

ANNUAL REPORT 2022  
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.

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# 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 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.**

2022 was a testing and challenging year for DNV's employees, operations, and strategy. The war in Ukraine, supply chain disruptions, and inflationary pressures in the wake of the COVID-19 pandemic have placed heavy burdens on households and businesses – alongside the mounting damage caused by climate-change-linked weather events. Despite these challenges, DNV upheld record-strong financial performance in 2022, with a 16.6% increase in revenue. This is testament to the extraordinary performance of DNV's employees and shows that DNV's services have never been more relevant – for the maritime, energy, healthcare, food, ICT, and a multitude of other industries.

If the pandemic accelerated digitalization, the war in Ukraine put a spotlight on energy security and decarbonization. At the beginning of DNV's 2021–2025 strategy period, the Energy Systems business area was created by merging DNV's Oil & Gas and Power & Renewables businesses. We are seeing rapid cross-sectoral convergence among DNV customers as they pursue their decarbonization goals and tackle challenging new frontiers in technologies, such as floating offshore wind, hydrogen, and carbon capture and storage. By pooling resources, DNV has been able to effectively meet customers' needs.

Shipping is on a journey of transformation, with new fuels and technologies emerging. DNV's Maritime business has continued to offer new rules, notations, guidelines, and services that help the industry realize its decarbonization goals while tackling the related safety challenges.

DNV also continues to invest in digital tools and expertise that help customers build trust and confidence in their own, increasingly complex, cyber-physical assets, streamline compliance requirements, and increase efficiency through data sharing and analytics. DNV is shaping the future of assurance to provide trust and help customers keep their operations safe, efficient, sustainable, and compliant during this period of uncertainty and beyond.

As part of DNV's ambitious growth strategy, DNV has expanded its footprint into strategically important sectors.

Acquisitions have been essential in growing DNV's medical technology, digital health, and cyber security services. This, combined with strong organic growth in all of DNV's business areas, means DNV is on course to meet its target of growing revenue – profitably – by 45% between 2021 and 2025.

It is exciting to see the family of DNV experts grow. In 2022, the number of people rose by 8% to almost 13,000. As the company continues to grow, the 5% of revenue DNV invests routinely in research and development becomes even more meaningful and is allowing DNV to build significant foresight and design new services to tackle this decade of transformations.

Both DNV and Stiftelsen Det Norske Veritas maintained the commitment to uphold the ten principles of the UN Global Compact during 2022. DNV also made good progress on its strategic sustainability goals. The objective is to make a positive impact by: assuring that DNV's operations are climate net positive; reducing DNV's own carbon footprint; and helping customers to decarbonize, become more energy efficient, and contribute to the UN Sustainable Development Goals.

The launch of DNV's 2021–2025 strategy coincided with a series of geopolitical, humanitarian, and economic shocks. But even if we could not have predicted what was to unfold, we were sure that DNV's people and purpose would be central to DNV's success. And so it has proved. I am very proud to see the strong unity that has been formed among colleagues when dealing with these trying events, meeting the needs of customers, and fulfilling DNV and Stiftelsen Det Norske Veritas' shared purpose of safeguarding life, property, and the environment.



*Remi Eriksen*  
Group President & CEO

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# BOARD OF DIRECTORS' REPORT 2022

**Stiftelsen Det Norske Veritas is a free-standing, autonomous, and independent 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. The board members of Stiftelsen Det Norske Veritas are also elected as the members of the Board of Det Norske Veritas Holding AS and DNV Group AS.**

## ABOUT STIFTELSEN DET NORSKE VERITAS

Stiftelsen Det Norske Veritas' purpose is achieved through its ownership of subsidiaries – of which the most important is DNV Group AS (DNV), a global independent expert company in assurance and risk management. DNV is a trusted voice for many of the world's most successful organizations, using its knowledge to advance safety and performance, set industry benchmarks, and inspire and invent solutions to tackle global transformations.

DNV is the world's leading classification society and a recognized advisor for the maritime industry. DNV delivers world-renowned testing, certification, and technical advisory services to the energy value chain including renewables, oil and gas, and energy management. Moreover, DNV is one of the world's leading certification bodies, helping businesses assure the performance of their organizations, processes, products, people, facilities, data, IT and operational systems, and supply chains.

DNV is also a world-leading provider of digital solutions for managing risk and improving safety and asset performance for ships, pipelines, processing plants, offshore structures, electric grids, smart cities, and more. The open industry assurance platform Veracity, cyber security, and software solutions support business-critical activities across many industries, including maritime, energy, and healthcare.

## BOARD OF DIRECTORS' REPORT 2022

The strategy of Stiftelsen Det Norske Veritas is to realize its purpose through the ownership of DNV and to grow and expand the business of DNV. The strategy of DNV is therefore also the strategy of Stiftelsen Det Norske Veritas.

DNV's market goal is to be the leading maritime classification society through major transformations, to enable customers to tackle the energy transition, to lead the assurance of management systems, supply chains,

products, medical technology, and aquaculture, and to strengthen the company's digital platforms, software solutions, and cyber security portfolio.

The strategy is centered on decarbonization and digitalization trends, along with an increased need for trust and transparency in products, services, and value chains.

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.

In addition to the ownership of Det Norske Veritas Holding AS, Stiftelsen Det Norske Veritas maintains funds of about 5% of the group's consolidated revenues in the previous calendar year, allocated to a portfolio of financial investments managed in accordance with Stiftelsen Det Norske Veritas' Financial Investment Policy.

DNV experienced strong financial results in 2022 despite a global environment marked by multiple crises and instability. This provides a strong foundation for DNV to achieve its growth objectives in the years ahead and to support customers to tackle global transformations. The Stiftelsen Det Norske Veritas group of companies achieved revenues of NOK 25,031 million in 2022 and a net profit after tax of NOK 1,902 million.

## DNV'S PERFORMANCE IN 2022

All of DNV's business areas experienced growth in 2022. Adjusted for exchange rate fluctuations, DNV recorded growth of 16.6% in 2022. The solid performance was driven by active sales-promoting activities, supported by positive market developments in most of our businesses.

- Maritime recorded revenues of NOK 8,570 million in 2022, corresponding to growth of 14.8% compared to 2021, following strong new-building sales and market share in the preceding year.



- Energy Systems reported revenues of NOK 9,284 million in 2022, representing growth of 17.6% compared to 2021, supported by a favourable energy transition market development.
- Business Assurance reported revenues of NOK 2,957 million in 2022, which represents growth of 2.2% compared to 2021, despite 2022 being the structurally weaker first year of the three-year certification cycle.
- Supply Chain & Product Assurance delivered revenue of NOK 1,453 million in 2022, which shows growth of 44% compared to 2021, supported by strong market growth for several of the service lines.
- Digital Solutions realized growth of 11.5% compared to 2021 and delivered revenues of NOK 1,250 million in 2022.
- The Accelerator recorded revenues of NOK 1,393 million in 2022, achieving 42.6% growth compared to 2021, driven by acquisitions in the new Cyber Security and Digital Health service segments, in addition to strong year-on-year growth of the Inspection business.

Further information about DNV's achievements in 2022 and its key markets can be found in the Annual report for DNV.

## FINANCIAL INVESTMENTS

The financial investment portfolio is constructed to achieve a satisfactory risk adjusted return through highly liquid investments in the financial markets.

Stiftelsen Det Norske Veritas is committed to support the transition towards sustainable business environments in its financial investments. The investments are made using asset managers with investment processes that meet certain environmental, social, and governance (ESG) requirements and that have the capacity, competence, and ethical set of rules that are required for prudent management of Stiftelsen Det Norske Veritas' investments. The requirements are applicable for all investments and asset classes.

Stiftelsen Det Norske Veritas performs an annual review to ensure that its financial investments are compliant with high ambitions in respect of ESG standards. All fund managers are subject to ESG due diligence to ensure they meet the requirements. All available information on ethical guidelines and policies are obtained, assessed

against several reference criteria, and benchmarked against other fund managers.

As per 31 December 2022, Stiftelsen Det Norske Veritas had a financial investment portfolio of NOK 1,046 million which corresponds to 4.2% of the group's consolidated revenue in 2022. The return on the financial investment portfolio in 2022 was NOK -49 million, or -4.4% of the average amount invested.

The 2022 return was very much influenced by the high volatility and negative returns in global financial markets. The overall return was slightly ahead of its benchmark.

## FINANCIAL PERFORMANCE

The consolidated statements for Stiftelsen 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.

Stiftelsen Det Norske Veritas recorded operating revenues of NOK 25,031 million in 2022, compared to NOK 21,464 million in 2021, representing growth of 16.6% compared to 2021. Adjusted for exchange rate fluctuations, the growth was 13.1%.

Earnings before interest, taxes, depreciation, and amortization (EBITDA) grew by NOK 482 million from NOK 3,648 million in 2021 to NOK 4,130 million in 2022. The operating profit (EBIT) for 2022 ended at NOK 3,140 million, an increase of NOK 520 million compared to the NOK 2,620 million recorded in 2021. Organic growth is the main contributor to the improved results. The accrual for profit share (DNV's employee incentive scheme) is NOK 1,051 million.

The net financial expenses were NOK 245 million in 2022, compared to a net financial income of NOK 614 million in 2021. The change from 2021 was primarily caused by a NOK 599 million gain from the sale of shares in StormGeo Holding AS reflected in 2021 in addition to currency losses following from the weakening of the NOK in 2022.

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The 2022 tax expense of NOK 994 million represents an average tax cost of 34%, up from 23% in 2021, mainly due to the tax-exempt gain from the sale of the StormGeo Holding shares reflected in 2021. The net profit for the year was NOK 1,902 million, compared to last year's net profit of NOK 2,502 million.

DNV has a strong balance sheet, with an equity ratio of 58.3% at year-end 2022. As of 31 December 2022, Stiftelsen Det Norske Veritas consolidated has total assets of NOK 38,658 million and total equity of NOK 22,556 million. DNV has a NOK 3,000 million revolving credit facility agreement. There was no draw on this credit facility during 2022. The facility has a tenor of five years with an extension option of one year. At year-end, Stiftelsen Det Norske Veritas consolidated had a liquidity of NOK 7,576 million in addition to the financial investment portfolio in Stiftelsen Det Norske Veritas of NOK 1,046 million.

A net actuarial gain of NOK 350 million from defined benefit pension plans and positive exchange differences from net investments in foreign subsidiaries of NOK 913 million were recognized in equity at the year-end.

The cash flow from operations came to NOK 2,393 million in 2022, compared with NOK 2,808 million in 2021, impacted by strong EBITDA performance and increase in working capital in DNV. The cash flow from investments was NOK -1,473 million in 2022. This includes acquisitions of in total NOK 913 million. The investments of NOK 283 million in intangible assets mainly relate to the development of commercial software by Digital Solutions, further in-house Oracle enterprise resource planning roll-outs, the implementation of the Salesforce customer relationship management system, and system integration efforts in the business areas.

Financing activities produced a negative cash flow of NOK 410 million. Following from IFRS 16, a change in lease liabilities caused a negative impact of NOK 407 million on the cash flow from financing activities, with a corresponding positive effect on the cash flow from operations.

The total net positive cash flow for the year was NOK 511 million.

The accounts of the parent company, Stiftelsen Det Norske Veritas, show a net profit for the year of NOK 153 million, mainly generated from a NOK 250 million dividend from the subsidiary DNV Holding, reflected as financial income, as well as a negative return on the short-term financial investment portfolio. As of 31 December 2022, Stiftelsen Det Norske Veritas had total assets of NOK 1,516 million and total equity of NOK 1,488 million. The Board proposes to transfer the profit for the year to other equity.

An external credit rating process was initiated in 2022 to obtain an independent assessment of DNV's credit worthiness. Following this process, Scope Ratings GmbH assigned an A/Stable credit rating to DNV.

The Board confirms that the 'going concern' assumption applies and that the financial statements have been prepared on this basis. The Board considers Stiftelsen Det Norske Veritas' financial performance and status as strong and liquidity as very good. The parameters contribute to a robust platform for achieving 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. To the best of the Board's knowledge there are no material events after the balance sheet date affecting the 2022 financial statements.

## **SPONSORSHIP AGREEMENTS**

During the strategy update in 2022, the Board proposed to update the sponsorship policy of Stiftelsen Det Norske Veritas to make it clearer that 'social' and 'education' areas are included in the policy. According to the current policy, Stiftelsen Det Norske Veritas may enter sponsorship agreements which support the purpose of safeguarding life, property, and environment related to our heritage within the maritime, oil and gas, and energy spaces and our long-term positioning of Stiftelsen Det Norske Veritas as a forward looking and responsible organization. Central objects will be non-commercial NGOs (nongovernmental organizations) close to our business, social or education initiatives, and sponsorships related to culture which will target relationship building with prioritized stakeholders, authorities, administration, and collaborating partners.

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Sponsorships from Stiftelsen Det Norske Veritas shall be complementary to the sponsorships of DNV.

#### **Global Centre for Maritime Decarbonization**

Stiftelsen Det Norske Veritas is a founding partner of the Global Centre for Maritime Decarbonization. The Centre was established in 2021 by an International Advisory Panel (IAP), put together by the Singapore Maritime Foundation. The founding partners are part of the governing body with a commitment to each fund SGD 2 million (NOK 12–13 million) per year over five years in cash.

The Singaporean authorities - the Singapore Maritime Foundation, Singapore's National Research Foundation, and the Port Authority of Singapore - are on the Board of the Centre. Industrial members also include BW Group, Eastern Pacific Shipping, SempCorp Marine, BHP, and Ocean Network Express. Professor Lynn Loo is the Chief Executive Officer.

