



## CORPORATE GOVERNANCE REPORT 2021

### 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 23 March 2022 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 the company to describe how it fulfils the recommendations, state the sections from which it deviates, and provide 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](http://www.nues.no).
- The Norwegian Accounting Act, section 3-3b, which stipulates 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.

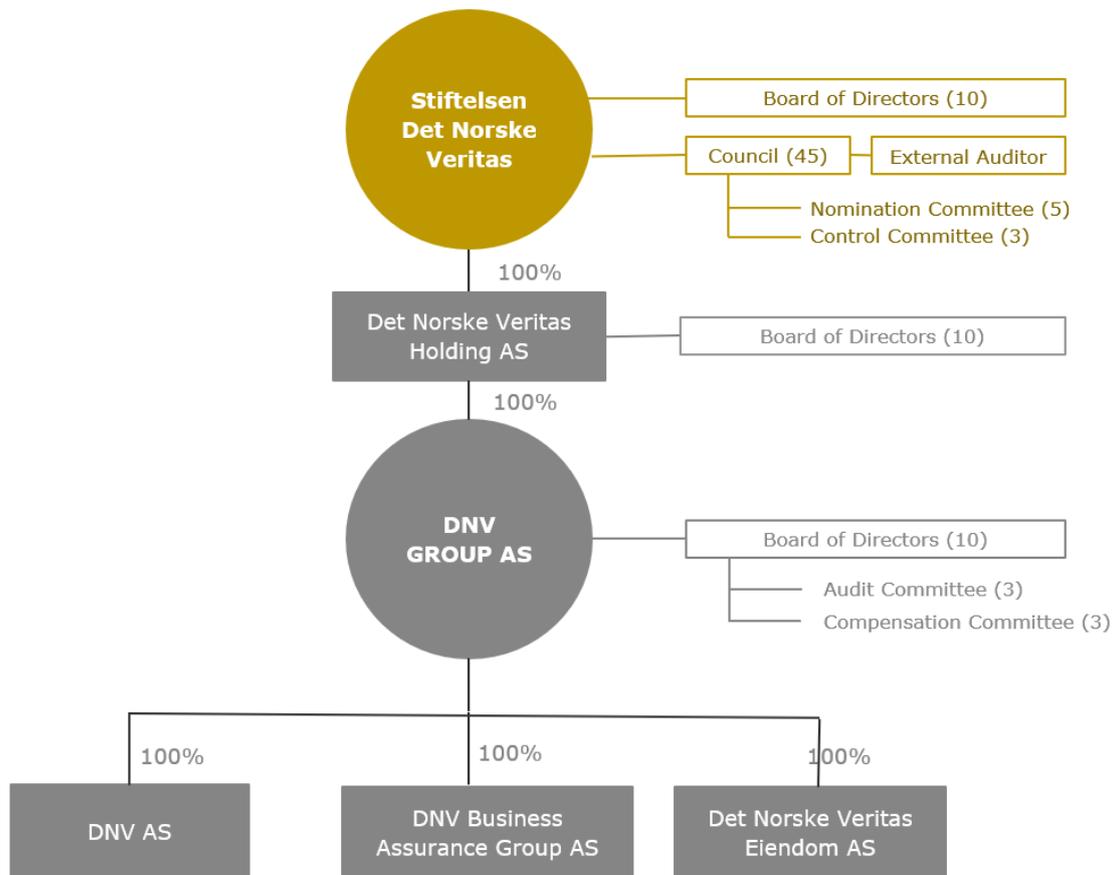
The Norwegian Association of Foundations has also issued guidelines for the governance of foundations, available on <http://www.stiftelsesforeningen.no/> (in Norwegian only). These guidelines are based upon the Code of Practice, with adjustments to make them suitable for more traditional foundations 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. Stiftelsen Det Norske Veritas considers that it complies with the guidelines issued by the Association of Foundations by following the Code of Practice.

### 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”. Stiftelsen Det Norske Veritas does not have a “beneficial owner”/“ultimate beneficial owner” and is not subject to obligations to register, report, and/or maintain an overview of beneficial ownerships.

