of the Board of Directors since 2017 and Vice-Chair of the Board since 2020. Torvald Klaveness Group
- **Birgit Aagaard-Svendsen.** Member of the Board of Directors since 2017. Professional Board member
- **Silvija Seres.** Member of the Board of Directors since 2017. Professional Board member
- **Christian Venderby.** Member of the Board of Director since 2020. Vestas Wind Systems
- **Ingvild Sæther.** Member of the Board of Directors since 2020. Altera Infrastructure
- **Jon Eivind Thrane.** Member of the Board of Directors since 2018. DNV (Norway)
- **Nina Ivarsen.** Member of the Board of Directors since 2016. DNV (Norway)
- **Clemens Keuer.** Member of the Board of Directors since 2013. DNV (Germany)
- **David McKay.** Member of the Board of Directors since 2019. DNV (USA)

More details about the individual board members can be found in the 2020 Annual Report of DNV 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 Chair and Vice-Chair 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 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. "Tvisteløsningsnemnda").

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 2020 is described hereunder and in the Board of Director's report 2020.

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 2020, the Board held six ordinary meetings and one extraordinary meeting. The participation in the Board meetings in 2020 was close to 100%. Due to the Covid-19 situation only one Board meeting (February) was held with all Board members physically present. Three meetings were held with all Board members attending by electronic means (video conferencing) (October, October extra-ordinary and December) and the remaining three Board meetings were held with a combination of physical attention and electronic participation (April, June and August). Due to the Covid-19 situation, the Board did not travel to a foreign location for any Board meetings in 2020.

Notice of meetings together with the agenda is prepared by the Chief Executive Officer and the Chair 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 Chair, 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 Chair 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 Chair and the Chief Executive Officer. The Chair 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 2020 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 is seconded to also be the CEO of Stiftelsen Det Norske Veritas as well as DNV Holding. As the Foundation does not have any employees, management services including the CEO, are provided to the Foundation by DNV 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 the Foundation 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 Group. The corporate governance report for DNV 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 Group. Stiftelsen Det Norske Veritas adheres to DNV's management systems, corporate systems and policy documents including Code of Conduct to the extent relevant. The services provided by DNV AS to Stiftelsen Det Norske Veritas include the services of the compliance officer, internal auditor and Ombudsman as described in DNV 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, or between the Foundation and other companies in the DNV Group, and
- reviewing the following documents from the DNV 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's performance.

The Chair and the Vice-Chair of the Council as well as the Committee Members are remunerated. The Chair and the Vice-Chair 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 2020 financial statements for a break-down 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 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 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 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 2010 provided tax consulting services, other attestation services, and non-audit services. For details, see Note 7 in the 2020 financial statements.

Adopted by the Board of Directors,
Høvik 18th February 2021

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 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's reporting is fully compliant with the obligations in the Accounting Act, Section 3-3c.

The Foundation's Corporate Sustainability Presentation is described in Section 1: Implementation and Reporting on Corporate Governance.

FINANCIAL STATEMENTS

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

KEY FIGURES

Amounts in NOK million

	2020	2019[1]	2018	2017	2016
Income statement:					
Operating revenue	**20 911**	21 551	19 644	19 591	20 852
EBITDA	**3 470**	3 517	1 963	1 562	1 773
Depreciation	**641**	765	358	358	380
Impariment of fixed assets	**0**	0	552	14	4
EBITA	**2 830**	2 753	1 053	1 190	1 389
Amortization	**420**	420	513	503	519
Impairment of goodwill and other intangible assets	**15**	9	0	15	311
EBIT/ Operating profit	**2 395**	2 323	540	671	559
Net financial income (expenses)	**(228)**	(392)	(462)	(8)	834
Profit before tax	**2 167**	1 930	77	663	1 393
Profit (loss) for the year	**1 503**	1 310	(39)	284	876
Balance sheet:					
Non-current assets	**18 464**	18 502	17 313	18 019	16 906
Current assets	**13 467**	12 854	11 572	12 832	15 999
Total assets	**31 931**	31 356	28 884	30 850	32 904
Equity	**16 414**	14 765	13 121	13 035	23 507
Non-current liabilities	**8 342**	10 068	9 573	11 811	3 600
Current liabilities	**7 175**	6 523	6 191	6 005	5 797
Cash flow items:					
Net cash flow from operations	**4 104**	2 572	939	780	792
Net cash flow from investments	**(305)**	733	(385)	(12 550)	(194)
Net cash flow from financing activities	**(2 224)**	(1 680)	(1 764)	8 377	(285)
Net cash flow	**1 575**	1 624	(1 210)	(3 393)	314
Liquidity	**6 402**	4 812	3 188	4 395	7 789
Financial ratios:					
Profitability:					
EBITDA margin	**16.6%**	16.3%	10.0%	8.0%	8.5%
EBITA margin	**13.5%**	12.8%	5.4%	6.1%	6.7%
Operating margin	**11.5%**	10.8%	2.7%	3.4%	2.7%
Pre tax profit margin	**10.4%**	9.0%	0.4%	3.4%	6.7%
Net profit margin	**7.2%**	6.1%	-0.2%	1.4%	4.2%
Leverage:					
Equity ratio	**51.4%**	47.1%	45.4%	42.3%	71.4%
Number of employees	**11 614**	11 832	12 101	12 715	13 550

Definition of ratios:

Profitability:

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

EBITDA margin:
EBITDA x 100/Operating revenue

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

EBITA margin:
EBITA x 100/Operating revenue

Operating margin:
Operating profit x 100/Operating revenue

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

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

Cash flow:

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

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

Leverage:

Equity ratio:
Equity x 100/Total assets

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

INCOME STATEMENT

Amounts in NOK million

STIFTELSEN DET NORSKE VERITAS 2020	STIFTELSEN DET NORSKE VERITAS 2019		Note	STIFTELSEN DET NORSKE VERITAS CONSOLIDATED 2020	STIFTELSEN DET NORSKE VERITAS CONSOLIDATED 2019
		Operating revenue			
0.0	0.0	Sales revenue		**20 910.9**	21 409.9
0.0	0.0	Gain divestment (sale of operations)	3	**0.0**	141.1
0.0	0.0	**Total operating revenue**	4	**20 910.9**	21 551.0
		Operating expenses			
0.0	0.0	Payroll expenses	5, 7, 8	**12 088.5**	11 715.6
5.8	3.5	Other operating expenses	6, 7	**5 352.3**	6 318.3
(5.8)	(3.5)	**EBITDA**		**3 470.1**	3 517.1
0.0	0.0	Depreciation and amortization	12, 14	**1 060.1**	1 185.1
0.0	0.0	Impairment	12, 13, 14	**15.0**	9.3
(5.8)	(3.5)	**Operating profit (loss)**		**2 395.0**	2 322.8
		Financial income and expenses			
0.0	0.0	Gain/(loss) from associates	15	**4.5**	(5.6)
39.5	55.9	Financial income	8, 9	**97.4**	103.8
(0.0)	(0.4)	Financial expenses	8, 9	**(329.5)**	(490.6)
39.5	55.6	Net financial income (expenses)		**(227.6)**	(392.4)
33.7	52.0	**Profit (loss) before tax**		**2 167.3**	1 930.3
(1.2)	(21.3)	Tax expense	11	**(664.6)**	(620.3)
32.5	30.7	**Profit (loss) for the year**		**1 502.7**	1 310.0
		Profit for the period attributable to:			
		Non-controlling interest		**(11.8)**	14.1
		Equity holders of the parent		**1 514.5**	1 295.9
		Total		**1 502.7**	1 310.0

STATEMENT OF COMPREHENSIVE INCOME

2020	2019		Note	2020	2019
32 .5	30.7	**Profit (loss) for the year**		**1 502.7**	1 310.0
		Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
		Actuarial gains/(losses) on defined benefit pension plans	8	**(363.2)**	460.2
		Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
		Currency translation differences/Translation differences foreign operations		**604.6**	44.4
		Change in fair value of interest rate swap		**(79.9)**	10.0
		Share of other comprehensive income from associates		**0.0**	4.6
0 .0	0.0	**Other comprehensive income for the period, net of tax**		**161.5**	519.1
32 .5	30.7	**Total comprehensive income for the period**		**1 664.2**	1 829.2
		Total comprehensive income attributable to:			
		Non-controlling interest		**(11.8)**	14.1
		Equity holders of the parent		**1 676.0**	1 815.1
		Total		**1 664.2**	1 829.2

STATEMENT OF FINANCIAL POSITION

Amounts in NOK million

STIFTELSEN DET NORSKE VERITAS				STIFTELSEN DET NORSKE VERITAS CONSOLIDATED	
31 Dec. 2020	31 Dec. 2019	**ASSETS**	Note	**31 Dec. 2020**	31 Dec. 2019
		Non-current assets			
		Intangible assets			
0.0	0.0	Deferred tax assets	11	**1 076.6**	995.7
0.0	0.0	Goodwill	12, 13	**9 290.1**	8 657.1
0.0	0.0	Other intangible assets	12	**2 396.2**	2 536.2
0.0	0.0	Total intangible assets		**12 762.9**	12 189.0
		Tangible fixed assets			
5.4	5.4	Land, buildings and other property		**1 721.9**	1 817.9
0.0	0.0	Office equipment, fixtures and fittings		**434.3**	563.0
		Right-of-use assets		**1 583.7**	1 796.8
5.4	5.4	Total tangible fixed assets	14	**3 739.9**	4 177.7
		Non-current financial assets			
211.4	211.4	Investments in subsidiaries	2	**0.0**	0.0
0.0	0.0	Investments in associates	15	**186.8**	182.3
0.0	0.0	Equity instruments		**44.9**	27.4
0.0	0.0	Net pension asset	8	**1 366.0**	1 483.9
0.5	0.5	Other long-term receivables	18	**364.0**	441.6
211.9	211.9	Total non-current financial assets		**1 961.7**	2 135.3
217.3	217.3	**Total non-current assets**		**18 464.4**	18 501.9
		Current assets			
0.0	0.0	Trade receivables	17	**3 756.6**	4 479.2
0.0	0.0	Contract assets		**2 355.9**	2 630.8
1.5	9.9	Other receivables group companies		**0.0**	0.0
0.0	0.0	Other receivables		**951.9**	931.8
1 037.1	1 003.2	Cash and bank deposits	21	**6 402.1**	4 812.2
1 038.6	1 013.2	**Total current assets**		**13 466.5**	12 854.1
1 255.8	1 230.4	**TOTAL ASSETS**		**31 930.9**	31 356.0

STATEMENT OF FINANCIAL POSITION

Amounts in NOK million

STIFTELSEN DET NORSKE VERITAS				STIFTELSEN DET NORSKE VERITAS CONSOLIDATED	
31 Dec. 2020	31 Dec. 2019	**EQUITY AND LIABILITIES**	Note	**31 Dec. 2020**	31 Dec. 2019
		Equity			
		Paid-in capital			
283.5	283.5	Foundation capital		**283.5**	283.5
		Retained earnings			
958.9	926.4	Other equity		**16 094.4**	14 439.2
0.0	0.0	Non-controlling interest		**35.9**	42.0
1 242.4	1 209.9	**Total equity**		**16 413.8**	14 764.7
		Liabilities			
		Non-current liabilities			
0.0	0.0	Interest bearing loans and borrowings	22	**3 250.0**	4 999.5
0.0	0.0	Pension liabilities	8	**2 995.3**	2 689.0
0.0	0.0	Deferred tax liabilities	11	**349.6**	375.4
0.0	0.0	Lease liabilities	20	**1 307.1**	1 550.5
0.0	0.0	Non-current provisions	19	**102.1**	95.0
0.0	0.0	Other non-current liabilities		**338.2**	358.7
0.0	0.0	Total non-current liabilities		**8 342.3**	10 068.1
		Current liabilities			
0.0	0.0	Overdrafts		**13.3**	22.0
0.0	0.0	Trade creditors		**490.0**	427.8
11.5	20.4	Taxes payable	11	**402.5**	561.5
(0.0)	0.0	Public duties payable		**593.1**	439.2
1.9	0.0	Current liabilities group companies		**0.0**	0.0
0.0	0.0	Lease liabilities	20	**426.1**	409.9
0.0	0.0	Current provisions	19	**238.2**	163.2
0.0	0.1	Other current liabilities	16	**5 011.7**	4 499.7
13.4	20.5	Total current liabilities		**7 175.0**	6 523.3
13.4	20.5	**Total liabilities**		**15 517.2**	16 591.3
1 255.8	1 230.4	**TOTAL EQUITY AND LIABILITIES**		**31 930.9**	31 356.0