The Centre aims to be the central place to drive maritime decarbonization initiatives in Southeast Asia, as well as to coordinate and execute research and development projects. It is also aligning with other funding mechanisms in Singapore to enable pilot projects and to implement and demonstrate technologies in full scale.

In 2022, DNV was selected to lead an ammonia bunkering safety study by the Global Centre for Maritime Decarbonization. DNV partnered with Singapore's leading infrastructure developer Surbana Jurong and the Singapore Maritime Academy (SMA) to define a robust set of safety guidelines and operational envelopes that will establish the basis for a regulatory sandbox for future ammonia bunkering trials. The study will contribute to closing safety gaps which hold the potential to disrupt the speed and success of shipping's energy transition.

#### **The Windjammer programme**

Stiftelsen Det Norske Veritas has sponsored the Windjammer initiative on board the sailing ship Christian Radich every year since its start in 2018. The contribution from Stiftelsen Det Norske Veritas was NOK 1 million in 2022. Stiftelsen Det Norske Veritas has extended the partner agreement with Stiftelsen Christian Radich for three more years and agreed to increase its annual support to NOK 3 million in 2023 to 2025.

The purpose of the Windjammer initiative is partly to secure activity on the historic sailing ship, but mainly to offer a programme to young people between the ages of 18 and 25 who have fallen outside of school and working life or are at risk of doing so. The programme is a journey designed to help the participants develop and challenge themselves and discover their strengths during a month at sea. The programme's objective is to help young people make a new start for themselves through active learning and by developing better self-esteem and mastery.

#### **Red Cross**

Stiftelsen Det Norske Veritas has sponsored the Red Cross since 2004, with an objective to strengthen its capacity to carry out humanitarian work. The partnership has also created opportunities for DNV employees to volunteer for Red Cross projects. The partnership involves annual financial contributions to the Norwegian, Netherlands, and British Red Cross organizations, as well as extraordinary donations. DNV employees also provide technical, digital, safety, and sustainability expertise to Red Cross projects that are related to DNV's core business.

In 2022, Stiftelsen Det Norske Veritas made a NOK 5 million donation to the Red Cross in addition to previous donations made by DNV, to strengthen the humanitarian response to the people affected by the war in Ukraine.

#### **ORGANIZATION**

DNV is the main component of the Stiftelsen Det Norske Veritas group. 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.

For further information about DNV 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.

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## GOVERNANCE

Stiftelsen Det Norske Veritas considers sound corporate governance to be fundamental for ensuring trust in the company and a cornerstone for achieving sustainable value creation in the best interests of its stakeholders. Stiftelsen Det Norske Veritas shall have transparent, recognizable, and credible governance practices that match, to the extent possible and reasonable, the highest requirements in relevant laws and guidelines, such as the Public Limited Companies Act and the Norwegian Code of Practice for Corporate Governance. The following measures are key governance principles:

- *Independence:* Stiftelsen Det Norske Veritas answers to society-at-large and not to owners. A fundamental function is therefore to ensure Stiftelsen Det Norske Veritas' integrity.
- *Legitimacy:* Stiftelsen Det Norske Veritas' governance earns its legitimacy partly from its stakeholders as customers, and partly through the stakeholder representation in the Council.
- *Compliance:* Stiftelsen Det Norske Veritas must fully comply with statutory law, in particular the Foundation Act, and shall be supervised by public authorities, auditor, and governing bodies.
- *Profitable:* The governance shall promote the generation of sufficient profit to fulfil the Foundation's purpose over time.

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

Stiftelsen Det Norske Veritas Council ('the Council') has 45 members who represent customer industries and other stakeholders and have two regular meetings per year. 19 members are appointed by seven Norwegian stakeholder

organizations, 19 of the members are elected by the Council and seven of the members are elected by and among the employees of DNV.

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 to 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's Control Committee supervises the Board's management of Stiftelsen Det Norske Veritas on behalf of the Council. 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 Board of Directors of Stiftelsen Det Norske Veritas consists of 11 members since June 2022. Seven of these are elected by the Council while four are elected by and among DNV employees worldwide. In 2022, four shareholder-elected Board members were up for re-election. The composition of the shareholder-elected Board members after the election became as follows:

- Jon Fredrik Baksaas, re-elected as Chair of the Board
- Lasse Kristoffersen, re-elected as Vice-Chair of the Board
- Ingvald Sæther, re-elected as Board Member
- Christian Venderby, re-elected as Board Member
- Birgit Aagaard-Svendsen, Board Member
- Silvija Seres, Board Member
- Andreas Ringman Uggla, elected as new Board Member

During the election by and among the employees, two members were re-elected. The composition of the employee-elected Board members is as follows:

- Nina Ivarsen, re-elected as Board Member in the constituency 'Norway'
- Jon Eivind Thrane, re-elected as Board Member in the constituency 'Norway'
- David McKay, Board Member in the constituency 'Worldwide (except Europe)'
- Thomas Reimer, Board Member in the constituency 'Europe (except Norway)'

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The Board comprises seven men and four women from five nationalities, with an average age of 56.7 years. The Board's combined expertise represents a range of stakeholders, markets, and competences.

## ENTERPRISE RISK MANAGEMENT

The Board underlines the importance of continuously having a comprehensive understanding of the risks facing Stiftelsen Det Norske Veritas that could affect Stiftelsen Det Norske Veritas' financial performance, reputation, and key business objectives. Stiftelsen 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, at least twice a year – as part of the strategy revision and annual planning processes.

DNV calculates its risk-adjusted equity on an annual basis, considering the most important risk factors. Based on value-at-risk methodology, the analysis includes potential losses from operations, foreign-exchange exposure, and pension plan assets and liabilities. The book equity less the maximum calculated loss illustrates DNV's total risk exposure and the amount that can be lost in a worst-case scenario. This exercise gives the Board a measurable overview of the key quantified risks and DNV's capacity to take on new risks.

In addition to the operational risks in DNV, DNV's main risks include 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 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 DNV. The interest rate on this loan was fixed until December 2022. Going forward, DNV has exposure to interest rate volatility. All existing loans are denominated in NOK and the risk is therefore linked to the Norwegian interest rate level.

As the company has liquidity reserves in excess of its borrowings, the net interest rate risk is limited.

*Foreign currency risk:* DNV has revenues and expenses in approximately 60 currencies. Of these, six (NOK, EUR, USD, CNY, KRW, and GBP) make up 78% of the total revenue. In most currencies, the company has a natural hedge through a balance of revenues and expenses. However, a significant portion of DNV's net income is based on the USD or currencies closely correlated to the USD. DNV's management has a mandate to hedge up to 75% of forecasted USD or USD-correlated net cash flow exposure 18 months forward. At year-end 2022, DNV has hedged USD 75 million of its future cash flow through forward contracts, which represents about one third of the hedging mandate. 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 credit risk concentrations within the company. With respect to the credit risk resulting from the other financial assets, which comprise cash, cash equivalents, liquidity funds, and certain derivative instruments, Det Norske Veritas' exposure arises from any default of the counterparty, with the maximum exposure equal to the market value of these instruments.

*Liquidity risk:* In addition to the financial investment portfolio in Stiftelsen Det Norske Veritas, DNV maintains a liquidity reserve where the targeted amount shall correspond to 15% of DNV's annual revenue plus a certain amount in an acquisition and investment reserve. DNV monitors its liquidity risk on a continuous basis. The liquidity planning considers the maturity of the financial assets (e.g., accounts receivable, other financial assets) and projected cash flows from operations.

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



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while the situation at year-end 2022 shows a major increase in interest rates leading to substantially lower pension liabilities.

*Political risk:* The diverse locations of DNV's operations around the world expose DNV to a wide range of political developments, instabilities, changes to the regulatory environment, and consequent changes to DNV's economic and operating environment (including for example the war in Ukraine, the continued impact of the COVID-19 pandemic or any future epidemic/pandemic, growing US-China tensions, and new and existing trade sanctions). These risks require close and continuous monitoring and are being closely followed up both locally and at Group level.

*Information and cyber security risk:* The number of attempted cyber attacks on DNV has increased. The ongoing digitalization of services and the transfer of information and data from on-premise to cloud solutions comes with an increased risk related to securing technical, business, and customer-critical information. This risk is considered high, and a single breach could be critical. It is therefore a high priority to continuously monitor and mitigate information and cyber security risks across DNV. DNV is certified to the ISO 27001 information security standard. The Cyber and Data 2022 awareness programme has continued to improve employees' understanding of cyber security and personal data protection topics. The Board continues to review DNV's cyber security risk at least once per year.

*At the time of publication, DNV had experienced a ransomware cyber attack on its ShipManager software servers. DNV worked with all affected customers and relevant authorities to address the situation and mitigated the impacts in January 2023. As of March 2023, all users are back online but a police investigation continues.*

*Climate risk:* In DNV's recent strategy review, the increased impact of climate change was emphasized, and DNV's forecast of the energy transition shows a trajectory that leaves a gap to the Paris Agreement's goal of 1.5°C. Transition risks that may affect DNV's core markets in maritime, energy, and food sectors are increasing regulations, carbon pricing, access to finance designed to shift from fossil fuels to renewables, and the electrification

of society. Although these risks will affect some current revenue streams, there are also opportunities as DNV uses its research and expertise to help customers accelerate the energy transition.

## SUSTAINABILITY AND CLIMATE

For Stiftelsen 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. Stiftelsen Det Norske Veritas mainly manages corporate sustainability through its ownership of DNV, but also through strategic investments, such as in the Global Centre for Maritime Decarbonization in Singapore.

The Board maintains that the integration of the United Nations Global Compact ten principles on human rights, labour standards, environmental performance, and anticorruption 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 Universal Standards, and a third party has conducted a limited assurance of the report.

For further information on sustainability and climate with regards to DNV, please see the DNV Annual Report.

## BUSINESS ETHICS AND ANTI-CORRUPTION

Integrity and ethics are important to Stiftelsen 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. Stiftelsen Det Norske Veritas has a zero-tolerance policy for corruption and unethical behaviour that applies to all employees, subcontractors, agents, and suppliers. Stiftelsen Det Norske Veritas' compliance programme and related instructions are based on the DNV Code of Conduct.

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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 2022, 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

The outlook for the global economy deteriorated in 2022. With tight monetary policy in place to curb inflation, the world's largest economies are facing growth slowdowns. Continued uncertainty related to the ongoing war in Ukraine and the lingering pandemic is likely to impact many sectors throughout 2023. Although the financial impact of the war in Ukraine on DNV has been moderate, supply chain strains and challenges resulting from the conflict are expected to persist in the different sectors and regions where DNV operates.

While 2022 continued to challenge the global economy, DNV's business has continuously grown according to its strategic targets. This demonstrates resilience and is a good indicator of the company's ability to adapt in increasingly uncertain geopolitical and business environments. 2023 is the third year of DNV's five-year strategy and the company is on track to deliver on the strategic goals related to markets, customers, people, sustainability, as well as financial performance. While global developments have increased uncertainties for DNV's business, they have also supported demand for many of its services. DNV has applied reasonable caution in plans for 2023, with mitigating strategies in place to be able to effectively respond to greater uncertainty in its core markets.

## NEAR-TERM MARKET OUTLOOK

Through its certification, verification, monitoring, and advisory services, DNV continues to play a significant role in the fast-paced global energy transition. DNV works to assure that energy systems and their infrastructure function

safely and effectively. The ongoing energy crisis of 2022 has intensified global efforts to transition to renewable energy, and DNV is very well-positioned to accelerate these efforts and support customers in navigating the vast regulatory complexity and the technologies and risks involved.

The demand for DNV's services within the renewable and green-energy sectors is projected to continue growing, albeit at a somewhat slower pace than in 2022. Projections for growth in fossil-based energy sectors continue to be modest for DNV, despite the near-term rebound in fossil fuels triggered by the war in Ukraine and uncertainty related to energy security in Europe. Demand relating to offshore wind, Carbon Capture and Storage, hydrogen, and hydrogen-derived products is expected to continue to grow, driven by the changing energy landscape in Europe and the global need to accelerate the energy transition. Policymakers play a vital role in making this happen.

The shipping industry will continue to be impacted by the uncertain geopolitical situation and macro-economic developments. A potential future demand crunch and reduction in seaborne trade could impact shipping adversely from 2024 and beyond. A continuation of the recent slowdown in ship new-building ordering is expected into 2023. Despite this, the outlook for DNV in 2023 is positive, owing to the resilience of classification services and expected strong demand for maritime advisory services. DNV aims to secure 25% of all global new-building contracts for the classification of ships measured in gross tonnes, with the highest ordering activity expected in the tanker segment. The company will continue to attract new tonnage from targeted customers and minimize the transfer of DNV-classed ships to other classification societies.

The market outlook for DNV's portfolio of software products and digital solutions in 2023 is positive. DNV is in a good position to meet growing market demand for software and digital solutions supporting the energy transition.

Management system certification services are projected to deliver solid sales and revenue growth in 2023, underpinned by plans in the food and beverage, automotive and aerospace, and information and communications

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technology sectors. The trend of increasing demand for training services is expected to continue.

Supply chain and product assurance services are set to generate strong performance in 2023, building on strong sales performance in 2022. DNV is scaling services and operations to meet demand in high growth areas, including medical technology assurance, sustainability and ESG services, healthcare, and supply chain traceability and transparency.

Rising geopolitical tensions and a tightening regulatory landscape will continue to fuel demand for DNV's cyber security services in 2023. Protecting critical infrastructure will become progressively important as our customers continue their digital transformations. In the near-term, IT and operational technology security budgets will grow as organizations increasingly consider cyber security as a business risk and seek assurance in both their own security posture and that of their supply chains. The introduction of new regulation, such as the impending NIS2 Directive in the European Union and the International Association of Classification Societies' new unified requirements for cyber security, will drive many companies in DNV's stronghold markets to introduce enhanced cyber security processes, technologies, and competences to their organizations over the coming years.