In 2019, Stiftelsen det Norske Veritas 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 complements the abovementioned purpose. The new values are “We care. We dare. We share”.

Stiftelsen Det Norske Veritas mainly fulfils its purpose through ownership of 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 (“DNV”). In addition to its ownership of DNV Group, Stiftelsen Det Norske Veritas also owns financial assets.



1. Figure: Governance structure as per 1st March 2022

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 (No: “Stiftelsesloven”/Eng: “Foundation Act”) only tasks and responsibilities which are specifically listed in the Foundation Act may be vested in bodies other than the Board. In Stiftelsen Det Norske Veritas, all such tasks and responsibilities have, to the extent permitted by the Foundation Act, been delegated by the Board to Stiftelsen Det Norske Veritas Council (“the Council”).

The Council’s main function is to supervise the Board’s management of Stiftelsen Det Norske Veritas, to elect the members of the Board of Directors and determine their remuneration, to approve amendments to the statutes of Stiftelsen Det Norske Veritas, 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. Nineteen of the members are elected by the Council. Seven of the members are elected by and from among the employees of DNV and its subsidiaries worldwide. Nineteen members are appointed by seven Norwegian stakeholder organizations.

The Council and Board are described in section 8 of this report. The Council’s Control Committee supervises the Board’s management of Stiftelsen Det Norske Veritas 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 Stiftelsen Det Norske Veritas 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 Stiftelsen Det Norske Veritas. 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 OF 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.

This report includes information on

- (a) the sections of the Code of Practice with which Stiftelsen Det Norske Veritas complies,
- (b) information on where the Code of Practice is not considered relevant for a foundation, and
- (c) explanations of sections in relation to which Stiftelsen Det Norske Veritas deviates from the Code of Practice.

As Stiftelsen Det Norske Veritas is incorporated as a foundation without shareholders, parts of the Code of Practice will not be applicable for DNV. The reporting is adjusted accordingly. The following sections are either not applicable for Stiftelsen Det Norske Veritas, or the reporting has been adjusted accordingly: section 3 (Equity and dividends); section 4 (Equal treatment of shareholders); section 5 (Shares and negotiability); section 6 (General meetings); section 12 (Remuneration of executive personnel); section 13 (Information and communications); and section 14 (Take-overs). All adjustments and deviations are explained in the relevant sections in this report.

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 the statutory legislation for a foundation deviates from that for 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 Stiftelsen Det Norske Veritas and to society at large. Fundamental functions for the corporate governance of Stiftelsen Det Norske Veritas are therefore on the one hand to protect the foundation's independence and integrity in order to fulfil the foundation's purpose, and on the other hand to honour the legitimacy the foundation earns from its stakeholders and the foundation's moral responsibilities 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 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 purpose, vision, and values. Its statutes state that the purpose may be fulfilled through the ownership of subsidiaries. Stiftelsen Det Norske Veritas' purpose is fulfilled through its ownership of DNV Group AS.

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 the 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"), which requires a commitment to ten universal principles related to human rights, labour rights, environmental standards, and anti-corruption. It requires

the company to make the principles an integral part of its business strategy, day-to-day management, and organizational culture, and the principles to be integrated into the Board’s decision-making process. This commitment is maintained in DNV Group.

DNV has established a governing document on external annual sustainability reporting which regulates the responsibilities for the stakeholder engagement process.



2. Figure: Graphical presentation of the governance structure for sustainability, including reporting lines to the Board as per 23 March 2022.

DNV’s definition of sustainability is broad, and we report on performance related to all our material topics. Responsibility for DNV’s sustainability performance lies with the DNV’s Group President and CEO and our Executive Committee. Our Board of Directors has the formal oversight of DNV performance, and this is executed by the Board Audit Committee. DNV’s corporate sustainability initiatives that relate to our impact on the environment and climate are managed by the Group Sustainability Development and Climate team, supported by DNV’s health, safety and environment network and our business areas. Other material topics are managed by our Group People and Global Shared Services functions and our ethics and compliance organization.