Høvik, 25 March 2021

Jon Fredrik Baksaas
Chair

Lasse Kristoffersen
Vice-Chair

Nina Ivarsen
Board member

Jon Eivind Thrane
Board member

Birgit Aagaard-Svendsen
Board member

Clemens Keuer
Board member

Ingvild Sæther
Board member

Christian Venderby
Board member

Silvija Seres
Board member

David McKay
Board member

Remi Eriksen
Group President & CEO

STATEMENT OF CASH FLOW

Amounts in NOK million

STIFTELSEN DET NORSKE VERITAS				STIFTELSEN DET NORSKE VERITAS CONSOLIDATED	
2020	2019			**2020**	2019
		CASH FLOW FROM OPERATIONS			
33.7	52.0	Profit before tax		**2 167.3**	1 930.3
0.0	0.0	Gain on disposal of tangible fixed assets	14	**(1.3)**	(2.8)
0.0	0.0	Loss (gain) on divestments		**2.8**	(141.1)
0.0	0.0	Loss (gain) on equity instruments		**(9.2)**	0.0
0.0	0.0	Loss (gain) from change of defined benefit pension plans	8	**(6.9)**	(6.4)
0.0	0.0	Depreciation, amortization and impairment	14	**1 075.1**	1 194.4
(9.2)	(8.8)	Tax payable		**(616.9)**	(623.8)
0.0	0.0	Change in contract assets, contract libilities, trade receivables and trade creditors		**1 419.2**	(2.5)
9.3	2.7	Change in accruals, provisions and other		**73.7**	223.4
33.9	46.0	**Net cash flow from operations**		**4 103.9**	2 571.6
		CASH FLOW FROM INVESTMENTS			
0.0	0.0	Acquisitions	3	**(136.4)**	0.0
0.0	0.0	Divestments of subsidiaries	3	**178.9**	1 138.9
0.0	0.0	Investments in tangible fixed assets	14	**(118.3)**	(146.8)
0.0	0.0	Investments in intangible assets	12	**(237.2)**	(279.9)
0.0	0.0	Sale of tangible fixed assets (sales value)		**16.9**	20.3
0.0	0.0	Change in other investments		**(8.3)**	0.0
0.0	0.0	**Net cash flow from investments**		**(304.5)**	732.6
		CASH FLOW FROM FINANCING ACTIVITIES			
0.0	0.0	Change in overdraft		**(8.7)**	(8.6)
0.0	0.0	Borrowings		**(1 749.5)**	(1 250.3)
0.0	0.0	Change in lease liabilities		**(465.9)**	(420.9)
0.0	400.0	Capital reduction DNV Holding		**0.0**	0.0
0.0	400.0	**Net cash flow from financing activities**		**(2 224.1)**	(1 679.8)
		LIQUIDITY			
33.9	46.0	Net cash flow from operations		**4 103.9**	2 571.6
0.0	0.0	Net cash flow from investments		**(304.5)**	732.6
0.0	400.0	Net cash flow from financing activities		**(2 224.1)**	(1 679.8)
33.9	446.0	**Net change in liquidity during the year**		**1 575.3**	1 624.4
1 003.2	557.2	Liquidity at 1 January		**4 812.2**	3 187.9
0.0	0.0	Cash in acquired companies		**14.6**	0.0
1 037.1	1 003.2	**Liquidity at 31 December**		**6 402.1**	4 812.2

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 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**
Profit for the period		32.5	32.5
Equity at 31 December 2020	**283.5**	**958.9**	**1 242.4**

Changes in equity in Stiftelsen Det Norske Veritas Consolidated

Amounts in NOK million	Foundation capital	Other equity	Currency translation differences	Non-controlling interest	**Total**
Equity at 31 December 2018	283.5	9 460.8	3 165.7	51.8	12 962.1
Profit 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 interst 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**
Profit/(loss) for the period		1 514.5		(11.8)	1 502.7
Actuarial gains/(losses) on defined benefit pension plans		(363.2)			(363.2)
Exchange differences			604.3	0.3	604.6
Change in fair value of interst rate swap		(79.9)			(79.9)
Other equity changes		3.0		(18.2)	(15.2)
Equity at 31 December 2020	**283.5**	**12 303.1**	**3 814.3**	**12.4**	**16 413.7**

NOTES TO THE FINANCIAL STATEMENTS

1. Significant accounting policies

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

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

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

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

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

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

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

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

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

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

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

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.

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.

Receivables
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. The 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.

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. A contract conveys the right to control the use of the identified asset if the lessee has the right to obtain substantially all the economic benefits from the use of the identified asset (e.g. by having the exclusive right to use the asset throughout that period) and the right to direct the use of the identified asset throughout the period of use.

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 practical 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.

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 and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated on a straight-line basis over the lease term or the useful life of the leased asset, whichever is shorter.

Group presents it's 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.

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

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

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

Impairment of non-financial assets
The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An

asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

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

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

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

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

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

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

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

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

Restructuring provisions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Amounts in NOK million

2. Investments in subsidiaries

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

Company	Business office	Share capital in 1000 NOK	Ownership	Book value
Det Norske Veritas Holding AS	Bærum, Norway	11 138	100%	**211.4**
Total investment in subsidiaries				**211.4**

190 legal entities are consolidated in DNV Group's financial statements at 31 December 2020 of which 4 entities has non-controlling interest.

3. Business combinations and sale of operations

Significant changes in group structure 2020

1 March 2020 DNV Group sold the KEMA Laboratories in US (KEMA Powertest LLC and KEMA Realty LLC) to CESI. A sales loss of NOK 3 million from the transaction is included in the income statement for 2020. The net sales amount of NOK 179 million was settled in cash in 2020.