The healthcare sector will feel pressure to progress its digital transformation in 2023 as care providers attempt to increase efficiency and reduce cost burden on strained healthcare systems. However, healthcare providers will need to tightly prioritize where budgets are allocated, and the sector will therefore focus on gaining efficiencies from healthcare providers' existing technology infrastructure in the near-term. Data flowing through healthcare systems will consequently need to be better connected, secure, and of an acceptable level of quality. This trend will support demand for solutions from DNV's portfolio of digital health companies.

## **LONGER TERM STRATEGIC OUTLOOK**

The 2020s - referred to as the exponential decade - will set the pace for the energy transition and see drastic changes in global food, health, and transport systems. Digital technologies underpinning the fourth industrial revolution will mature and emerge from the

experimentation stage to large-scale deployment. Most importantly, this is the decade in which humanity will manage, or fail, to deliver on the Sustainable Development Goals. Geopolitical challenges will continue to arise, not least related to the ongoing war in Ukraine and its wide-reaching consequences, and must be both closely monitored and addressed.

DNV's capabilities are highly relevant in a global business environment where the need for trust and for independent technical expertise and risk management continues to grow. The company will combine focused innovation with continuous development of its broad competence and resource base to provide guidance and support to customers, and to be 'a trusted voice to tackle global transformations.' DNV's growth is dependent on attracting and retaining talent in tight labour markets, and this will be an important point of focus for DNV for many years to come. DNV will also continue to focus on inorganic growth by searching for attractive acquisition opportunities - both in existing core and new strategic focus areas.

The Board believes that DNV's performance in 2022 demonstrates robust business models in the short to medium term, despite geopolitical unrest and instability in global trade and industry. DNV has a strong balance sheet, a strong strategic direction, and exceptionally dedicated and competent people focusing their efforts on delivering the strategy. DNV is more relevant and more robust than ever and is set to thrive in the challenging decade of transformations.



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23 March 2023

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Jon Fredrik Baksaas  
*Chair*

Lasse Kristoffersen  
*Vice-Chair*

Andreas Ringman Ugglå  
*Board Member*

Nina Ivarsen  
*Board Member*

Jon Eivind Thrane  
*Board Member*

Birgit Aagaard-Svendsen  
*Board Member*

Thomas Reimer  
*Board Member*

Ingvild Sæther  
*Board Member*

Christian Venderby  
*Board Member*

Silvija Seres  
*Board Member*

David McKay  
*Board Member*

Remi Eriksen  
*Group President & CEO*

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# CORPORATE GOVERNANCE REPORT 2022

## 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 2023 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 29.

The Norwegian Association of Foundations has also issued guidelines for the governance of foundations, available on [www.stiftelsesforeningen.no](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.

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.

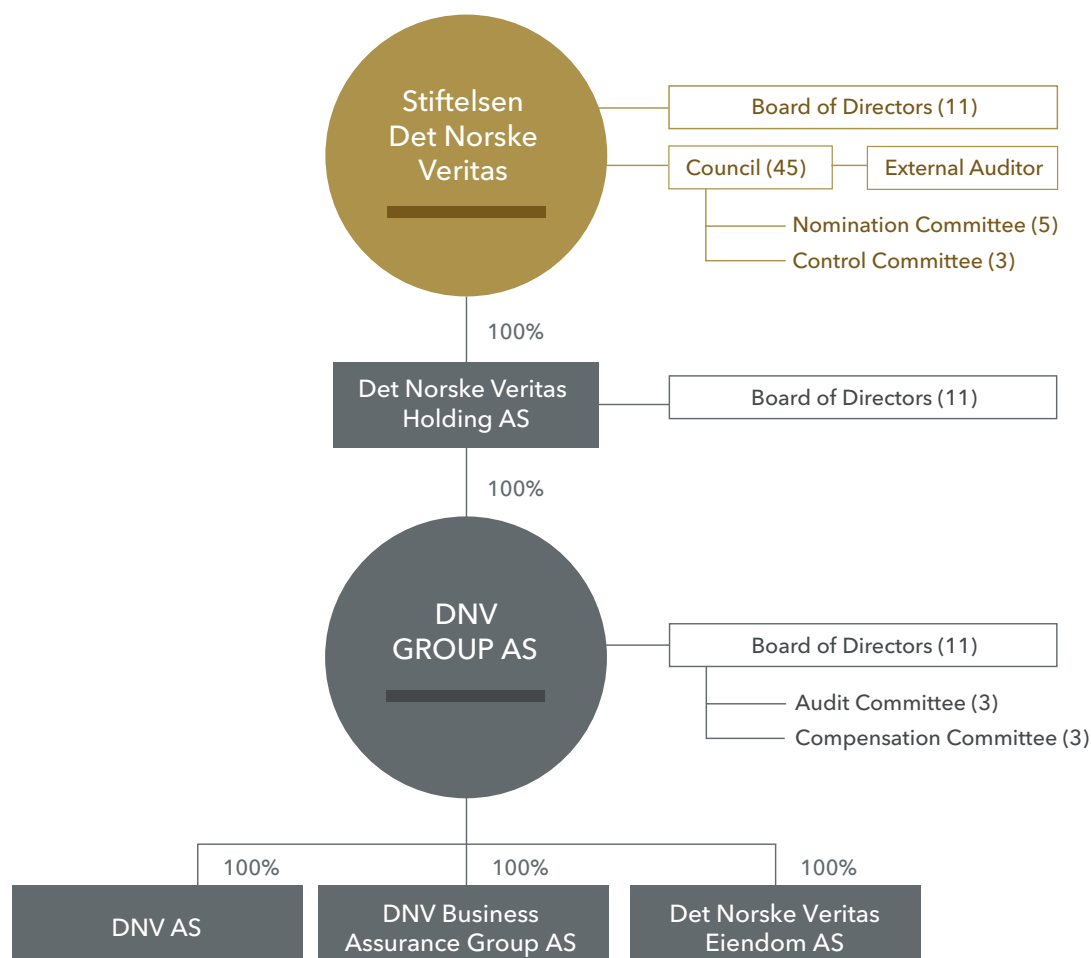


Figure 1: Governance structure as per 1 March 2023

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.

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## 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 deviate 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.

Responsibility for DNV's sustainability performance lies with DNV's Group CEO and Executive Committee. Our Board of Directors has formal oversight of DNV's performance, including sustainability, and this oversight is executed by the Board's Audit Committee. Group functions are responsible for the execution of sustainability processes and performance.

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).

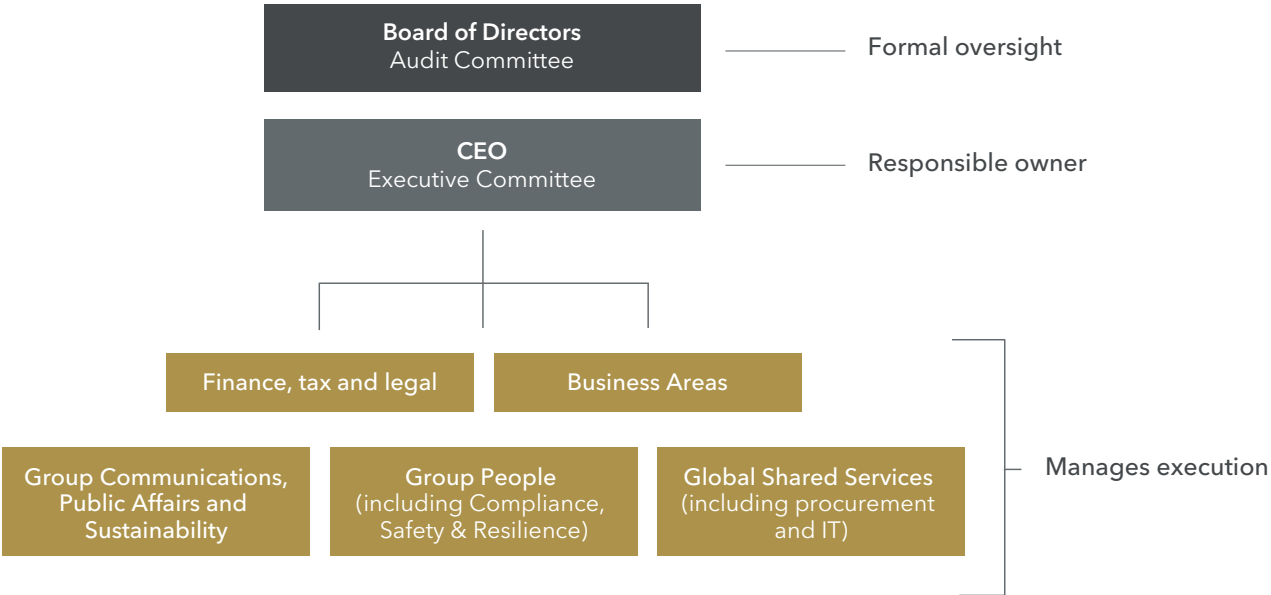


Figure 2: Graphical presentation of the governance structure for sustainability, including reporting lines to the Board as per 23 March 2023.

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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 2022, Stiftelsen Det Norske Veritas consolidated had total equity of NOK 22,556 million, up from NOK 19,398 million in 2021. 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 page 20).

## 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

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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:

- Members of the Board of Directors, including the 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 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:

- **Rebekka Glasser Herlofsen,**  
Chair of the Council and the Nomination Committee since 2021. CEO, Ferdinand Invest AS.
- **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. Professional Board Member.



- **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 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.

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 2022):

### *Appointed by:*

***The Norwegian Shipowners' Association  
(Norges Rederiforbund)***

### *Council member:*

**Harald Solberg,**  
Association 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,**  
Insurers (CEFOR) CEO, Norwegian Hull Club  
**Ståle Hansen,**  
President and CEO, SKULD  
**Tony Karlström,**  
CEO, Alandia Insurance  
**Rolf Thore Roppestad,**  
CEO, GARD AS



<i>Appointed by:</i>	<i>Council member:</i>
<b>The Norwegian Oil and Gas Association</b> (Norsk Olje og Gas)	<b>Kristin Færøvik,</b> Professional Board Member <b>Øystein Arvid Håland,</b> Senior VP, Equinor <b>Erik Sæstad,</b> CEO, Oceaneering AS
<b>The Confederation of Norwegian Enterprise</b> (NHO)	<b>Arvid Moss,</b> Executive VP Energy, Hydro <b>Tore Ulstein,</b> Chair of the Board, Ulstein Group ASA
<b>The Federation of Norwegian Industries</b> (Norsk Industri)	<b>Liv-Runi Syvertsen,</b> Senior VP, Aibel AS <b>Elizabeth Heuch Olbjørn,</b> VP Account Development, New Energy, ABB
<b>Energy Norway</b> (Energi Norge)	<b>Steffen Syvertsen,</b> CEO, Agder Energy
<b>The Norwegian Fishing Vessel Owners' Association</b> (Fiskebåt)	<b>Jonny Berfjord,</b> Chair, Fiskebåt
<b>The Council</b>	<b>Tone Lunde Bakker,</b> CEO, Export Finance Norway <b>Claes Berglund,</b> Director Public Affairs & Sustainability, Stena AB <b>Sigve Brekke,</b> President and CEO, Telenor Group <b>Terje Pilskog,</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>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>Geir Tungesvik,</b> Executive VP, Equinor <b>Chris Ong,</b> CEO, Keppel Offshore & Marine Ltd

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*Appointed by:*

***The Council***

*Council member:*

**Svein A. Ringbakken,**  
Managing Director, The Norwegian Shipowners'  
Mutual War Risks Insurance Association  
**Dr. Maximilian Rothkopf,**  
COO, Hapag-Lloyd AG  
**Harald Serck-Hanssen,**  
Group Executive Vice President, DNB  
**Irene Waage Basili,**  
CEO, Shearwater GeoServices  
**Carina Åkerström,**  
President & CEO, Svenska Handelsbanken

***Employees of DNV worldwide***

**Hege Halseth Bang,**  
Senior Principal Engineer  
**Nadine Grace Mosteiro Halvorsen,**  
Senior Approval Engineer  
**Rocio Herrera,**  
Project Manager, Wind Independent Engineering  
**Elizabeth Traiger,**  
Senior Researcher  
**Tatiana Tzeferakou,**  
Senior Engineer, *On leave*  
**Dominika Zielinska,**  
Quality Manager & Business Analytics Group leader  
**Rob Vonk,**  
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.

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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:

- **Tone Lunde Bakker,**  
Member of the Council since 2022 and Chair of the Control Committee since 2022.  
CEO Export Finance Norway.
- **Tore Ulstein,**  
Member of the Council since 2016 and the Control Committee since 2017.  
Chair of the Board, Ulstein Group.
- **Anniken Hauglie,**  
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.

Seven 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. 'Tviste-løsningsnemnda'). 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 eleven 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.  
Wallenius Wilhelmsen ASA.
- **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.
- **Andreas Ringman Uggle,**  
Member of the Board of Director since 2022.  
Doktor24 Group.

- **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).
- **Thomas Reimer,**  
Member of the Board of Directors since 2021.  
DNV (Germany).
- **David McKay,**  
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 2022.

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.

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. The current Board composition meets the requirements set out in the statutes. 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 2022 is described below and in Stiftelsen Det Norske Veritas' Board of Directors' report 2022.

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.

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### *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 2022, the Board held six ordinary meetings and two extraordinary meetings. Attendance at the Board meetings in 2022 was close to 100%. The Board held its meetings at the Head office in Høvik (Norway), except for the August Board meeting which was held at the DNV office in Hamburg, Germany.

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 2022, 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.