**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](http://www.detnorskeveritas.com).

Stiftelsen Det Norske Veritas’ purpose is achieved through the ownership of DNV Group AS. The business and main functions of Stiftelsen Det Norske Veritas are therefore to manage the ownership of 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 2021, Stiftelsen Det Norske Veritas had total equity of NOK 19,398 million, up from NOK 16,413 million in 2020. 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 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 by issuing 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 the foundation to fulfil its purpose as this is stated in the Statutes. The subsidiaries distribute dividend of their annual net profits based on an assessment of the 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**

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

#### **5 SHARES AND NEGOTIABILITY**

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

#### **6 GENERAL MEETINGS**

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, please note 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 from 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 of the procedure for determining the remuneration to "committee members" in Stiftelsen Det Norske Veritas are adjusted as described below.

The Nomination Committee's composition and role are 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. These include the obligation to present its justified recommendations to the Council. Gender diversity is observed in the nomination process, as is the expertise and experience of the Board member candidates to ensure the right competence for the team that constitutes the Board of Directors for current and future DNV business. Relevant economic, environmental, and social aspects, such as human resource, safety, health, environmental, and climate factors, business ethics and integrity, and supply chain and stakeholder management, are also taken into consideration. The chair of the Nomination Committee shall invite discussion on, and shall discuss, matters of principle with the Council. Council members shall be given the opportunity to propose candidates for 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:

- (a) Members of the Board of Directors, including the Chair and Vice-Chair who shall be nominated separately;
- (b) Chair and Vice-Chair of the Council;
- (c) Council members that according to the Statutes shall be elected by the Council;
- (d) Chair and members of the Control Committee, and

(e) Members of the Nomination Committee.

To promote governance proximity between the Council and DNV Group, the directors of Stiftelsen Det Norske Veritas are elected by the respective general meetings of both DNV Holding and DNV Group AS. The Nomination Committee's mandate includes a duty to take this proximity into account in its assessments.

In respect of appointments to the Council, the Nomination Committee shall ensure that the Council contains representatives of 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 the Council and its committees. The remuneration of members of the Board of Directors is determined by the Council. With respect to the remuneration of members of the Council and its committees, the Council forwards its recommendation to the Board of Directors for the Board's decision.

The Nomination Committee makes its recommendation for remuneration to directors of Stiftelsen Det Norske Veritas, DNV Holding, and DNV Group AS respectively. If directors serve on more than one board, then the Nomination Committee shall consider the total workload and the commitment expected.

All decisions regarding remuneration 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 Nomination Committee. The Foundation Act does not permit the task of determining remuneration to Council Members and Council Committee Members to be vested with bodies other than the Board. The remuneration to the members of Council committees is therefore determined by the Board following the recommendations of the Council.

The Nomination Committee is composed of the Chair and Vice-Chair of the Council, and three additional members elected by and from 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 by and from among the Council members with the longest service may not take re-election.

The Nomination Committee currently consists of:

<b>Rebekka Glasser Herlofsen</b>	Chair of the Council and the Nomination Committee since 2021	CEO, Ferdinand Invest AS
<b>Harald Solberg</b>	Vice-Chair of the Council and the Nomination Committee since 2018	CEO, Norwegian Shipowners' Association
<b>Kristin Færøvik</b>	Member of the Council and the Nomination Committee since 2019	Managing Director, Lundin Norway
<b>Steffen Syvertsen</b>	Member of the Council and the Nomination Committee since 2020	Managing Director, Agder Energi
<b>Harald Serck-Hanssen</b>	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 Stiftelsen Det Norske Veritas, 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 45 members, of whom 19 are appointed by associations which represent customer industries and other stakeholders, seven are elected by and from among the employees of DNV and its subsidiaries worldwide, and 19 are elected by the Council itself.