30 December 2020, DNV Group acquired 100% of the shares in Energy and Resource Solutions Inc. (ERS). ERS provides clients with smart energy solutions offering innovative ideas to help client organizations improve energy efficiency, maximize economic performance, and minimize environmental impacts. The company headquartered in Massachusetts, US, has 80 employees mainly located on the east coast. For DNV Group, the acquisition of ERS provides mainly additional market shares in our Policy and Advisory Research services and allows to gain critical mass with capabilities to better cover the US eastern coast.

Acquisitions 2020

Company/activities	Transaction date	Owner-ship	Purchase currency	Acquisition cost local currency million	External revenue incl. in 2020 acct. mill NOK
Energy and Resource Solutions Inc.	30.12.2020	100%	USD	19.1	-

The acquisition cost in excess of net book value of the equity, NOK 130 million has been allocated to customer relationship NOK 33.1 million, deferred tax NOK 8.3 million and goodwill NOK 105.2 million.

Cash flow from acquisition:	
Net cash acquired with the subsidiaries	14.6
Consideration paid in cash	(136.4)
Net cash flow on acquisition	(121.8)

The difference between NOK 163/ USD 19 million acquisition cost and NOK 136 million/USD 16 million consideration paid is consideration (earn out) expected to be paid over maximum 4 years after the acquisition date.

Significant changes in group structure 2019

30 December 2019, the KEMA Laboratories in Arnhem (KEMA B.V.) and Prague (Zkusebnictvì 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 NOK 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.

NOTES TO THE FINANCIAL STATEMENTS

Amounts in NOK million

4. External sales revenue

	STIFTELSEN DET NORSKE VERITAS CONSOLIDATED	
Geographical area:	**2020**	2019
Nordic countries	**5 617.7**	5 697.7
Europe and Africa	**5 777.8**	6 298.8
Asia Pacific	**5 167.8**	5 183.4
North and South America	**4 347.6**	4 230.0
Total operating revenue	**20 910.9**	21 409.9
Business areas:		
Maritime	**7 556.7**	7 743.6
Oil & Gas	**3 715.1**	3 919.5
Energy	**3 939.4**	3 536.7
Business Assurance	**3 595.0**	3 626.4
Digital Solutions	**1 134.6**	1 046.3
Inspection	**834.3**	919.3
Real Estate	**15.5**	8.2
Other	**120.3**	609.9
Total operating revenue	**20 910.9**	21 409.9

For management purposes, the Group is organized into business areas based on the industries in which the Group operates. DNV Group is structured into five business areas; Maritime, Oil & Gas, Energy, Business Assurance and Digital Solutions, and two independent business units, Inspection and Real Estate.

5. Payroll expenses

	STIFTELSEN DET NORSKE VERITAS CONSOLIDATED	
	2020	2019
Salaries	**9 187.4**	8 696.8
Bonus expenses	**546.0**	597.0
Payroll tax	**1 020.8**	1 016.5
Pension costs	**759.5**	785.4
Effect of pension plan changes/ curtailment effects	**(6.9)**	(6.4)
Other contributions	**581.7**	626.3
Total payroll expenses	**12 088.5**	11 715.6
Full time equivalent	**11 405**	11 618

NOTES TO THE FINANCIAL STATEMENTS

Amounts in NOK million

6. Other operating expenses

STIFTELSEN DET NORSKE VERITAS			STIFTELSEN DET NORSKE VERITAS CONSOLIDATED	
2020	2019		**2020**	2019
0.0	0.0	Travel expenses (refundable and non-refundable)	**491.8**	1 091.6
0.0	0.0	External hired assistance	**1 845.8**	1 890.9
0.0	0.0	IT and communication expenses	**583.8**	588.5
0.0	0.0	Rent and real estate expenses	**378.7**	433.6
0.0	0.0	Losses on accounts receivables	**40.5**	56.2
0.0	0.0	Loss on divestment KEMA laboratories US	**2.8**	0.0
5.8	3.5	Other expenses (refundable and non-refundable)	**2 008.9**	2 257.4
5.8	3.5	**Total other operating expenses**	**5 352.3**	6 318.3

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

Remuneration to Group CEO (amounts in NOK thousand)
Remuneration to Group CEO, Remi Eriksen, is paid from DNV AS. Please refer to note 7 in the financial statements for DNV Group AS for further disclosures.

Board remuneration paid in 2020:

Name	Stiftelsen Det Norske Veritas	Other Group companies [5]
Leif-Arne Langøy[1]	252	412
Jon Fredrik Baksaas [2]	209	461
Nina Ivarsen	76	302
Clemens Keuer	76	302
Liselott Kilaas[3]	63	292
Lasse Kristoffersen	96	327
David McKay	76	302
Silvija Seres	76	339
Birgit Aagaard-Svendsen	76	368
Ingvild Sæther[4]	13	67
Jon Eivind Thrane	76	302
Christian Venderby[4]	13	66

1. Chair of the Board of Directors until 28 October 2020
2. Chair of the Board of Directors from 29 October 2020
3. Member of the Board of Directors until 28 October 2020
4. Member of the Board of Directors from 29 October 2020
5. Includes remunerations for Board Audit Committee and Board Compensation Committee

Remuneration to the Control Committee paid 2020:

Name	Stiftelsen Det Norske Veritas
Ivar Brandvold	133
Tore Ulstein	89
Åse Aulie Michelet	89

Remuneration to the Nomination Committee paid 2020:

Name	Stiftelsen Det Norske Veritas
Kristin Skogen Lund	48
Kristin Færøvik	64
Ingvild Sæther	32
Harald Serck-Hanssen	5
Steffen Syvertsen	5

Remuneration to the Council paid 2020:

Name	Stiftelsen Det Norske Veritas
Walter Qvam	184
Harald Solberg	109

Fees to the auditors for 2020 (*amounts in NOK thousand*)	Stiftelsen Det Norske Veritas	Group auditor other Norwegian entities	Group auditor non-Norwegian entities	Other auditors	Total
Statutory audit	158	6 347	28 385	850	35 740
Other audit related services		330	32	15	377
Non-audit services		1 466	947	0	2 413

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

All employees are employed in subsidiaries of DNV Group AS. DNV Group AS has both defined contribution pension plans and defined benefit pension plans. 10 076 employees are covered by the defined contribution pension plans while 2 904 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 plans 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 plans 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 2020 are NOK 752.6 million of which NOK 172.3 million are related to the defined benefit pension plans and NOK 580.3 million are related to the defined contribution pension plans and end of service benefit plans.