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## 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



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instructions state that any such agreement between Stiftelsen Det Norske Veritas and a Board member is subject to Board approval.

See note 4 to the 2022 financial statements for a breakdown of the remuneration paid to the directors in 2022.

## **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

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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 2022. For details, see note 4 in the 2022 financial statements.

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Adopted by the Board of Directors,  
23 March 2023



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## 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.

## KEY FIGURES

Amounts in NOK million

	2022	2021	2020	2019 <sup>2</sup>	2018 <sup>1</sup>	
<b>Income statement:</b>						<b>Definition of ratios:</b>
Operating revenue	25 031	21 464	20 911	21 551	19 644	<b>Profitability:</b> <i>EBITDA:</i> Earnings before financial items, tax, depreciation, amortization and impairment <i>EBITDA margin:</i> EBITDA x 100/Operating revenue <i>EBITA:</i> Earnings before financial items, tax, amortization and impairment <i>EBITA margin:</i> EBITA x 100/Operating revenue <i>Operating margin:</i> Operating profit x 100/Operating revenue <i>Pre-tax profit margin:</i> Profit before tax x 100/Operating revenue <i>Net profit margin:</i> Profit for the year x 100/Operating revenue
EBITDA	4 130	3 648	3 470	3 517	1 963	
Depreciation	585	613	641	765	358	
Impairment of fixed assets	0	0	0	0	552	
EBITA	3 544	3 035	2 830	2 753	1 053	
Amortization	404	387	420	420	513	
Impairment of goodwill and other intangible assets	0	28	15	9	0	
EBIT/ Operating profit	3 140	2 620	2 395	2 323	540	
Net financial income (expenses)	(245)	614	(228)	(392)	(462)	
Profit before tax	2 896	3 234	2 167	1 930	77	
Profit for the year	1 902	2 502	1 503	1 310	(39)	
<b>Balance sheet:</b>						
Non-current assets	20 769	19 660	18 464	18 502	17 313	
Current assets	17 889	15 569	13 467	12 854	11 572	
Total assets	38 658	35 229	31 931	31 356	28 884	
Equity	22 556	19 398	16 414	14 765	13 121	
Non-current liabilities	7 564	8 080	8 342	10 068	9 573	
Current liabilities	8 538	7 751	7 175	6 523	6 191	
<b>Cash flow items:</b>						<b>Cash flow:</b> <i>Net cash flow:</i> Net change in liquidity from cash flow statement <i>Liquidity:</i> Cash and bank deposits
Net cash flow from operations	2 393	2 808	4 104	2 572	939	
Net cash flow from investments	(1 473)	(460)	(305)	733	(385)	
Net cash flow from financing activities	(410)	(705)	(2 224)	(1 680)	(1 764)	
Net cash flow	511	1 643	1 575	1 624	(1 210)	
Liquidity	8 623	8 112	6 402	4 812	3 188	
<b>Financial ratios:</b>						<b>Leverage:</b> <i>Equity ratio:</i> Equity x 100/Total assets
<b>Profitability:</b>						
EBITDA margin	16.5%	17.0%	16.6%	16.3%	10.0%	
EBITA margin	14.2%	14.1%	13.5%	12.8%	5.4%	
EBIT/ Operating margin	12.5%	12.2%	11.5%	10.8%	2.7%	
Pre-tax profit margin	11.6%	15.1%	10.4%	9.0%	0.4%	
Net profit margin	7.6%	11.7%	7.2%	6.1%	-0.2%	
<b>Leverage:</b>						
Equity ratio	58.3%	55.1%	51.4%	47.1%	45.4%	
Number of employees	12 708 <sup>3</sup>	11 795	11 614	11 832	12 101	

1) DNV Group implemented IFRS 15 and IFRS 9 from January 2018. No implementation effects was recognized in 2018.

2) DNV Group implemented IFRS 16 from 01.01.2019 by applying the modified retrospective approach. Previous years have not been restated.

3) In addition, 140 employees are employed in companies that are recently acquired or in which DNV has partial ownership; including DNV Imatis, Applied Risk, DuTrain, and MBI Healthcare Technologies.

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## FINANCIAL STATEMENTS

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

## INCOME STATEMENT

Amounts in NOK million

Stiftelsen Det Norske Veritas				Stiftelsen Det Norske Veritas Consolidated	
2022	2021		Note	2022	2021
0.0	0.0	<b>Operating revenue</b>	2	<b>25 031.3</b>	21 463.9
		<b>Operating expenses</b>			
0.0	0.0	Payroll expenses	3, 4	<b>13 568.2</b>	12 100.4
26.4	11.7	Other operating expenses	5	<b>7 333.4</b>	5 715.4
(26.4)	(11.7)	<b>EBITDA</b>		<b>4 129.7</b>	3 648.1
0.0	0.0	Depreciation and amortization	8, 10	<b>989.3</b>	999.9
0.0	0.0	Impairment	8	<b>0.0</b>	27.7
(26.4)	(11.7)	<b>Operating profit</b>		<b>3 140.3</b>	2 620.5
		<b>Financial income and expenses</b>			
201.7	115.4	Other financial income	6	<b>64.6</b>	762.8
(0.0)	0.1	Financial expenses	6	<b>(309.3)</b>	(149.0)
201.6	115.5	Net financial income (expenses)		<b>(244.8)</b>	613.8
175.3	103.8	<b>Profit before tax</b>		<b>2 895.6</b>	3 234.3
(22.6)	(10.7)	Tax expense	7	<b>(994.0)</b>	(732.1)
152.7	93.0	<b>Profit for the year</b>		<b>1 901.5</b>	2 502.2
		<b>Profit for the period attributable to:</b>			
		Non-controlling interest		<b>17.4</b>	17.7
		Equity holders of the parent		<b>1 884.2</b>	2 484.4
		<b>Total</b>		<b>1 901.5</b>	2 502.2

## STATEMENT OF COMPREHENSIVE INCOME

152.7	93.0	<b>Profit for the year</b>		<b>1 901.5</b>	2 502.2
		<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
		Actuarial gains/(losses) on defined benefit pension plans	15	<b>350.0</b>	902.1
		<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
		Translation differences on net investment in foreign operations		<b>913.4</b>	(464.0)
		Change in fair value of interest rate swap		<b>5.6</b>	38.9
0.0	0.0	<b>Other comprehensive income for the period, net of tax</b>		<b>1 269.0</b>	477.0
152.7	93.0	<b>Total comprehensive income for the period</b>		<b>3 170.5</b>	2 979.2
		<b>Total comprehensive income attributable to:</b>			
		Non-controlling interest		<b>17.4</b>	17.7
		Equity holders of the parent		<b>3 153.2</b>	2 961.4
		<b>Total</b>		<b>3 170.5</b>	2 979.2

## STATEMENT OF FINANCIAL POSITION

*Amounts in NOK million*

Stiftelsen Det Norske Veritas				Stiftelsen Det Norske Veritas Consolidated	
2022	2021	ASSETS	Note	2022	2021
		<b>Non-current assets</b>			
		<b>Intangible assets</b>			
2.6	0.7	Deferred tax assets	7	884.2	1 011.1
0.0	0.0	Goodwill	8, 9	10 736.5	9 599.9
0.0	0.0	Other intangible assets	8	2 440.3	2 358.4
2.6	0.7	<b>Total intangible assets</b>		<b>14 061.0</b>	<b>12 969.3</b>
		<b>Tangible fixed assets</b>			
5.4	5.4	Land, buildings and other property	10	1 661.5	1 673.1
0.0	0.0	Office equipment, fixtures and fittings	10	463.6	404.1
0.0	0.0	Right-of-use assets	10	1 536.0	1 603.3
5.4	5.4	<b>Total tangible fixed assets</b>		<b>3 661.1</b>	<b>3 680.5</b>
		<b>Non-current financial assets</b>			
211.4	211.4	Investments in subsidiaries	11	0.0	0.0
0.0	0.0	Long-term shareholdings	13	172.2	106.5
0.0	0.0	Net pension assets	15	2 477.2	2 593.9
0.5	0.5	Other non-current receivables	16	398.0	406.8
211.9	211.9	<b>Total non-current financial assets</b>		<b>3 047.4</b>	<b>3 107.2</b>
219.8	217.9	<b>Total non-current assets</b>		<b>20 769.4</b>	<b>19 757.0</b>
		<b>Current assets</b>			
0.0	0.0	Trade receivables	17	4 869.7	4 058.4
0.0	0.0	Contract assets	17	3 405.3	2 546.0
250.3	4.7	Other receivables group companies		0.0	0.0
0.0	0.0	Other receivables and prepayments	18	991.4	853.0
1 046.1	1 126.0	Cash and bank deposits	20	8 622.5	8 111.9
1 296.4	1 130.7	<b>Total current assets</b>		<b>17 888.9</b>	<b>15 569.3</b>
1 516.2	1 348.6	<b>TOTAL ASSETS</b>		<b>38 658.3</b>	<b>35 326.3</b>

## STATEMENT OF FINANCIAL POSITION

Amounts in NOK million

Stiftelsen Det Norske Veritas		Stiftelsen Det Norske Veritas Consolidated			
2022	2021	EQUITY AND LIABILITIES	Note	2022	2021
		<b>Equity</b>			
		<b>Paid-in capital</b>			
283.5	283.5	Foundation capital		283.5	283.5
		<b>Retained earnings</b>			
1 204.6	1 052.0	Other equity		22 207.0	19 055.6
0.0	0.0	<b>Non-controlling interest</b>		65.7	59.2
1 488.1	1 335.5	<b>Total equity</b>		22 556.1	19 398.3
		<b>Liabilities</b>			
		<b>Non-current liabilities</b>			
0.0	0.0	Interest bearing loans and borrowings	21	2 998.0	2 998.0
0.0	0.0	Pension liabilities	15	2 195.3	2 727.7
0.0	0.0	Deferred tax liabilities	7	506.1	518.8
0.0	0.0	Lease liabilities	22	1 288.3	1 410.7
0.0	0.0	Non-current provisions	23	63.8	71.1
0.0	0.0	Other non-current liabilities	24	512.6	493.9
0.0	0.0	<b>Total non-current liabilities</b>		7 564.0	8 220.3
		<b>Current liabilities</b>			
0.0	0.0	Overdrafts		13.1	15.5
0.0	0.1	Trade creditors		620.0	498.6
24.3	11.2	Tax payable	7	446.0	566.3
0.0	(0.1)	Public duties payable		499.6	532.4
3.8	1.9	Current liabilities group companies		0.0	0.0
0.0	0.0	Lease liabilities	22	402.8	342.3
0.0	0.0	Current provisions	23	67.8	156.4
0.0	0.0	Contract liabilities	17	3 170.5	2 698.0
0.0	0.0	Other current liabilities	25	3 318.3	2 898.4
28.1	13.2	<b>Total current liabilities</b>		8 538.1	7 707.8
28.1	13.2	<b>Total liabilities</b>		16 102.2	15 928.0
1 516.2	1 348.6	<b>TOTAL EQUITY AND LIABILITIES</b>		38 658.3	35 326.3

Stiftelsen Det Norske Veritas, 23 March 2023

Jon Fredrik Baksaas  
Chair

Lasse Kristoffersen  
Vice-Chair

Andreas Ringman Uggla

Nina Ivarsen

Jon Eivind Thrane

Birgit Aagaard-Svendsen

Thomas Reimer

Ingvild Sæther

Christian Venderby

Silvija Seres

David McKay

Remi Eriksen  
Group President & CEO

## STATEMENT OF CASH FLOW

*Amounts in NOK million*

Stiftelsen Det Norske Veritas				Stiftelsen Det Norske Veritas Consolidated	
2022	2021		Note	2022	2021
<b>CASH FLOW FROM OPERATIONS</b>					
175.3	103.8	Profit before tax		2 895.6	3 234.3
0.0	0.0	Loss on disposal of tangible fixed assets	10	9.5	2.8
0.0	0.0	Loss (gain) on divestments	14	0.0	(599.4)
0.0	0.0	Gain on sale of long-term shareholdings		(1.0)	0.0
(250.0)	0.0	Dividend recorded as financial income		0.0	0.0
0.0	0.0	Depreciation, amortization and impairment	8, 10	989.3	1 027.7
(11.4)	(8.1)	Income tax paid	7	(779.8)	(682.8)
0.0	0.0	Change in contract assets, contract liabilities, trade receivables and trade creditors		(805.8)	(350.7)
1.8	(6.7)	Change in accruals, provisions and other		85.3	176.2
(84.3)	88.9	<b>Net cash flow from operations</b>		<b>2 393.1</b>	<b>2 808.0</b>
<b>CASH FLOW FROM INVESTMENTS</b>					
0.0	0.0	Acquisitions of subsidiaries	14	(912.6)	(824.8)
0.0	0.0	Divestment of associates	12	0.0	786.2
0.0	0.0	Investments in tangible fixed assets	10	(226.5)	(153.2)
0.0	0.0	Investments in intangible assets	8	(283.3)	(198.2)
0.0	0.0	Sale of tangible fixed assets (cash received)		14.3	9.1
0.0	0.0	Change in other investments		(64.7)	(11.9)
0.0	0.0	<b>Net cash flow from investments</b>		<b>(1 472.8)</b>	<b>(392.9)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
0.0	0.0	Change in overdraft		(2.3)	2.1
4.5	0.0	Change in net position towards participants in the cash pool system		0.0	0.0
0.0	0.0	Repayment of external loans		0.0	(270.7)
0.0	0.0	Payment of lease liabilities	22	(407.3)	(436.8)
4.5	0.0	<b>Net cash flow from financing activities</b>		<b>(409.6)</b>	<b>(705.4)</b>
(79.9)	88.9	<b>Net change in cash and cash equivalents</b>		<b>510.7</b>	<b>1 709.8</b>
1 126.0	1 037.1	Cash and cash equivalents as of 1 January		8 111.9	6 402.1
1 046.1	1 126.0	<b>Cash and cash equivalents as of 31 December</b>		<b>8 622.5</b>	<b>8 111.9</b>