Due to a late nomination of a candidate for the Chair of the Council position, the Nomination Committee unintentionally ended up completing the nomination process with one additional member of the Council compared to the assigned number of Council members in the Statutes. The nominations for the 2021 election process brought the Council to a total of 46 members, instead of the normal 45. The Nomination Committee saw no reason for this to cause any problem, formally or otherwise. Rather than making a last-minute change to the nominations, the Nomination Committee therefore proposed that the 2021 elections should be based on the original nominations and that the number of Council members should be reduced to 45 again in the 2022 elections. This proposal was approved by the Council.

The Statutes regulate the composition of the Council (section 6) and ensure that it represents a broad cross-section of Stiftelsen Det Norske Veritas' stakeholders.

The Council members and the associations electing or appointing the members are (as per end of December 2021):

**APPOINTED BY**

**COUNCIL MEMBER**

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

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

The Norwegian Oil and Gas Association (Norsk Olje og Gas)

**Kristin Færøvik**,  
Managing Director, Lundin Norway AS  
**Øystein Arvid Håland**,  
Senior VP, Equinor  
**Erik Sæstad**,  
CEO, Oceaneering AS

The Confederation of Norwegian Enterprise (NHO)

**Arvid Moss**,  
Executive VP Energy, Hydro, and President, NHO  
**Tore Ulstein**,  
Chair of the Board, Ulstein Group ASA

The Federation of Norwegian Industries (Norsk Industri)

**Liv-Runi Syvertsen**,  
Senior VP, Aker Solutions

	<b>Elizabeth Heuch Olbjørn,</b> Head of Account Management, ABB
Energy Norway (Energi Norge)	<b>Steffen Syvertsen,</b> CEO, Agder Energy
The Norwegian Fishing Vessel Owners' Association (Fiskebåt)	<b>Jonny Berfjord,</b> Chair, Fiskebåt
The Council	<b>Claes Berglund,</b> Director Public Affairs & Sustainability, Stena AB <b>Sigve Brekke,</b> President and CEO, Telenor Group <b>Raymond Carlsen,</b> CEO, Scatec Solar <b>John Coustas,</b> President and CEO, Danaos Shipping Co. Ltd. <b>Rebekka Glasser Herlofsen,</b> CEO, Ferdinand Invest AS <b>Søren Greve,</b> CEO, Fearnleys <b>Anniken Hauglie,</b> Deputy CEO, NHO <b>Jannicke Hilland,</b> CEO, BKK <b>Geir Håøy,</b> President and CEO, Kongsberg Gruppen ASA <b>Sun Jiakang,</b> Senior Vice President, COSCO Shipping Group <b>Magnus Krogh Ankarstrand,</b> President, Yara Clean Ammonia <b>Valborg Lundegaard,</b> CEO, Aker Carbon Capture <b>Wenche Nistad,</b> Former Managing Director, GIEK <b>Arne Sigve Nylund,</b> Executive VP, Equinor <b>Chris Ong,</b> CEO, Keppel Offshore & Marine Ltd <b>Svein A. Ringbakken,</b> Managing Director, The Norwegian Shipowners' Mutual War Risks Insurance Association <b>Dr. Maximilian Rothkopf,</b> COO, Hapag-Lloyd AG <b>Harald Serck-Hanssen,</b> Group Executive Vice President, DNB <b>Christine Spiten,</b> Senior Advisor, Plastic & Circular Economy, WWF <b>Irene Waage Basili,</b> CEO, Shearwater GeoServices
Employees of DNV worldwide	<b>Hege Halseth Bang,</b> Senior Principal Engineer <b>Nadine Grace Mosteiro Halvorsen,</b> Senior Approval Engineer <b>Rocio Herrera,</b> Project Manager, Wind Independent Engineering <b>Elizabeth Traiger,</b> Senior Researcher <b>Tatiana Tzeferakou,</b> Senior Engineer, ON LEAVE <b>Kristine Prøsch,</b> Project Manager Approval, DEPUTY MEMBER <b>Grethe Valdø,</b> Senior Engineer <b>Rob Vonk,</b>

Senior Surveyor

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 five years, he or she may be appointed/elected for another period of maximum 12 years. The Chair and Vice-Chair are elected by and from among Council members.

Rebekka Glasser Herlofsen has been the Chair of the Council since 2021. Harald Solberg has been the Vice-Chair since 2019.