The Norwegian companies in the Group are subject to the Norwegian Pension Act. The companies' pension plans 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. 2020**	31 Dec. 2019
Buildings and property	**189.0**	188.0
Mutual equity funds and hedge funds	**4 921.6**	4 355.7
Norwegian bonds and bond funds	**1 851.3**	1 843.8
Non-Norwegian bonds and bond funds	**110.7**	110.3
Bank accounts, other assets and liabilities	**614.7**	640.2
Total market value of plan assets Norway (DNV Pension fund)	**7 687.3**	7 138.0
Actual return/ (loss) on plan assets	**578.5**	960.9

Amounts in NOK million

Pension cost - defined benefit pension plans:	Funded Norwegian defined benefit pension plans		German defined benefit pension plans		Other defined benefit pension plans	
	2020	2019	**2020**	2019	**2020**	2019
Net present value of this year's pension contribution	**118.6**	129.0	**38.4**	39.2	**5.5**	5.1
Effect of plan changes/ curtailments	**0.0**	0.0	**(5.8)**	(6.4)	**(1.1)**	0.0
Payroll tax	**16.7**	18.2	**0.0**	0.0	**0.0**	0.0
Net present value of this year's pension contribution	**135.3**	147.1	**32.6**	32.7	**4.4**	5.1
Net interest on the net defined benefit liability (asset)	**(37.1)**	(16.1)	**41.4**	46.8	**(0.6)**	(1.7)
Payroll tax	**(5.2)**	(2.3)	**0.0**	0.0	**0.0**	0.0
Net interest on the net defined benefit liability (asset)	**(42.4)**	(18.3)	**41.4**	46.8	**(0.6)**	(1.7)

Net pension asset (liabilities)- defined benefit pension plans:	Funded Norwegian defined benefit pension plans		German defined benefit pension plans		Other defined benefit pension plans	
	31 Dec. 2020	31 Dec. 2019	**31 Dec. 2020**	31 Dec. 2019	**31 Dec. 2020**	31 Dec. 2019
Market value of plan assets	**7 687.3**	7 138.0	**89.6**	75.9	**2 402.6**	2 185.9
Actuarial present value of pension liabilities	**(6 240.0)**	(5 617.0)	**(3 014.5)**	(2 700.8)	**(2 454.0)**	(2 194.0)
Payroll tax	**(99.9)**	(93.1)	**0.0**	0.0	**0.0**	0.0
Net pension asset (liabilities)	**1 347.4**	1 427.9	**(2 924.9)**	(2 624.9)	**(51.4)**	(8.0)

End of service benefit schemes:	Norwegian schemes		German schemes		Other schemes	
	31 Dec. 2020	31 Dec. 2019	**31 Dec. 2020**	31 Dec. 2019	**31 Dec. 2020**	31 Dec. 2019
Net liability	**0.0**	0.0	**0.0**	0.0	**(256.0)**	(184.9)
Hereof recorded in the balance sheet as:						
Net pension asset	**1 347.4**	1 427.9	**0.0**	0.0	**18.6**	56.0
Pension liabilities	**0.0**	0.0	**(2 924.9)**	(2 624.9)	**(70.0)**	(64.1)
Other non-current liabilities	**0.0**	0.0	**0.0**	0.0	**(256.0)**	(184.9)

The assumptions (discount rate, covered bonds) for calculation of the pension liabilities in Norway have been changed from 2.3% to 1.7%, the real income in society have been increased from 0.25% to 0.5%. The changed assumptions led to increased pension liabilities of NOK 522 million in 2020.

The assumptions (discount rate) for calculation of the pension liabilities in Germany have been changed from 2.0% to 1.0%. The changed assumptions led to increased pension liabilities of NOK 164 million in 2020.

NOK 363.2 million net actuarial loss on defined benefit pension plans have been reflected in other comprehensive income/ other equity in 2020.

Amounts in NOK million

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

	Norwegian plans[2]		German plans		Other plans	
	31 Dec. 2020	31 Dec. 2019	**31 Dec. 2020**	31 Dec. 2019	**31 Dec. 2020**	31 Dec. 2019
Discount rate[1]	**1.70%**	2.30%	**1.0%**	1.3%	**0.5–3.0%**	0.5–5.3%
Projected annual salary adjustment	**2.25%**	2.25%	**2.5%**	2.5%	**3.0–5.0%**	2.0–5.0%
Projected annual increase in pension benefit	**1.50%**	1.58%	**1.5%**	1.5%	**0.0–2.7%**	0.5–2.9%
Projected annual increase of Norwegian government basis pension	**2.00%**	1.75%				
Expected annual return on plan assets	**1.70%**	2.30%	**1.0%**	1.3%	**0.5–3.0%**	0.5–5.3%

1. Covered bond rate for Norwegian plans.

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

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

Sensitivity analysis of pension calculations

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

Assumptions	**Discount rate**		**Future salary increases**	
Sensitivity level	**0.5% increase**	**0.5% decrease**	**0.5% increase**	**0.5% decrease**
Impact on defined benefit obligation Norwegian plans	495.8	(563.7)	(176.8)	203.2
Impact on defined benefit obligation German plans	218.4	(223.6)	(22.3)	22.1

Amounts in NOK million

9. Financial income and financial expenses

STIFTELSEN DET NORSKE VERITAS			STIFTELSEN DET NORSKE VERITAS CONSOLIDATED	
2020	2019		**2020**	2019
39.5	55.8	Return on financial investments	**47.0**	55.8
0.0	0.0	Profit (loss) from investment in associates (note 15)	**4.5**	(5.6)
0.0	0.0	Gain from sale of avaliable for sale investments	**9.2**	0.0
0.0	0.0	Net interest on the net defined benefit liability (asset) (Note 8)	**(1.6)**	(26.8)
0.0	0.2	Net interest income group companies	**(1.7)**	0.0
0.0	0.0	Interest expense for lease liabilities	**(58.1)**	(66.8)
0.0	0.0	Interest expense and other financial expenses external loan	**(89.8)**	(164.3)
0.0	0.0	Interest rate swap	**(11.6)**	3.6
(0.0)	0.0	Other net interest income (expense)	**25.7**	6.5
(0.0)	0.0	Currency gains (losses)	**(96.0)**	(143.2)
(0.0)	(0.4)	Other financial items	**(55.2)**	(51.6)
39.5	55.6	**Net financial income (expenses)**	**(227.6)**	(392.4)

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 1 875 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 149.9 million. The present hedging policy will be discontinued and the plan is to unwind the forward exchange contracts during 2021.