## STATEMENT OF CHANGES IN EQUITY

*Amounts in NOK million*

### Changes in equity in Stiftelsen Det Norske Veritas

	Foundation capital	Other equity	Total
Equity at 1 January 2021	283.5	958.9	1 242.4
Profit for the period		93.0	93.0
Equity at 31 December 2021	283.5	1 052.0	1 335.5
Profit for the period		152.7	152.7
Equity at 31 December 2022	283.5	1 204.6	1 488.1

### Changes in equity in Stiftelsen Det Norske Veritas Consolidated

	Foundation capital	Other equity	Currency translation differences	Actuarial gains/(losses)	Non-controlling interests	Total
Equity at 1 January 2021	283.5	12 146.0	3 814.8	133.5	35.9	16 413.8
Profit for the period		2 484.4			17.7	2 502.2
Actuarial gains/(losses) on defined benefit pension plans				902.1		902.1
Exchange differences			(464.2)		0.2	(464.0)
Change in fair value of interest rate swap		38.9				38.9
Non-controlling interest from acquisition					10.1	10.1
Dividend paid to non-controlling interest					(4.7)	(4.7)
Equity at 31 December 2021	283.5	14 669.3	3 350.6	1 035.6	59.2	19 398.3
Profit for the period		1 884.2			17.4	1 901.5
Exchange differences			907.2		6.2	913.4
Actuarial gains/(losses) on defined benefit pension plans				350.0		350.0
Acquired Non-controlling interest (Note 14)		4.2			(41.4)	(37.2)
Non-controlling interest from acquisition (Note 14)					31.3	31.3
Change in fair value of interest rate swap (Note 20)		5.6				5.6
Dividend paid to non-controlling interest		0.0			(6.7)	(6.7)
Equity at 31 December 2022	283.5	16 563.4	4 257.8	1 385.6	65.7	22 556.1



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## NOTES TO THE FINANCIAL STATEMENTS

### 1. Significant accounting policies

#### General information

Stiftelsen Det Norske Veritas is a free-standing, autonomous, and independent 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

#### 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 7 February 2022. In material aspects, Norwegian Simplified IFRS requires that the IFRS recognition or measurement criteria (as adopted by the European Union) are complied with, but disclosure and presentation requirements follow the Norwegian Accounting Act and Norwegian Generally Accepted Accounting Standards.

The financial statements are presented in Norwegian Kroner (NOK) and all values are in million NOK with one decimal, except when otherwise indicated.

#### Consolidation principles

The consolidated financial 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 consolidated financial statements show Stiftelsen Det Norske Veritas consolidated Income statement, Statement of Comprehensive Income, Statement of Financial Position, 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 when consolidated into Stiftelsen Det Norske Veritas' financial statements. 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 and the financial statements for the parent company 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 DNV 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 cost and recoverable amount. Impairment evaluation is performed at the end of each accounting period. If there are indicators of impairment, impairment test is performed. If estimated recoverable amount is less than the carrying amount, the investments are impaired in the statement of financial position 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.

#### Dividend to equity holders of the parent company

Dividends and group contributions 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.

#### Long-term shareholdings

Long-term shareholdings where DNV Group does not exercise significant influence are measured at fair value through profit & loss.

#### 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 DNV 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 costs on short-term borrowings are usually minor, and the value of short-

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## NOTES TO THE FINANCIAL STATEMENTS

term debt at amortized cost is therefore normally identical with face value.

Fixed assets are valued at cost. Fixed assets with finite useful economic life are depreciated in accordance with a linear depreciation plan.

### Revenue recognition

Revenue is recognized when control of DNV software products or DNV services are 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 costs incurred to date as a percentage of total estimated costs for each contract. When the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the costs incurred are recoverable. Methods for measuring progress for each performance obligation satisfied over time are applied consistently to similar performance obligations and in similar circumstances. Contract assets represent DNV Group's right to consideration in exchange for services transferred to the customer; work performed on customer contracts, not yet invoiced. Contract liabilities represent DNV Group's obligation to transfer services to customers, for which consideration is received; invoice issued according to customer contracts, performance obligation not yet transferred.

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 DNV Group software licenses are recognized at a point in time. For software maintenance services delivered in the maintenance period, revenue is recognized over time based on the stage of completion of the contract. Revenue from SaaS contracts (Software as a Service) is recognized over time.

### Receivables

Trade receivables and other current receivables are recorded in the statement of financial position initially at transaction price if the trade receivables do not contain a significant financing component. The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. DNV 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 DNV 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 DNV 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 DNV 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 DNV 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 (average of the daily spot rates applicable the reporting period). Exchange rate differences arising are recognized in other comprehensive income (OCI).

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## NOTES TO THE FINANCIAL STATEMENTS

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. 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 DNV Group has applied IFRS 16 using the modified retrospective approach at implementation 1 January 2019.

#### *Identifying a lease*

At the inception of a contract, the DNV 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 DNV 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 DNV Group recognises the lease payments as other operating expenses in the income statement 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 DNV 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 DNV Group under residual value guarantees
- The exercise price of a purchase option, if the DNV Group is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the DNV Group exercising an option to terminate the lease.

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.

DNV 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 DNV Group
- An estimate of costs to be incurred by the DNV 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.

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

### Borrowing costs

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

### Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Except for capitalized

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## NOTES TO THE FINANCIAL STATEMENTS

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 DNV 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 DNV 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 DNV 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 discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The DNV Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the DNV 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 DNV 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 DNV 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 statement of financial position comprise petty cash and cash at bank and short-term money market deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

### Provisions

Provisions are recognized when the DNV Group has a present obligation (legal or constructive) as a result of a past event, it is probable (more likely than not) that the DNV 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 DNV 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.



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## NOTES TO THE FINANCIAL STATEMENTS

### Post-employment benefits

The DNV 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 DNV 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 if sufficient information is not available to apply defined benefit accounting

A defined benefit plan is a pension plan that is not a defined contribution plan. In the defined benefit plans, the DNV Group's obligation is to provide the agreed benefit to current and former employees, actuarial risk and investment risk fall in substance on the DNV Group. The DNV 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 are presented as part of payroll expenses.

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.

### Use of estimates

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosures of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require an adjustment to the carrying amount of the asset or liability affected within the next financial year. Key areas subject to management's judgements, estimates and assumptions in DNV Group are; Purchase Price Allocations (PPAs) related to business combinations (ref. note 14), Impairment testing of goodwill (ref. note 9), Actuarial calculations of the Defined Benefit Pension plans (ref. note 15), provisions for expected credit losses (ref. note 17) and other provisions (mainly related to legal claims, termination benefits, onerous contracts and lease contract dilapidations) (ref. note 23)

### 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 DNV Group'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 DNV Group's financial position on the end of the reporting period, but which will affect DNV Group'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 include cash, bank deposits and other short-term money market deposits with maturities of three months or less. Certain figures in the cash flow statement have been restated to properly reflect comparable figures to the current year.

## NOTES TO THE FINANCIAL STATEMENTS

Amounts in NOK million

### 2. Operating revenue

	Stiftelsen Det Norske Veritas Consolidated	
	2022	2021
<b>Geographical area:</b>		
Norway	5 547.7	4 903.5
Nordic countries	1 076.7	1 039.1
Europe	6 200.4	5 688.7
Asia Pacific	6 304.3	5 108.5
North and South America	5 776.6	4 608.2
Africa	125.6	115.8
<b>Total operating revenue</b>	<b>25 031.3</b>	<b>21 463.9</b>
<b>Business area:</b>		
Maritime	8 570.4	7 464.3
Energy Systems	9 284.0	7 897.2
Business Assurance	2 957.0	2 892.3
Supply Chain & Product Assurance	1 453.2	1 009.2
Digital Solutions	1 249.6	1 121.0
The Accelerator	1 392.9	977.0
Real Estate	12.0	7.5
Other	112.2	95.4
<b>Total operating revenue</b>	<b>25 031.3</b>	<b>21 463.9</b>

For management purposes, the DNV Group is organized into business areas based on the industries in which the group operates. DNV Group is structured into six business areas: Maritime, Energy Systems, Business Assurance, Supply Chain & Product Assurance, Digital Solutions, and The Accelerator, and one independent business unit, Real Estate.

### 3. Payroll expenses

	Stiftelsen Det Norske Veritas Consolidated	
	2022	2021
Salaries	9 845.0	8 732.8
Bonus expenses	1 051.0	1 000.0
Payroll tax	1 091.3	1 006.7
Pension costs	867.8	780.0
Other contributions	713.1	580.8
<b>Total payroll expenses</b>	<b>13 568.2</b>	<b>12 100.4</b>
Full time equivalent	12 661	11 601



## NOTES TO THE FINANCIAL STATEMENTS

Amounts in NOK thousand

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

#### Remuneration to Group CEO

Remuneration to Group CEO, Remi Eriksen, is paid from DNV AS. Please refer to note 4 in the financial statements for DNV Group AS for further disclosures.

#### Board remuneration paid in 2022:

Name	Stiftelsen Det Norske Veritas	Other Group companies <sup>1</sup>
Jon Fredrik Baksaas	345	577
Nina Ivarsen	90	345
Lasse Kristoffersen	215	405
David McKay	90	345
Thomas Reimer	90	345
Silvija Seres	90	385
Birgit Aagaard-Svendsen	90	433
Ingvild Sæther	90	457
Jon Eivind Thrane	90	345
Andreas Ringman Ugglå <sup>2</sup>	38	144
Christian Venderby	90	418

1) Includes remunerations for Board Audit Committee and Board Compensation Committee

2) Member of the Board of Directors from 1 August 2022

#### Remuneration to the Control Committee paid 2022:

Name	Stiftelsen Det Norske Veritas
Tone Lunde Bakker	150
Anniken Hauglie	100
Tore Ulstein	100

#### Remuneration to the Nomination Committee paid 2022:

Name	Stiftelsen Det Norske Veritas
Kristin Færøvik	51
Harald Serck-Hanssen	57
Steffen Syvertsen	51

#### Remuneration to the Council paid 2022:

Name	Stiftelsen Det Norske Veritas
Rebekka Glasser Herlofsen	210
Harald Solberg	125

Fees to the auditors for 2022:	Stiftelsen Det Norske Veritas	DNV Group auditor other Norwegian entities	DNV Group auditor non-Norwegian entities	Other auditors	Total
Statutory audit	204	7 581	32 037	88	39 909
Tax consulting services			1 016		1 016
Other audit related services		390	673		1 063
Non-audit services		968	344	14	1 326

## NOTES TO THE FINANCIAL STATEMENTS

### 5. Other operating expenses

Stiftelsen Det Norske Veritas			Stiftelsen Det Norske Veritas Consolidated	
2022	2021		2022	2021
0.0	0.0	Travel expenses	836.6	454.1
0.0	0.0	External hired assistance	2 053.4	2 040.4
0.0	0.0	IT and communication expenses	730.7	584.5
0.0	0.0	Losses on accounts receivables	34.2	26.8
26.4	11.7	Other expenses	3 678.5	2 609.5
26.4	11.7	<b>Total other operating expenses</b>	<b>7 333.4</b>	<b>5 715.4</b>

### 6. Financial income and financial expenses

Stiftelsen Det Norske Veritas			Stiftelsen Det Norske Veritas Consolidated	
2022	2021		2022	2021
(48.6)	115.4	Return on money market investments	16.8	132.5
250.0	0.0	Dividend from subsidiaries	0.0	0.0
0.0	0.0	Gain from sale from investment in associates (note 12)	0.0	599.4
0.0	0.0	Gain from sale of long-term shareholdings	1.0	0.0
0.0	0.0	Net interest on the net defined benefit liability (asset) (Note 15)	25.7	(6.9)
0.0	0.0	Interest expense lease liabilities	(57.4)	(55.7)
0.0	0.0	Interest expense and other financial expenses external loan	(80.7)	(39.6)
0.0	0.0	Interest on interest rate swap	1.0	(31.5)
0.1	(0.0)	Other net interest income	42.5	14.5
0.2	0.1	Currency gains (losses)	(151.3)	50.0
(0.0)	(0.0)	Other financial items	(42.5)	(48.9)
201.6	115.5	<b>Net financial income (expenses)</b>	<b>(244.8)</b>	<b>613.8</b>

## NOTES TO THE FINANCIAL STATEMENTS

Amounts in NOK million

### 7. Tax

Stiftelsen Det Norske Veritas			Stiftelsen Det Norske Veritas Consolidated	
2022	2021		2022	2021
		<b>Tax expense consists of:</b>		
24.5	9.8	Norwegian wealth tax	24.5	9.8
0.0	1.3	Norwegian income tax	90.3	137.4
0.0	0.0	Income tax outside Norway	903.3	671.1
24.5	11.1	Total tax payable	1 018.1	818.3
(1.9)	(0.4)	Change in deferred tax in Norway	29.2	(57.9)
0.0	0.0	Change in deferred tax outside Norway	(53.2)	(28.3)
(1.9)	(0.4)	Total change in deferred tax	(24.0)	(86.2)
22.6	10.7	<b>Tax expense</b>	994.0	732.1
38.6	22.8	Tax on profit at 22%	637.0	711.5
		<b>Tax effect of:</b>		
0.0	0.0	Non refundable foreign withholding taxes	84.8	74.6
0.0	0.0	Gain sale of shares	0.0	(131.9)
(40.5)	(21.7)	Other permanent differences	92.0	2.5
0.0	0.0	Effect of changed tax rates	0.0	(0.3)
0.0	(0.3)	Changes of previous years taxes	67.2	10.2
0.0	0.0	Tax assets not recognized current year	13.4	12.6
0.0	0.0	Differences between tax rates in Norway and abroad	75.1	42.9
24.5	9.8	Norwegian wealth tax	24.5	9.8
22.6	10.7	<b>Tax expense</b>	994.0	732.1
		Effective tax rate	34%	23%
		<b>Net tax-reducing/tax-increasing temporary differences:</b>		
0.1	0.1	Non-current assets	2 345.9	2 321.2
0.0	0.0	Current assets	(107.3)	55.1
(1.8)	(3.1)	Liabilities	(2 741.8)	(3 154.1)
(10.0)	0.0	Tax loss to be carried forward	(760.4)	(701.0)
(11.7)	(3.0)	<b>Basis for (deferred tax asset) / liability</b>	(1 263.6)	(1 478.7)
22%	22%	Tax rates applied	17%–42%	17%–42%
2.6	0.7	<b>Deferred tax asset</b>	884.2	1 011.1
0.0	(0.0)	<b>Deferred tax liability</b>	(506.1)	(518.8)

In addition to the tax loss to be carried forward of NOK 760 million shown above, which has a related deferred tax asset recognized in the balance sheet, the DNV Group has accumulated tax-loss to be carried forward amounting to NOK 685 million (NOK 647 million 2021). As the future utilization of these tax losses cannot be demonstrated, the related deferred tax asset of NOK 154 million (NOK 118 million 2021) has not been recognized in the balance sheet.