The Statutes regulate the Council's tasks and procedures. 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 are defined in the Statutes of Stiftelsen Det Norske Veritas (section 9) and the Committee works under the instructions of 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:

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

The Control Committee's function is to oversee the Board's safeguarding of Stiftelsen Det Norske Veritas' purpose and management of its assets. The Control Committee's functions are further described in Chapter 10 of this report, "Risk management and internal control".

The Control Committee consists of a Chair and two other members elected by and from among the Council members. Per the Council's instructions for the Control Committee, the Control Committee composition shall be such that the Committee has financial and legal expertise and general knowledge of the services provided by Stiftelsen Det Norske Veritas. The Control Committee currently consists of:

<b>Ivar Brandvold</b>	Member of the Council since 2011 and Chair of the Control Committee since 2013	CEO Fred Olsen Renewables AS
<b>Tore Ulstein</b>	Member of the Council since 2016 and the Control Committee since 2017	Chair of the Board, Ulstein Group
<b>Anniken Hauglie</b>	Member of the Council and the Control Committee since 2021	Deputy Director General/ Director Politics, NHO

All members are considered to be independent of the Board and executive management and the Committee is deemed to have the relevant expertise and knowledge.

The Board of Directors

The Board members of Stiftelsen Det Norske Veritas are also elected as Board members of 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 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 of - and arrangements with - these subsidiaries do not impact the directors' impartiality.

Six members of the Board (including the Chair and Vice-Chair) 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 are based on a simple majority, with a quorum formed if at least half of the Council members are present.

Four members of the Board are elected by and from 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)

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

<b>Jon Fredrik Baksaas</b>	Vice-Chair of the Board since 2019 and Chair of the Board of Directors since 2020	Professional Board member
<b>Lasse Kristoffersen</b>	Member of the Board of Directors since 2017 and Vice-Chair of the Board since 2020	Torvald Klaveness Group <sup>1</sup>
<b>Birgit Aagaard-Svendsen</b>	Member of the Board of Directors since 2017	Professional Board member
<b>Silvija Seres</b>	Member of the Board of Directors since 2017	Professional Board member
<b>Christian Venderby</b>	Member of the Board of Director since 2020	Vestas Wind Systems
<b>Ingvild Sæther</b>	Member of the Board of Directors since 2020	Altera Infrastructure
<b>Jon Eivind Thrane</b>	Member of the Board of Directors since 2018	DNV (Norway)
<b>Nina Ivarsen</b>	Member of the Board of Directors since 2016	DNV (Norway)
<b>Thomas Reimer</b>	Member of the Board of Directors since 2021	DNV (Germany)
<b>David McKay</b>	Member of the Board of Directors in 2006–2007, 2010–2011, 2014–2015 and since 2019	DNV (USA)

More details about the individual Board members can be found in the DNV Annual Report 2021.

The Board believes that its composition is such that it can attend to the common interests 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.

As per the 2021 elections, Board members are elected for periods of up to two years, or until removed by the General Meeting, with the possibility for re-election. According to the Statutes, directors cannot be a member for more than 12 years in total.

Amongst the Board members elected by the Council, each gender shall be represented by at least three members. Both genders shall be represented by Board members and deputy members elected by and from 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 of complying 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 on the Board among the Council-elected members, and both genders are represented by Board members and deputy members

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<sup>1</sup> Wallenius Willhelmsen from 1 June 2022

elected by and from among the employees. Under-represented social groups as referred to in the GRI standards are currently not represented on the Board.

Being a foundation, Stiftelsen Det Norske Veritas does not issue shares, and members of the Board cannot therefore 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 and material business contacts. The guidelines for the Nomination Committee's work instruct the committee to consider that the composition of the Board should be such that no specific industry, stakeholder group, or customer group has dominance in the Board. The Board does not include executive personnel.