A change in USD exchange rate of +/- 1 percentage point will lead to a change in operating revenue of approximately +/- NOK 37 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 41 million and a change in operating profit (EBIT) of approximately +/- 1 million.

Credit risk
Receivable balances (NOK 3 906 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, cash equivalents and money market funds (NOK 6 402 million) and certain derivative instruments (NOK 149.9 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.

Amounts in NOK million

11. Tax

STIFTELSEN DET NORSKE VERITAS			STIFTELSEN DET NORSKE VERITAS CONSOLIDATED	
2020	2019		**2020**	2019
		Tax expense consists of:		
9.0	8.8	Norwegian wealth tax	**9.0**	8.8
(7.7)	12.5	Norwegian income tax	**50.2**	120.4
0.0	0.0	Income tax outside Norway	**557.8**	533.2
1.2	21.3	Total tax payable	**616.9**	662.4
(0.0)	0.0	Change in deferred tax in Norway	**105.4**	34.4
0.0	0.0	Effect of changed tax rate	**(9.0)**	0.0
0.0	0.0	Change in deferred tax outside Norway	**(48.7)**	(76.4)
(0.0)	0.0	Total change in deferred tax	**47.7**	(42.0)
1.2	21.3	**Tax expense**	**664.6**	620.3
7.4	11.4	Tax on profit at 22%	**476.8**	424.7
		Tax effect of:		
0.0	0.0	Non refundable foreign withholding taxes	**65.5**	62.4
0.0	0.0	Gain sale of shares	**34.0**	(114.3)
(8.0)	0.9	Changes of previous years taxes	**11.5**	152.9
0.0	0.0	Effect of changed tax rate	**(9.0)**	0.0
9.0	8.8	Norwegian wealth tax	**9.0**	8.8
0.0	0.0	Tax assets not recognized current year	**27.8**	21.8
0.0	0.0	Differences between tax rates in Norway and abroad	**15.9**	22.6
(7.2)	0.1	Other permanent differences	**33.1**	41.5
1.2	21.3	**Tax expense**	**664.6**	620.3
		Effective tax rate	**31%**	32%
		Net tax-reducing/tax-increasing temporary differences:		
0.1	0.1	Non-current assets	**1 160.9**	1 438.6
0.0	0.0	Current assets	**171.0**	40.1
0.0	0.0	Liabilities	**(2 947.9)**	(2 620.2)
0.0	0.0	Tax loss to be carried forward	**(1 017.8)**	(1 133.7)
0.1	0.1	**Basis for deferred tax asset/liability**	**(2 633.8)**	(2 275.2)
22%	22%	Tax rates applied	**17%–42%**	17%–42%
0.0	0.0	**Deferred tax asset**	**1 076.6**	995.7
(0.0)	(0.0)	**Deferred tax liability**	**(349.6)**	(375.4)

In addition to the tax loss to be carried forward of NOK 1 017.8 million shown above, which has a related deferred tax asset recognized in the balance sheet, the Group has accumulated tax-loss to be carried forward amounting to NOK 1 047 million. As the future utilization of these tax losses cannot be demonstrated, the related deferred tax asset of NOK 229 million has not been recognized in the balance sheet.

NOK 119.2 million deferred tax income related to net actuarial losses on defined benefit pension plans, has been reflected in other comprehensive income/ other equity, together with the related net actuarial loss.

Amounts in NOK million

12. Intangible assets

	Goodwill	Customer contracts and relations	Trade-marks	Software develop-ment	Total
Acquisition cost					
1 January 2019	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 from divestments (note 3)	(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**
Additions	0.0	0.0	0.0	236.9	236.9
Additions from acquisitions	105.2	33.1	0.0	0.0	138.3
Disposals from divestments (note 3)	(30.4)	0.0	0.0	(65.6)	(96.0)
Currency translation differences	559.3	174.8	25.7	81.5	841.3
Total acquisition cost 31 Dec 2020	**9 650.7**	**2 849.2**	**453.1**	**3 238.5**	**16 191.5**
Accumulated amortization and impairment					
1 January 2019	(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 from divestments (note 3)	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)**
Amortization	0.0	(209.4)	0.0	(210.2)	(419.6)
Impairment	0.0	0.0	0.0	(15.0)	(15.0)
Disposals from divestments (note 3)	0.0	0.0	0.0	3.0	3.0
Currency translation differences	(1.1)	(119.8)	0.0	(74.8)	(195.8)
Total accum. amortization and impairment 31 Dec. 2020	**(360.7)**	**(2 205.4)**	**0.0**	**(1 939.1)**	**(4 505.1)**
Net book value					
At 31 December 2019	8 657.1	765.2	427.4	1 343.6	11 193.3
At 31 December 2020	**9 290.1**	**643.9**	**453.1**	**1 299.4**	**11 686.4**
Useful life	Indef.	1–10 years	Indef.	5–10 years	

Other intangible assets are amortized linearly, based on evaluation of useful life.
Other intangible assets mainly consist of capitalized software development costs and acquired software.
Goodwill is not amortized, but is tested annually for impairment (note 13).
Trademarks has an indefinite useful life and are not amortized but tested for impairment annually.

Amounts in NOK million

13. Impairment testing of goodwill

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

Effective 1 January 2020, the Inspection business was separated out of Business Area Oil & Gas into a an independent business unit 'IBU Inspection.' The goodwill applicable to IBU Inspection was allocated from Oil & Gas to Inspection based on the relative net present values of the new CGUs.