About 95% of the tax losses with a deferred tax asset on balance, and about 60% of the losses off balance, has an indefinite utilization period. The remaining losses has a varying and uncertain utilization period.

NOK 179 million in 2022 (NOK 282 million 2021) deferred tax expense related to net actuarial losses on defined benefit pension plans and exchange differences, has been reflected in other comprehensive income/ other equity, together with the related net actuarial loss and exchange differences.

## NOTES TO THE FINANCIAL STATEMENTS

Amounts in NOK million

### 8. Intangible assets

	Goodwill	Customer contracts and relations	Acquired software and technology	Trade-marks	Capitalized software development	Total
<b>Acquisition cost</b>						
1 January 2021	9 650.7	2 825.8	79.8	453.1	3 187.8	16 197.2
Additions	0.0	0.0	0.0	0.0	198.2	198.2
Additions from acquisitions	732.4	114.7	52.7	0.0	59.4	959.3
Disposals	0.0	0.0	0.0	0.0	0.0	0.0
Currency translation differences	(423.3)	(134.0)	0.0	(20.0)	(64.5)	(641.8)
<b>Total acquisition cost 31 December 2021</b>	<b>9 959.9</b>	<b>2 806.5</b>	<b>132.5</b>	<b>433.1</b>	<b>3 381.0</b>	<b>16 712.9</b>
Additions	0.0	0.0	0.0	0.0	283.3	283.3
Additions from acquisitions	647.0	153.1	0.0	0.0	0.0	800.1
Currency translation differences	490.6	151.3	0.0	21.6	72.2	735.7
<b>Total acquisition cost 31 December 2022</b>	<b>11 097.5</b>	<b>3 111.0</b>	<b>132.5</b>	<b>454.7</b>	<b>3 736.4</b>	<b>18 532.0</b>
<b>Accumulated amortization and impairment</b>						
1 January 2021	(360.7)	(2 181.7)	(53.2)	0.0	(1 915.1)	(4 510.7)
Amortization	0.0	(174.8)	(10.8)	0.0	(201.5)	(387.0)
Impairment	0.0	0.0	0.0	0.0	(27.7)	(27.7)
Disposals	0.0	0.0	0.0	0.0	0.0	0.0
Currency translation differences	0.7	109.2	0.0	0.0	61.0	170.9
<b>Total accumulated amortization and impairment 31 December 2021</b>	<b>(360.0)</b>	<b>(2 247.3)</b>	<b>(63.9)</b>	<b>0.0</b>	<b>(2 083.4)</b>	<b>(4 754.6)</b>
Amortization	0.0	(155.0)	(13.5)	0.0	(235.6)	(404.1)
Impairment	0.0	0.0	0.0	0.0	0.0	0.0
Currency translation differences	(0.9)	(128.8)	0.0	0.0	(66.6)	(196.4)
<b>Total accumulated amortization and impairment 31 December 2022</b>	<b>(360.9)</b>	<b>(2 531.1)</b>	<b>(77.4)</b>	<b>0.0</b>	<b>(2 385.6)</b>	<b>(5 355.1)</b>
<b>Net book value</b>						
<b>31 December 2022</b>	<b>10 736.5</b>	<b>579.9</b>	<b>55.0</b>	<b>454.7</b>	<b>1 350.8</b>	<b>13 176.9</b>
31 December 2021	9 599.9	559.2	68.6	433.1	1 297.6	11 958.3
Useful life	Indef.	1–10 years	1–10 years	Indef.	5–10 years	

Goodwill is not amortized, but is tested annually for impairment (note 9).

Customer contracts and relations are amortized linearly, based on evaluation of useful life.

Software and software development are amortized linearly, based on evaluation of useful life.

Trademarks has an indefinite useful life and are not amortized but tested for impairment annually.

## NOTES TO THE FINANCIAL STATEMENTS

Amounts in NOK million

### 9. Impairment testing of Goodwill and Other intangible assets

Goodwill obtained through acquisitions is allocated to the applicable cash generating units (CGU) in the DNV Group that are expected to benefit from the acquisition. The CGUs reflect and correspond to the lowest level the DNV Group management prepare plans, monitors and follow up its business activities.

Except for The Accelerator, the CGUs correspond to DNV Group's business areas; Maritime, Energy Systems, Business Assurance, Supply Chain & Product Assurance, and Digital Solutions. The Accelerator is organized into the individual business units; Inspection, Digital Health, and Cyber Security, which are considered as separate CGU's.

The CGU tested consist of goodwill, other intangible assets, tangible fixed assets and working capital. The group bases its impairment calculations on, budgets and long-term financial plans, which are prepared separately for each of the DNV Group's CGUs to which the individual assets are allocated. Goodwill is tested for impairment annually as part of the DNV Group's annual plan process (approved by Board of Directors in December) and when circumstances indicate that the carrying value may be impaired. An impairment loss is recognized if the estimated recoverable amount is lower than the carrying amount of the CGU. 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.

Goodwill and trademarks (not amortized) are allocated to the business areas/cash generating units as follows:

	Trademarks		Goodwill	
	2022	2021	2022	2021
Maritime	244.8	233.0	3 377.0	3 215.0
Energy Systems	175.1	166.9	5 044.3	4 728.3
Business Assurance	5.1	5.1	219.8	152.3
Supply Chain & Product Assurance	0.0	0.0	396.6	34.9
The Accelerator - Inspection	29.7	28.2	717.3	680.0
The Accelerator - Digital Health	0.0	0.0	605.8	433.6
The Accelerator - Cyber Security	0.0	0.0	327.7	307.8
Digital Solutions	0.0	0.0	47.9	47.9
<b>Total goodwill</b>	<b>454.7</b>	<b>433.1</b>	<b>10 736.5</b>	<b>9 599.9</b>

The Group has used value in use to determine recoverable amounts for the CGUs. Value in use is determined by using the discounted cash flow method. The expected cash flows are based on the business areas' (individual business units for Accelerator) 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. When relevant, risk has been reflected in the cash flow estimates through probability weighted scenarios.

Key assumptions per cash-generating unit:	Cost of capital (WACC) Post-tax	Long-term nominal growth rate
Maritime	7.7%	1.5%
Energy Systems	8.0%	1.5%
Business Assurance	7.3%	1.5%
Supply Chain & Product Assurance	8.4%	1.5%
Digital Solutions	8.9%	1.5%
The Accelerator - Inspection	8.0%	1.5%
The Accelerator - Digital Health	8.8%	1.5%
The Accelerator - Cyber Security	8.1%	1.5%

## NOTES TO THE FINANCIAL STATEMENTS

Amounts in NOK million

### Sensitivity analysis

Except CGU Digital Health and CGU Inspection, none of the CGU's 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.

CGU Digital Health is the smallest and newest CGU in the DNV Group with a total carrying amount (before the acquisition of MBI Healthcare Technologies in December 2022) of NOK 587 million, which is close to the estimated recoverable amount. As the CGU is close to an impairment, it will be followed up closely against financial and business plans. A 1% decrease in EBITDA-margin will lead to NOK 23 million impairment, a 0.5% point increase in WACC will lead to an impairment of NOK 47 million.

CGU Inspection has a total carrying amount of NOK 880 million. Risk has been reflected in the cash flow estimates through 3 probability weighted scenarios. A 0.5% point increase in WACC will lead to an impairment of NOK 50 million.

## 10. Fixed assets

	Land, buildings and other property	Office equipment, fixtures and fittings	Right-of-use asset <sup>1</sup>	Total
<b>Acquisition cost</b>				
1 January 2021	3 117.2	3 271.2	2 423.4	8 811.7
Additions	26.7	126.5	427.4	580.6
Additions from business combinations	0.0	2.8	1.3	4.1
Disposals	(7.4)	(80.0)	0.0	(87.4)
Currency translation differences	(10.8)	(18.2)	(7.3)	(36.3)
<b>Total acquisition cost 31 December 2021</b>	<b>3 125.8</b>	<b>3 302.3</b>	<b>2 844.7</b>	<b>9 272.8</b>
Additions	36.5	190.0	202.1	428.6
Additions from business combinations	14.9	1.7	0.9	17.6
Disposals	(16.9)	(89.7)	0.0	(106.6)
Currency translation differences	58.7	98.2	103.9	260.9
<b>Total acquisition cost 31 December 2022</b>	<b>3 219.0</b>	<b>3 502.6</b>	<b>3 151.6</b>	<b>9 873.2</b>
<b>Accumulated depreciation</b>				
1 January 2021	(1 395.1)	(2 837.0)	(839.6)	(5 071.7)
Depreciation	(64.0)	(147.0)	(401.8)	(612.9)
Disposals	4.4	71.1	0.0	75.4
Currency translation differences	2.3	14.8	0.0	17.1
<b>Total accumulated depreciation 31 December 2021</b>	<b>(1 452.5)</b>	<b>(2 898.1)</b>	<b>(1 241.4)</b>	<b>(5 592.1)</b>
Depreciation	(71.0)	(140.0)	(374.2)	(585.2)
Disposals	2.2	80.6	0.0	82.8
Currency translation differences	(36.1)	(81.4)	0.0	(117.5)
<b>Total accumulated depreciation 31 December 2022</b>	<b>(1 557.4)</b>	<b>(3 039.0)</b>	<b>(1 615.6)</b>	<b>(6 212.0)</b>
<b>Net book value</b>				
<b>31 December 2022</b>	<b>1 661.5</b>	<b>463.6</b>	<b>1 536.0</b>	<b>3 661.0</b>
31 December 2021	1 673.1	404.2	1 603.3	3 680.6
Useful life	15–67 years/ indefinite (land)	3–15 years	1–15 years	
Depreciation plan	Linear	Linear	Linear	

1) Right-of-use asset relates to leases of office buildings

## NOTES TO THE FINANCIAL STATEMENTS

Amounts in NOK million

### 11. 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 local curr.	Ownership	Book value
Det Norske Veritas Holding AS	Bærum, Norway	NOK 11 138	100%	211.4
<b>Total investment in subsidiaries</b>				<b>211.4</b>

Det Norske Veritas Holding AS is the 100% shareholder of DNV Group AS. See note 32 in the financial statements of DNV Group AS for an overview of subsidiaries of DNV Group AS.

### 12. Investment in associates

In June 2021, DNV Group (through DNV AS) sold the 26.4% ownership in Storm Geo Holding AS, the sales amount of NOK 786 million was settled in cash. The gain from the sale of shares in Storm Geo Holding AS was NOK 599.4 million and is recognized as financial income in 2021, ref. note 6. There are no investments in associates in 2022.

### 13. Long-term shareholdings

Company	Ownership	Book value 31.12.2022	Book value 31.12.2021
Umotif Limited	9.7%	34.9	34.9
Scout Drone Inspection AS	7.0%	9.0	5.0
Kezzler AS	3.3%	30.0	20.0
VeChain Technology (HK) Company Limited	3.0%	15.6	15.6
Valoritalia S.r.l.	2.0%	11.1	11.1
Provision Analytics Inc.	7.4%	9.1	9.1
Raptor Maps Inc	2.9%	15.9	0.0
Investment Energy Impact Fund SCSp	2.4%	19.5	0.0
HST Solar Farms Inc.	2.9%	14.6	0.0
Nixu Oyj.	1.0%	4.5	0.0
Careindexing Aps <sup>1</sup>		0.0	4.6
Other		8.0	6.2
<b>Total</b>		<b>172.1</b>	<b>106.5</b>

1) Sold in June 2022



# NOTES TO THE FINANCIAL STATEMENTS

Amounts in NOK million

## 14. Business Combinations

### Acquisitions 2022

6 January 2022, DNV Group acquired 100% of the shares in the leading German based notified body MEDCERT GmbH, to enhance Business Area Supply Chain & Product Assurance' medical devices assurance capabilities and offerings. Headquartered in Hamburg, MEDCERT is one of the largest notified bodies in Germany and is among the leading notified bodies under the EU regulations for medical devices. The acquisition increases DNV's capacity to deliver additional notification services of medical devices globally. It will also increase DNV Group's market share in the medical devices sector by adding a separate Medical Device Regulation (MDR) notification.