## **9 THE WORK OF THE BOARD OF DIRECTORS**

### Board responsibilities

The Board of Directors is Stiftelsen Det Norske Veritas' principal authority, and the Board is authorized to make decisions regarding all matters that the statutes do not explicitly vest 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 Group President and CEO. The Board approves Stiftelsen Det Norske Veritas' strategy and annual plans and has established policies and guidelines for the operations, including economic, environmental, and social topics. The Board appoints the Group President and CEO of Stiftelsen Det Norske Veritas. Matters to be handled by the Board are further outlined in the Board instructions. The Board's work in 2021 is described below and in Stiftelsen Det Norske Veritas' Board of Directors' report 2021.

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

### Board meetings

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

In 2021, the Board held six ordinary meetings and two extraordinary meetings. Attendance at the Board meetings in 2021 was close to 100%. Due to the Covid-19 situation, no Board meetings were held with all Board members physically present. One meeting was held as a combination of physical attendance and electronic participation (October), while at the remaining meetings all Board members attended by electronic means (video conferencing). Due to the Covid-19 situation, the Board did not travel to a foreign location for any Board meetings in 2021.

The notice of meetings and the agenda are prepared by the Group President and CEO and the Chair of the Board. The notice of the 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, at the beginning of each meeting or agenda item, the Chair shall inform the Board of discussions he/she has had with the Group President and CEO prior to the Board meeting about relevant issues. To ensure a more independent consideration of matters of a material nature 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 Group President and CEO, the Group Chief Financial Officer, the Secretary to the Board and other persons from the executive management and/or other type of experts as decided by the Chair and the Group President and CEO from time to time.

The Board is bound by the rules regarding disqualification/conflicts of interest stated 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 appointed by the Council. In 2021, the self-evaluation was performed through regular self-evaluations at the end of Board meetings and individual interviews of the Board members by the Council's Nomination Committee.

The Group President and CEO

The Group President and CEO ("CEO") of Stiftelsen Det Norske Veritas is appointed by the Board of Directors and conducts the day-to-day management of Stiftelsen Det Norske Veritas. The current arrangement is that the CEO of DNV Group AS is seconded to also be the CEO of Stiftelsen Det Norske Veritas as well as of DNV Holding AS. As Stiftelsen Det Norske Veritas does not have any employees, management services, including those of the CEO, are provided to Stiftelsen Det Norske Veritas by DNV AS in accordance with a management service agreement entered into on an arm's length basis. 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 Stiftelsen Det Norske Veritas 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's instructions.

Transactions with related parties

Any agreements between Stiftelsen Det Norske Veritas and a board member or the Group President and CEO are subject to Board approval. Agreements between Stiftelsen Det Norske Veritas and third parties in which a Board member or the Group President and CEO 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.

DNV's Code of Conduct sets forth rules for transactions between Stiftelsen Det Norske Veritas and DNV. With respect to transactions between Stiftelsen Det Norske Veritas 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.

## **10 RISK MANAGEMENT AND INTERNAL CONTROL**

The Board performs an annual review of all relevant risk areas as described in more detail below. Regular reporting to the Board is ensured by a systematic approach using an annual wheel which is approved by the Board each year.

Risk management and internal control are important for Stiftelsen Det Norske Veritas in respect of the separate activities of both Stiftelsen Det Norske Veritas and 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 DNV Group. Stiftelsen Det Norske Veritas adheres to DNV's management systems, corporate systems, and policy documents, including the Code of Conduct to the extent relevant. The services provided by DNV AS to Stiftelsen Det Norske Veritas include those of the compliance officer, internal auditor, and ombudsman as described in the DNV Group's Corporate Governance Report. The Board will on an ongoing basis consider whether to establish a separate internal auditor for Stiftelsen Det Norske Veritas, but has to date not found this necessary.

Stiftelsen Det Norske Veritas has significant financial investments and has established a policy document and risk management procedures for the financial management of these, including guidelines on and requirements regarding sustainability.