Goodwill is allocated to the business areas as follows:	**2020**	2019
Maritime	**3 364.9**	3 172.2
Oil & Gas	**3 066.0**	3 549.5
Energy	**1 907.2**	1 701.7
Business Assurance	**189.9**	185.8
Digital Solutions	**48.0**	47.9
Inspection	**714.0**	
Total goodwill	**9 290.1**	8 657.1

The Group has used value in use to determine recoverable amounts for the cash-generating units. Value in use is determined by using the discounted cash flow method. The expected cash flows are based on the business areas' budgets and long term plans, which are approved by the Board of Directors and executive management. Budgets and long-term plans cover maximum a five year period. The growth rates used to project cash flows beyond the explicit 5 year plan period are based on management's past experience and market development expectations.

Key assumptions per cash-generating unit:	Cost of capital (WACC) Post-tax	Long-term nominal growth rate
Maritime	6.5 %	1.5%
Oil & Gas	6.5 %	1.5%
Energy	6.4 %	1.5%
Business Assurance	6.5 %	1.5%
Digital Solutions	7.0 %	1.5%
Inspection	7.1 %	1.5%

Sensitivity analysis
In connection with impairment test of goodwill, sensitivity analyses are carried out for each individual cash-generating unit. For Energy a decrease in EBITA-margin of 6.3% or an increase in WACC of 8.1% will lead to impairment. For Oil & Gas a decrease in EBITA-margin of 3.2% or an increase in WACC of 2.2% will lead to impairment. For Inspection an EBITA-margin of 3.2% or an increase in WACC of 2.7% will lead to impairment.

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

Amounts in NOK million

14. Fixed assets

	Land, buildings and other property	Office equipment, fixtures and fittings	Right-of-use assets	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
Additions from business combinations	0.0	0.0	0.0	0.0
Disposals	(9.0)	(48.0)	0.0	(56.9)
Disposals from divestments (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**
Additions	26.0	92.3	167.9	286.2
Additions from business combinations	0.0	0.9	0.0	0.9
Disposals	(13.8)	(67.8)	0.0	(81.6)
Disposals from divestments (note 3)	(92.2)	(180.5)	0.0	(272.7)
Currency translation differences	4.7	20.0	33.0	57.7
Total acquisition cost 31 December 2020	**3 117.2**	**3 271.2**	**2 423.4**	**8 811.7**
Accumulated depreciation and impairment				
1 January 2019	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)
Disposals from divestments (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**
Depreciation	66.4	160.2	413.9	640.5
Impairment	0.0	0.0	0.0	0.0
Disposals	(2.5)	(63.5)	0.0	(66.0)
Divestment of a subsidiary (note 3)	(41.5)	(111.5)	0.0	(153.0)
Currency translation differences	(1.7)	8.4	0.0	6.7
Total accumulated depreciation and impairment 31 December 2020	**1 395.1**	**2 837.0**	**839.6**	**5 071.7**
Net book value				
31 December 2019	1 817.9	563.0	1 796.8	4 177.7
31 December 2020	**1 721.9**	**434.2**	**1 583.7**	**3 739.9**
Useful life	15–67 years/ indefinite (land)	3–15 years	1–15 years	
Depreciation plan	Linear	Linear	Linear	

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

Amounts in NOK million

15. Investment in associates

Stiftelsen Det Norske Veritas ownership (through DNV 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	4.5	**186.8**
Total investment in associates				**4.5**	**186.8**

16. Other current liabilities

	STIFTELSEN DET NORSKE VERITAS CONSOLIDATED	
	31 Dec. 2020	31 Dec. 2019
Contract liabilities	**2 565.3**	2 241.8
Accrued bonus to employees	**546.0**	597.0
Accrued holiday allowances	**382.8**	428.4
Unrealized loss (gain) and interest related to forward contracts	**57.1**	0.0
Accrued expenses and other short-term liabilities	**1 460.5**	1 232.5
Total other current liabilities	**5 011.7**	4 499.7

17. Trade receivables

	STIFTELSEN DET NORSKE VERITAS CONSOLIDATED	
	31 Dec. 2020	31 Dec. 2019
Gross trade receivables	**3 906.5**	4 633.7
Provision for bad debts	**(149.9)**	(154.5)
Net trade receivables	**3 756.6**	4 479.2

18. Other long-term receivables

	STIFTELSEN DET NORSKE VERITAS CONSOLIDATED	
	31 Dec. 2020	31 Dec. 2019
Loans to employees	**15.8**	19.7
Arrangement fee external loan	**29.9**	37.3
Other long-term receivables	**318.3**	384.7
Total other long-term receivables	**364.0**	441.6

Amounts in NOK million

19. Provisions

STIFTELSEN DET NORSKE VERITAS CONSOLIDATED

	Claims and contingencies	Restructuring	Other provisions	Total
Balance at 1 January 2019	**82.0**	**127.0**	**96.7**	**305.7**
Currency translation differences	(0.3)	1.4	(1.2)	(0.2)
Additions	34.1	76.7	16.5	127.2
Utilization	(26.1)	(83.5)	(11.1)	(120.7)
Reversal	(41.5)	(12.4)	0.0	(53.8)
Balance at 31 December 2019	**48.2**	**109.2**	**100.8**	**258.2**
Current	16.2	109.2	37.8	163.2
Non-current	32.0	0.0	63.0	95.0
Balance at 1 January 2020	**48.2**	**109.2**	**100.8**	**258.2**
Currency translation differences	0.0	4.2	1.8	6.0
Additions	0.0	176.8	18.0	194.8
Utilization	(13.0)	(84.1)	(15.4)	(112.5)
Reversal	0.0	(4.5)	(1.7)	(6.2)
Balance at 31 December 2020	**35.2**	**201.6**	**103.5**	**340.3**
Current	10.0	201.6	26.6	238.2
Non-current	25.2	0.0	76.9	102.1

Provisions for claims and contingencies more likely to materialize than not, reflect the financial exposure.

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

Provisions for restucturing are primarily termination benefits/ severance costs. Included in other provisions are provisions for onerous contracts and lease contract dilapidations.