30 June 2022, DNV Group acquired 100% of the shares in The Registrar Company (TRC), a family-owned certification body providing certification and training services in the US and Canada. The acquisition expands and strengthens DNV Business Assurance's offer and presence in North America.

16 December 2022, DNV Group acquired 60% of the shares in MBI Healthcare Technologies, a leading healthcare data assurance company based in the UK. The company will form part of the Accelerator business area's growing portfolio of digital health companies. With this investment DNV Group will further enhance its strength in providing trust and assurance to the healthcare sector.

In addition, DNV Group acquired several smaller entities in 2022; Clean Technology Partners, Australia (Energy Systems, purchase price AUD 4.8 million), Control Solutions Business Assurance BV, The Netherlands (Business Assurance, purchase price EUR 1.7 million) and Power System Dynamics, South Africa (Energy Systems, purchase price EUR 1.4 million). The purchase price in excess of net book value of the equity/ net assets for these entities, has been allocated to goodwill.

DNV Group acquired the remaining 5% shares of the subsidiary company, Germanischer Lloyd Offshore and Industrial Services (B) Sdn Bhd in October 2022. As Germanischer Lloyd Offshore and Industrial Services (B) Sdn Bhd has been fully consolidated with a 5% non-controlling interest, the acquisition cost for the shares, NOK 37 million, has consequently been reflected through equity.

Company/activities	Transaction date	Ownership	Purchase currency	Acquisition cost local currency mill.	Transaction costs expensed mill NOK	External revenue incl. in 2022 acct. mill. NOK	Proforma external revenue mill NOK
MEDCERT	6 Jan 22	100%	EUR	40.8	2.8	92.5	92.5
The Registrar Company	30 Jun 22	100%	CAD	9.2	3.0	11.9	23.6
MBI Healthcare Technologies	16 Dec 22	60%	GBP	18.4	7.8	-	87.7

### Of which:

Purchase price allocation (PPA)	Acquisition cost	Customer relations	Customer contracts	Deferred tax	Net assets	Non-contr. interest	Goodwill
MEDCERT	429.8	64.1	15.7	(23.9)	12.2		361.7
The Registrar Company	66.8	5.8	11.9	(4.4)	3.4		50.1
MBI Healthcare Technologies	219.0	52.0	3.7	(10.6)	33.1	(31.3)	172.1

The difference between EUR 40.8/ NOK 429.8 million acquisition cost of MEDCERT and EUR 32.8/ NOK 328.4 million consideration paid is contingent consideration expected to be paid out over 3 years.

### Cash flow from acquisitions:

Net cash acquired with the subsidiaries	12.6
Consideration paid in cash	(708.4)
Contingent consideration for previous year's acquisition paid 2022	(22.9)
Acquisitions paid in 2022, formally acquired in 2023 (Note 18 and Note 29)	(193.8)
Net cash flow from acquisitions	(912.6)

## NOTES TO THE FINANCIAL STATEMENTS

Amounts in NOK million

### Acquisitions 2021

1 July 2021, DNV Group acquired 80% of the shares in Imatis AS, headquartered in Porsgrunn, Norway, in the first step of its plan for rapid expansion into the digital health market. Imatis has 65 employees. Imatis provides digital solutions to hospitals and other care-giving institutions, giving healthcare workers access to structured real time information anywhere. DNV will use its strong brand and global infrastructure to further grow the digital health company internationally and introduce new products and services to the sector.

18 November 2021, DNV Group acquired 100% of the shares in the industrial cyber security specialist Applied Risk Holding BV (Applied Risk), headquartered in the Netherlands, as part of the company's strategic ambition to bolster support to the emerging need for customers to secure the computing systems managing their industrial operations. DNV's cyber security unit and Applied Risk will join forces under the DNV brand aiming to take a leading position within industrial cyber security.

In October 2021 DNV Group acquired Antuko, a leading energy price forecaster and the solar photovoltaic analytics platform from Alteso (acquisition of software related intangible assets, NOK 15.5 million).

Company/activities	Transaction date	Owner-ship	Purchase currency	Acquisition cost local currency mill.	Transaction costs expensed mill. NOK	External revenue incl. in 2021 acct. mill. NOK
Imatis	01.07.2021	80%	NOK	577.0	7.8	66.5
Applied Risk	18.11.2021	100%	EUR	36.0	3.8	13.4

#### Of which:

Purchase price allocation (PPA)	Acquisition cost	Customer relations	Customer contracts	Technology	Deferred tax	Net assets	Non-contr. interest	Goodwill
Imatis	577.0	20.5	58.9	52.7	(29.1)	50.5	(10.1)	433.6
Applied Risk	363.0	26.4	9.0	0.0	(8.8)	28.7		307.8

The difference between NOK 363/ EUR 36 million acquisition cost of Applied Risk and NOK 300/EUR 30 million consideration paid is contingent consideration expected to be paid out over 3 years.

### Cash flow from acquisitions:

Net cash acquired with the subsidiaries	67.2
Consideration paid in cash	(892.0)
Net cash flow from acquisitions	(824.8)

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## NOTES TO THE FINANCIAL STATEMENTS

*Amounts in NOK million*

### 15. Pension costs, plan assets and defined benefit pension liabilities

All employees are employed in subsidiaries of Stiftelsen Det Norske Veritas. DNV Group has both defined contribution pension plans and defined benefit pension plans. 11 412 employees are covered by the defined contribution pension plans while 3 875 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.

The structure of the defined benefit pension plans depends on the legal, tax and economic conditions in the respective country, and is usually based on length of service and remuneration of the employee. The defined benefit pension plans are covered through separate pension funds, through arrangements with independent insurance companies or through unfunded plans.

The defined benefit pension plans in Norway are financed mainly through a separate pension fund 'DNV Pensjonskasse'. 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 DNV 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 2022 are NOK 867.8 million of which NOK 181.0 million are related to the defined benefit pension plans and NOK 686.8 million are related to the defined contribution pension plans and end of service benefit plans.

The DNV Group participates in pension schemes in Netherlands, Sweden and Spain classified as multi-employer plans. These multi-employer plans are classified as defined benefit plans, but as sufficient information on each participant's proportionate share of specific obligation and fair value of related assets is not available, they are accounted for as defined contribution plans.

The Norwegian companies in the DNV 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 'DNV Pensjonskasse' are invested as follows:

Market value of plan assets in Norway	31 Dec. 2022	31 Dec. 2021
Buildings and property	150.0	170.0
Mutual equity funds and hedge funds	4 931.4	5 736.4
Norwegian bonds and bond funds	2 430.3	2 714.3
Non-Norwegian bonds and bond funds	465.4	106.0
Bank accounts, other assets and liabilities	65.1	86.9
<b>Total market value of plan assets Norway</b>	<b>8 042.2</b>	<b>8 813.5</b>
<b>Actual return on plan assets</b>	<b>(574.1)</b>	<b>1 233.7</b>

## NOTES TO THE FINANCIAL STATEMENTS

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	
	2022	2021	2022	2021	2022	2021
Net present value of this year's pension contribution	124.2	130.6	34.4	30.5	4.9	8.4
Effect of plan changes/curtailments	0.0	0.0	0.0	0.0	0.0	0.0
Payroll tax	17.5	18.4	0.0	0.0	0.0	0.0
<b>Net present value of this year's pension contr. and curtailm. incl. payroll tax</b>	<b>141.7</b>	<b>149.1</b>	<b>34.4</b>	<b>30.5</b>	<b>4.9</b>	<b>8.4</b>
Net interest on the net defined benefit liability (asset)	(51.0)	(26.3)	34.1	36.6	(1.7)	0.3
Payroll tax	(7.2)	(3.7)	0.0	0.0	0.0	0.0
<b>Net interest on the net defined benefit liability (asset) incl. payroll tax</b>	<b>(58.1)</b>	<b>(30.0)</b>	<b>34.1</b>	<b>36.6</b>	<b>(1.7)</b>	<b>0.3</b>

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. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
Market value of plan assets	8 042.2	8 813.5	99.9	90.0	1 570.9	2 552.9
Actuarial present value of pension liabilities	(5 535.3)	(6 233.0)	(2 255.7)	(2 753.1)	(1 553.1)	(2 507.2)
Payroll tax <sup>1</sup>	(85.3)	(96.9)	0.0	0.0	0.0	0.0
<b>Net pension asset (liabilities)</b>	<b>2 421.6</b>	<b>2 483.5</b>	<b>(2 155.8)</b>	<b>(2 663.2)</b>	<b>17.8</b>	<b>45.8</b>

### Hereof recorded in the balance sheet as:

Net pension asset <sup>2</sup>	2 421.6	2 483.5	0.0	0.0	57.3	110.3
Pension liabilities	0.0	0.0	(2 155.8)	(2 663.2)	(39.5)	(64.6)

1) Payroll tax is calculated on the unfunded pension liabilities

2) Not subject to asset ceiling, justified through asset ceiling test

The assumptions for calculation of the pension liabilities in Norway have been changed from 31.12.2021 to 31.12.2022; discount rate, covered bonds has been increased from 1.9% to 3.2%, the real wage growth has been increased from 0.75% to 1.25%, inflation has increased from 1.75% to 2.00% The changed assumptions led to reduced pension liabilities of NOK 859 million in 2022.

The assumptions for calculation of the pension liabilities in Germany have been changed from 31.12.2021 to 31.12.2022; discount rate has been increased from 1.3% to 4.2%, projected annual increase in salary adjustment has been increased from 2.5% to 2.7% and the projected annual increase rate in pension benefit has been increased from 1.7% to 2.2%. The changed assumptions led to reduced pension liabilities of NOK 612 million in 2022.

NOK 350.0 million net actuarial gain on defined benefit pension plans have been reflected in other comprehensive income/other equity in 2022, following mainly from changed assumptions for calculation of the Norwegian and German plans and negative actual return on the plan assets in Norway.

## NOTES TO THE FINANCIAL STATEMENTS

Amounts in NOK million

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

	Norwegian plans <sup>2</sup>		German plans		Other plans	
	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
Discount rate <sup>1</sup>	3.20%	1.90%	4.2%	1.3%	3.4–4.9%	0.5–1.9%
Projected annual salary adjustment	3.50%	2.75%	2.7%	2.5%	3.0–4.3%	3.0–3.9%
Projected annual increase in pension benefit	2.00%	1.75%	2.2%	1.7%	2.0–3.3%	0.0–3.1%
Projected annual increase of Norwegian government basis pension	3.25%	2.50%				
Expected annual return on plan assets	3.20%	1.90%	4.2%	1.3%	3.4–4.9%	0.5–1.9%

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 DNV 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	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation Norwegian plans	394.2	(443.3)	(159.1)	165.6
Impact on defined benefit obligation German plans	123.9	(126.0)	(10.3)	10.0

## 16. Other non-current receivables

	Stiftelsen Det Norske Veritas Consolidated	
	2022	2021
Loans to employees	12.2	12.6
Arrangement fee external loan	12.3	16.5
Other pension related assets	234.9	229.6
Other non-current receivables	138.5	148.2
<b>Total other long-term receivables</b>	<b>398.0</b>	<b>406.8</b>

## NOTES TO THE FINANCIAL STATEMENTS

Amounts in NOK million

### 17. Trade receivables

	Stiftelsen Det Norske Veritas Consolidated	
	2022	2021
Gross trade receivables	5 018.2	4 208.6
Expected credit losses	(148.5)	(150.2)
<b>Net trade receivables</b>	<b>4 869.7</b>	<b>4 058.4</b>

In line with IFRS 9 simplified approach for measuring expected credit losses, DNV Group uses a lifetime expected loss allowance for all trade receivables and contract assets. DNV Group use a provision matrix as a practical expedient to calculate the expected credit losses on trade receivables .

Contract assets represent DNV Group's right to consideration in exchange for services transferred to the customer; work performed on customer contracts, not yet invoiced. Expected credit losses on contract assets are considered to be immaterial.

Provision matrix:	Gross Trade rec.	ECL provision
<b>Total contract assets</b>	<b>3 405.3</b>	<b>-</b>
Trade receivables not due	3 429.4	-
Trade receivables < 180 days overdue - (specific ECL provision)	1 365.4	12.0
Trade receivables 180–360 days overdue (33% ECL provision)	113.3	37.8
Trade receivables exceeding 360 days overdue (90% ECL provision)	110.2	98.7
<b>Total gross trade receivables/ECL provision</b>	<b>5 018.2</b>	<b>148.5</b>

Contract liabilities of NOK 3 170.5 million (NOK 2 698.0 million 2021) represent DNV Group's obligation to transfer services to customers, for which consideration is received; invoice issued according to customer contracts, performance obligation not yet transferred.

### 18. Other receivables and prepayments

	Stiftelsen Det Norske Veritas Consolidated	
	2022	2021
Prepaid VAT, withholding tax and corporate income tax	291.6	470.4
Prepayments to suppliers	270.5	209.5
Payments for acquisitions (formally acquired in 2023/control transferred 2023) - Note 29	193.8	0.0
Other current receivables	235.4	173.2
<b>Total other receivables and prepayments</b>	<b>991.4</b>	<b>853.0</b>

### 19. 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 2022 amounts to NOK 7.7 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 2022 is NOK 0.4 million.