The supervision by the Council's Control Committee is considered to be a tool for the Council to oversee Stiftelsen Det Norske Veritas' specific interests. The Control Committee's mandate was amended in 2013 to focus on the Board's role as the caretaker of Stiftelsen Det Norske Veritas' specific interests. The role of the Control Committee, as described in chapter 8 above, is to oversee and supervise the Board of Directors of Stiftelsen Det Norske Veritas. The Committee's tasks particularly include 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 Stiftelsen Det Norske Veritas and DNV, and between Stiftelsen Det Norske Veritas and other companies in 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 relevant for the Control Committee's functions.

The oversight and supervisory functions apply to Stiftelsen Det Norske Veritas and the companies fully owned by it.

## **11 REMUNERATION OF THE BOARD OF DIRECTORS AND THE COUNCIL**

The remuneration of Board members is decided by the Council following a recommendation from the Nomination Committee. The 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 for a scope of work and commitment comparable to those which the members are expected to devote to Stiftelsen Det Norske Veritas and its subsidiaries. The remuneration is not linked to Stiftelsen Det Norske Veritas' or DNV Group's performance.

The Chair and Vice-Chair of the Council as well as the Committee members are remunerated. The Chair and Vice-Chair of the Council receive remuneration in their capacities as such, and not in their capacities as Nomination Committee members. The ordinary Committee members receive remuneration based on the activity in the Committees. There is also a compensation policy for 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 a pension plan or severance pay from Stiftelsen Det Norske Veritas. If such assignments should become relevant, the Board's instructions state that any such agreement between Stiftelsen Det Norske Veritas and a Board member is subject to Board approval.

See note 7 to the 2021 financial statements for a break-down of the remuneration paid to the directors in 2021.

## **12 SALARY AND OTHER REMUNERATION FOR EXECUTIVE PERSONNEL**

Stiftelsen Det Norske Veritas and DNV Holding have no employees or executive personnel. Management services are provided to Stiftelsen Det Norske Veritas by DNV AS pursuant to a management services agreement. The Code of Practice, section 12, on remuneration of executive personnel is therefore not relevant for Stiftelsen Det Norske Veritas. DNV Group's 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 do not apply to a foundation. However, Stiftelsen Det Norske Veritas continues its long tradition of issuing 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 freely available on request. The report is publicly available on the website [www.detnorskeveritas.com](http://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.

In principle, a foundation may not be subject to any take-over, other than by it being terminated or converted, 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.

According to the Statutes of Stiftelsen Det Norske Veritas, termination is subject to a resolution passed by the Council with a two-thirds majority at two successive ordinary Council meetings, and pursuant to a proposition by the Board of Directors exclusively.

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

## 15 AUDITOR

The external auditor is elected by the Council. The Board shall support the Council in such elections and the election is normally based on a proposal by the Board. The Council's Control Committee is invited to state its opinion on the Board's proposal regarding the election and appointment of auditor.

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 presents the result of the planned audit, including any internal control deficiencies, at the Board of Directors' meeting where the statutory financial statements are approved by the Board of Directors.

At least one meeting per year is 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 stipulated in the Auditors Act.

The Board reviews and monitors the independence of the auditor, and in particular to what extent services other than audits delivered by the external auditor or the audit firm represent a threat to the statutory auditor's independence. Any services other than the audit provided by the external auditor will be considered in coordination with DNV Group AS and the guidelines established by the Board of 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 auditor provided tax consulting services, other attestation services, and non-audit services in 2021. For details, see note 7 in the 2021 financial statements.

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Adopted by the Board of Directors,

Høvik, 23 March 2022

## 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. *“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.
- b. *“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.
- c. *“the reasons for any non-conformance with recommendations and regulations mentioned in no 1”.*  
Described in Section 1: Implementation and Reporting of Corporate Governance.
- d. *“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.
- e. *“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.
- f. *“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.
- g. *“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.
- h. *“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.

According to the Accounting Act, section 3-3c, large enterprises shall report what they do to integrate considerations relating to human rights, labour 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 Report").

The Corporate Sustainability Presentation was introduced as a mandatory rule in 2013. As DNV reports in accordance with existing international reporting schemes such as the United Nations Global Compact and Global Reporting Initiative, DNV's reporting is assumed to be fully compliant with the obligations stipulated in the Accounting Act, section 3-3c.

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