20. Lease liabilities

Overview of future minimum lease:	31 Dec. 2020	31 Dec. 2019
Within one year	426.1	409.9
After one year but not more than five years	1046.2	1 148.2
More than five years	341.5	469.9
Future minimum lease	**1 813.8**	**2 027.9**

Summary of the lease liabilities in the financial statements:		
Total lease liabilities 1 January	1 960.4	1 976.7
New lease liabilities recognised in the year	213.3	244.9
Cash payments for the principal portion of the lease liability	(465.9)	(420.9)
Interest expense on lease liabilities	58.1	66.8
Reassessment of the discount rate on previous lease liabilities	(65.7)	65.7
Currency exchange differences	33.0	27.2
Total lease liabilities at 31 December	**1 733.2**	**1 960.4**
Non-current lease liabilities	1 307.1	1 550.5
Current lease liabilities	426.1	409.9

21. Cash and bank deposits

Stiftelsen Det Norske Veritas participates in DNV 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 Group AS.

DNV Group AS has the following cash pool systems:

Bank	Overdraft facility (mill.)	Participating entities	Balance 31 Dec 2020 NOK million
Danske Bank	NOK 500	All subsidiaries in Norway, Denmark, Sweden, Finland, UK, Ireland, Faroe Islands, and the Baltics	944
Deutsche Bank	EUR 20	Several subsidiaries in Europe	54
Bank of America		Most of the subsidiaries in US	141
Bank of America		Most of the subsidiaries in Canada	47
DNB ASA	NOK 50	Some subsidiaries	338
Handelsbanken	NOK 0	Some subsidiaries in Sweden, Poland, Finland, Estonia, Latvia, Lithuania and Germany	22
Citibank - AED		Some subsidiaries in Middle East	19
Citibank - AUD		Some subsidiaries in Australia	52
Citibank - USD (UAE)		Some subsidiaries in Middle East	158
Citibank -USD (SG)	USD 13	Some subsidiaries in Singapore and South East Asia	60
Citibank - SGD		Some subsidiaries in Singapore and South East Asia	60
Citibank - JPY		Some subsidiaries in Japan	100
Citibank - EUR		Some subsidiaries in the Euro-countries	1

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.

Amounts in NOK million

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

Bank	Overdraft facility (mill.)	Participating entities	Balance 31 Dec 2020 (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 India	INR 370	DNV GL Shared Services India Private Limited	INR 35
Citibank Korea	KRW 17 000	DNV GL Korea Ltd	Undrawn
Citibank Brazil	BRL 5	DNV GL Business Assurance Avaliacoes e Certi Brasil Ltda	Undrawn
Citibank Brazil	BRL 20	DNV GL Classificacao Certificacao e Consultoria Brasil Ltda	BRL 6

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 3 250 million term loan with a bank syndicate consisting of Danske Bank, Handelsbanken Norwegian branch of Svenska Handelsbanken AB and Nordea. The facilities expire in December 2024. The revolving credit facility was undrawn per year-end 2020. The credit agreement supporting these facilities has certain covenants. Det Norske Veritas Holding AS was well within all covenants at year-end 2020. The facilities are secured with a pledge in properties belonging to Det Norske Veritas Eiendom AS.

DNV 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 2020. The credit agreement supporting this facility has certain covenants, including a negative pledge clause, and also restrict DNV Group AS' ability to freely dispose of material assets. The credit agreement requires that DNV 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 Group AS was well within all covenants at year-end.

23. Guarantees

STIFTELSEN DET NORSKE VERITAS			STIFTELSEN DET NORSKE VERITAS CONSOLIDATED	
31 Dec 2020	31 Dec 2019		**31 Dec 2020**	31 Dec 2019
0.0	0.0	Guarantee commitments not included in the accounts	**388.5**	367.6

These guarantees are not secured by mortgage.

24. Related party transactions

DNV AS has a lease agreement for the office building in Stavanger, Norway with the related party DNV Pension fund, the rent expensed in 2020 amounts to NOK 7.3 million.

DNV AS has a service agreement with the related party DNV Pension fund for management and administrative services. The revenue recognized for these services in 2020 is NOK 0.3 million.

Amounts in NOK million

25. Financial assets and financial liabilities

	STIFTELSEN DET NORSKE VERITAS CONSOLIDATED				
31 December 2020	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				44.9	
Loans to employees			15.8		
Other long-term receivables			318.3		
Assets – current assets					
Cash and bank deposits			6 402.1		
Trade debtors			3 756.6		
Other debtors			951.9		
Forward contracts		149.9			
Financial liabilities – non-current					
Other non-current liabilities					338.2
Financial liabilities – current					
Trade creditors					490.0
Overdrafts					13.3
Interest rate swap	57.1				

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					
Available for sale investments				27.4	
Loans to employees			19.7		
Other long-term loans			384.7		
Assets – current assets					
Cash and bank deposits			4812.2		
Trade debtors			4479.2		
Other debtors			931.8		
Forward contracts		12.7			
Financial liabilities – non-current					
Other non-current liabilities					357.8
Financial liabilities – current					
Trade creditors					427.8
Overdrafts					22.0
Forward contracts					
Interest rate swap	12.8				

26. Financial instruments

Interest rate swap

Det Norske Veritas Holding AS has a NOK 3 250 million Term Loan and a NOK 1 500 million Revolving Credit Facility. The interest on the facilities consist of a floating interest element of NIBOR plus a margin. Hence, Det Norske Veritas Holding AS will have risk related to fluctuations in NIBOR. To limit this risk, the Term Loan NOK 3 250 million is 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 2020 is NOK 80 million loss after tax (NOK 10.1 million gain in 2019).

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Stiftelsen Det Norske Veritas (the Foundation), which comprise the financial statements of the parent company Stiftelsen Det Norske Veritas and the consolidated financial statements of Stiftelsen Det Norske Veritas and its subsidiaries (the Group). The financial statements of the parent company Stiftelsen Det Norske Veritas and the consolidated financial statements of Stiftelsen Det Norske Veritas and its subsidiaries comprise the statement of financial position as at 31 December 2020, the income statement, statement of comprehensive income, the statement of cash flows and statement of changes in equity and the 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 2020, 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
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 Board of Directors and the Group President and CEO for the Financial Statements
The Board of Directors and the Group President and CEO (management) are 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 a true and fair view.

- 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 is governed and distributions are made in accordance with the law, the Foundation's purpose and the articles of association.

Oslo, 25 March 2021
KPMG AS

Mona Irene Larsen

State Authorised Public Accountant
(This document is signed electronically)

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