## NOTES TO THE FINANCIAL STATEMENTS

*Amounts in NOK million*

### 20. 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 2022 NOK million
Danske Bank	NOK 500	Most subsidiaries in Norway, Denmark, Sweden, Finland, UK, Ireland, and the Baltics	763.0
Deutsche Bank	EUR 20	Several subsidiaries in Europe	15.8
Bank of America		Most of the subsidiaries in US	130.0
Bank of America		Most of the subsidiaries in Canada	22.0
DNB ASA	NOK 50	DNV AS and DNV Group AS	6.2
Citibank - AED		Some subsidiaries in Middle East	15.0
Citibank - AUD		Some subsidiaries in Australia	22.0
Citibank - USD	USD 13	Some subsidiaries in Middle East and South East Asia	102.0
Citibank - SGD		Some subsidiaries in South East Asia	27.0
Citibank - JPY		Some subsidiaries in Japan	41.0
Citibank - CNY		DNV China Company Limited	285.0
Citibank - EUR		Some subsidiaries in the Euro-countries	12.0
Total cash-pool systems			1 441.0
Liquidity funds			1 046.1
Local bank accounts			1 894.9
<b>Total cash and bank deposits Stiftelsen Det Norske Veritas Consolidated</b>			<b>8 622.5</b>
<b>Total cash and bank deposits Stiftelsen Det Norske Veritas</b>			<b>1 046.1</b>

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	Drawn 31 Dec 2022 (mill.)
Citibank China	CNY 50	DNV China Company Ltd	Undrawn
Citibank India	INR 160	DNV MES India Private Limited	Undrawn
Citibank India	INR 370	DNV Shared Services India Private Limited	INR 110
Citibank Korea	KRW 17 000	DNV Korea Ltd	Undrawn
Citibank Brazil	BRL 5	DNV Business Assurance Avaliacoes e Certi Brasil Ltda	Undrawn
Citibank Brazil	BRL 20	DNV Classificacao Certificacao e Consultoria Brasil Ltda	Undrawn

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.



## NOTES TO THE FINANCIAL STATEMENTS

Amounts in NOK million

### 21. Interest bearing loans and borrowings

DNV Group AS has an agreement for a NOK 2 998 million term loan with a bank syndicate consisting of Danske Bank, Norwegian Branch, Handelsbanken Norwegian branch of Svenska Handelsbanken AB and Nordea Bank Abp, filial i Norge. The loan expires in December 2024. The credit agreement supporting this loan has certain covenants. DNV Group AS was well within all covenants at year-end 2022. The facilities are secured with a NOK 10 billion pledge in properties belonging to Det Norske Veritas Eiendom AS. The interest on the loan consist of a floating interest element of NIBOR plus a margin. Hence, DNV Group AS will have risk related to fluctuations in NIBOR. The loan was previously hedged at a fixed interest rate until December 2022.

DNV Group AS has an agreement for a NOK 3 000 million multi-currency revolving credit facility with a bank syndicate consisting of Handelsbanken Norwegian branch of Svenska Handelsbanken AB, Danske Bank, Norwegian Branch and Nordea Bank Abp, filial i Norge. The facility expires in December 2027 and was undrawn per year-end 2022. The credit agreement supporting this facility has certain covenants, including a negative pledge clause (except for the pledge in properties belonging to Det Norske Veritas Eiendom AS for the NOK 2 998 million term loan as described above), and also restrict DNV Group AS' ability to freely dispose of material assets. The credit agreement requires that DNV Group AS' net interest bearing debt on a consolidated basis does not exceed a set level relative to EBITDA. DNV Group AS was well within all covenants at year-end.

### 22. Lease liabilities

	Undiscounted values		Discounted values	
Lease liabilities maturity profile	2022	2021	2022	2021
Within one year	418.2	354.4	402.8	342.3
After one year but not more than five years	988.3	904.3	918.1	843.1
More than five years	485.9	604.6	370.2	567.7
<b>Future minimum lease</b>	<b>1 892.4</b>	<b>1 863.3</b>	<b>1 691.1</b>	<b>1 753.0</b>
<b>Summary of the lease liabilities in the financial statements:</b>				
Total lease liabilities at 1 January			1 753.0	1 733.2
New lease liabilities recognised in the year			184.2	408.2
Cash payments for the principal portion of the lease liability			(407.4)	(436.8)
Interest expense on lease liabilities			57.4	55.7
Currency exchange differences			103.9	(7.3)
<b>Total lease liabilities at 31 December</b>			<b>1 691.1</b>	<b>1 753.0</b>
Non-current lease liabilities			1 286.9	1 410.7
Current lease liabilities			402.6	342.3

## NOTES TO THE FINANCIAL STATEMENTS

Amounts in NOK million

### 23. Provisions

Stiftelsen Det Norske Veritas Consolidated				
	Claims and contingencies	Restructuring	Other provisions	Total
<b>Balance at 1 January 2021</b>	<b>34.9</b>	<b>201.6</b>	<b>103.5</b>	<b>340.0</b>
Currency translation differences	0.0	(3.5)	0.1	(3.4)
Additions	0.0	24.9	24.8	49.7
Utilization	(1.1)	(114.3)	(13.0)	(128.4)
Reversal	0.0	(12.9)	(17.5)	(30.4)
<b>Balance at 31 December 2021</b>	<b>33.8</b>	<b>95.8</b>	<b>97.9</b>	<b>227.5</b>
Current	33.8	95.8	26.8	156.4
Non-current	0.0	0.0	71.1	71.1
<b>Balance at 1 January 2022</b>	<b>33.8</b>	<b>95.8</b>	<b>97.9</b>	<b>227.5</b>
Currency translation differences	0.0	1.7	2.9	4.6
Additions	0.0	7.4	23.9	31.3
Utilization	(7.9)	(59.4)	(24.4)	(91.7)
Reversal	(17.4)	(12.2)	(10.4)	(40.1)
<b>Balance at 31 December 2022</b>	<b>8.5</b>	<b>33.3</b>	<b>89.9</b>	<b>131.7</b>
Current	8.4	33.3	26.1	67.8
Non-current	0.0	0.0	63.8	63.8

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

### 24. Other non-current liabilities

Stiftelsen Det Norske Veritas Consolidated		
	2022	2021
End of service benefit schemes liabilities	266.3	270.5
Contingent considerations (Deferred acquisition costs) - non-current part	83.9	66.4
Other non-current liabilities	162.4	157.0
<b>Total other non-current liabilities</b>	<b>512.6</b>	<b>493.9</b>

### 25. Other current liabilities

Stiftelsen Det Norske Veritas Consolidated		
	2022	2021
Accrued bonus to employees	1 051.0	1 000.0
Accrued holiday allowances	456.4	393.5
Contingent considerations (Deferred acquisition costs) - current part	89.8	20.6
Accrued expenses and other current liabilities	1 721.1	1 484.3
<b>Total other current liabilities</b>	<b>3 318.3</b>	<b>2 898.4</b>

## NOTES TO THE FINANCIAL STATEMENTS

Amounts in NOK million

### 26. Guarantees

Stiftelsen Det Norske Veritas		Stiftelsen Det Norske Veritas Consolidated	
2022	2021	2022	2021
0.0	0.0	518.2	473.3
Guarantee commitments not included in the accounts			

These guarantees are not secured by mortgage.

Guarantee commitments are mainly related to customer contracts entered into by DNV Group AS subsidiary companies.

DNV Group AS has an agreement for a NOK 2 998 million term loan with a bank syndicate consisting of Danske Bank, Norwegian Branch, Handelsbanken Norwegian branch of Svenska Handelsbanken AB and Nordea Bank Abp, filial i Norge. The facilities are secured with a pledge in properties belonging to Det Norske Veritas Eiendom AS.

### 27. Financial market risk

DNV Group's main financial market risks are liquidity risk, foreign currency risk, credit risk, interest rate risk and pension plan risk.

#### Liquidity risk

DNV 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

DNV Group has revenues and expenses in approximately 60 currencies. Of these, six currencies (NOK, EUR, USD, CNY, GBP and KRW) make up for 78% of the total revenue. In most currencies the group has a natural hedge through a balance of revenue and expenses. However, a significant portion of DNV's net income is based on the USD or currencies closely correlated to the USD. DNV's management has a mandate to hedge up to 75% of forecasted USD or USD-correlated net cash flow exposure 18 months forward. At year-end 2022, DNV Group hedged USD 75 million of its future cash flow through forward contracts. For currency hedging, the DNV 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 72.5 million. DNV is also materially exposed to the re-evaluation of balance sheet items, including net investments in foreign subsidiaries.

DNV Group has currency exposures through investments in net assets in 193 subsidiaries with assets and liabilities in approximately 60 different functional currencies as well as through goodwill and intangible assets from acquisitions. Exchange differences from these currency exposures are reflected through OCI/ equity. In most subsidiaries, DNV Group has no material local currency exposure against the functional currency. For DNV AS, the main operating company in Norway and DNV Group AS, the Norwegian parent company in the DNV Group, there are material currency exposures against NOK as functional currency, mainly related to external accounts receivables, contract assets, contract liabilities, loans from group companies and balances in the cash pool systems. Exchange differences from these exposures are reflected through the income statement (currency gains and losses in net financial income/ expenses). A 1% strengthening/ weakening of NOK against non-functional currencies will lead to a change in net financial income/ expenses of +/- NOK 43 million.

#### Credit risk

Receivable balances (NOK 5 018 million) are monitored on an ongoing basis with the result that the DNV Group's exposure to bad debts is limited. There are no significant concentrations of credit risk within the DNV Group. DNV Group's expected credit risk from contract assets is considered to be limited. With respect to credit risk arising from the other financial assets of the DNV Group, which comprises cash and cash equivalents (NOK 3 335 million) and liquidity funds (NOK 3 989 million), in addition to liquidity funds in Stiftelsen (NOK 1 046 million), and certain derivative instruments (NOK 72.5 million), the DNV 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 DNV Group's exposure to the risk of changes in market interest rates relates primarily to the outstanding term loan and investments in liquidity funds. The rate on the loan was fixed with an interest rate swap until December 2022. Thereafter it is fixed every three months based on NIBOR plus a margin. A change in the interest rate of +/- 1 percentage point will lead to a change in net financial items of +/- NOK 30 million on annual basis. The liquidity funds have an average duration of 1 year and a change in the interest rate of +/- 1 percentage point will lead to a change in net financial items of +/- NOK 40 million annually. All bank deposits in the DNV Group have floating interest with a duration close to zero, consequently the interest rate risk related to bank deposits is immaterial.

#### Pension plan risk

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

## NOTES TO THE FINANCIAL STATEMENTS

Amounts in NOK million

### 28. Financial assets and financial liabilities

	Stiftelsen Det Norske Veritas Consolidated	
	Financial instruments at fair value through P&L	Amortized costs
<b>31 December 2022</b>		
<b>Assets – non-current assets</b>		
Long-term shareholdings	172.2	
Loans to employees		12.2
Other long-term receivables	398.0	
<b>Assets – current assets</b>		
Cash and bank deposits		8 622.5
Trade receivables		4 869.7
Other receivables		235.4
Forward contracts	72.5	
<b>Financial liabilities – non-current</b>		
Interest bearing loans and borrowings		2 998.0
Other non-current liabilities	512.6	
<b>Financial liabilities – current</b>		
Trade creditors		620.0
Overdrafts		13.1
Other current liabilities	89.8	
<b>31 December 2021</b>		
<b>Assets – non-current assets</b>		
Long-term shareholdings	106.5	
Loans to employees		12.6
Other non-current receivables	406.8	
<b>Assets – current assets</b>		
Cash and bank deposits		8 111.9
Trade receivables		4 058.4
Other receivables		173.2
Forward contracts	17.8	
<b>Financial liabilities – non-current</b>		
Interest bearing loans and borrowings		2 998.0
Other non-current liabilities	353.4	
<b>Financial liabilities – current</b>		
Trade creditors		498.6
Overdrafts		15.5
Other current liabilities	20.6	

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## NOTES TO THE FINANCIAL STATEMENTS

*Amounts in NOK million*

### 29. Subsequent events

1 January 2023, DNV Group acquired 100% of the shares in Proxima Solutions GmbH, an artificial intelligence enabled wind software-as-a-service provider. The acquisition strengthens Business Area Energy Systems' green power monitoring portfolio. Proxima Solutions is a leading company that provides a digital platform for remote monitoring and asset management of renewable energy plants. The acquisition cost of EUR 5.2 million was paid in December 2022.

3 January 2023, DNV Group acquired 100% of the shares in the Sydney based solar data specialist Solar and Storage Modelling Pty Ltd 'Solcast'. Solcast is a global solar irradiance data and forecasting provider. AUD 20 million of the acquisition cost of AUD 30 million was paid in December 2022.

DNV Group has announced a public tender offer to acquire all shares and stock options in Nixu, the largest company specialized in cyber security services on the Nordic market, contingent of minimum 90% acceptance rate. The value of the bid is EUR 98 million based on 100%. Nixu is headquartered near Helsinki, Finland, and is listed on the Nasdaq Helsinki Stock Exchange. DNV Group's offer window opened 28 February 2023 and close on or about 17 April 2023, subject to extension. Nixu's Board of Directors has evaluated DNV Group's offer to shareholders and unanimously recommended that the company's shareholders accept the offer.

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## Report on the Audit of the Financial Statements

# INDEPENDENT AUDITOR'S REPORT

### Opinion

We have audited the financial statements of Stiftelsen Det Norske Veritas, which comprise:

- the financial statements of the parent company Stiftelsen Det Norske Veritas (the Foundation), which comprise the statement of financial position as at 31 December 2022, the income statement, statement of changes in equity and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of Stiftelsen Det Norske Veritas and its subsidiaries (the Group), which comprise the financial position as at 31 December 2022, the income statement, statement of changes in equity and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

### *In our opinion:*

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Foundation as at 31 December 2022, 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, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, 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 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 and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

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### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with 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 and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

### **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 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 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 and the Group'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 and the Group'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 and the Group 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.



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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.

**Opinion on 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 in accordance with the law, the Foundation's purpose and the articles of association.

Oslo, 23 March 2023  
KPMG AS

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Mona Irene Larsen

*State Authorised Public Accountant*  
*(This document is signed electronically)*

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## NOTES





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