

Annual report 2012

**DOING
THE
RIGHT
THING**

WORLDWIDE PRESENCE

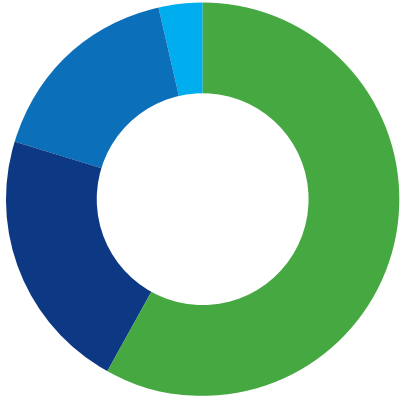


FIGURE 01 EMPLOYEES PER BUSINESS AREA AS PER 31.12.2012

● DNV Maritime and Oil & Gas	6,138	58.3%
● DNV KEMA Energy & Sustainability	2,261	21.5%
● DNV Business Assurance	1,760	16.7%
● Group Centre	373	3.5%
Grand Total	10,532	100.0%

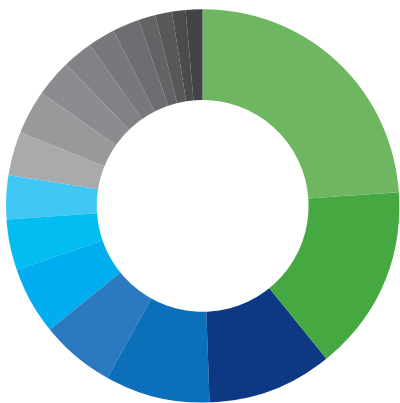
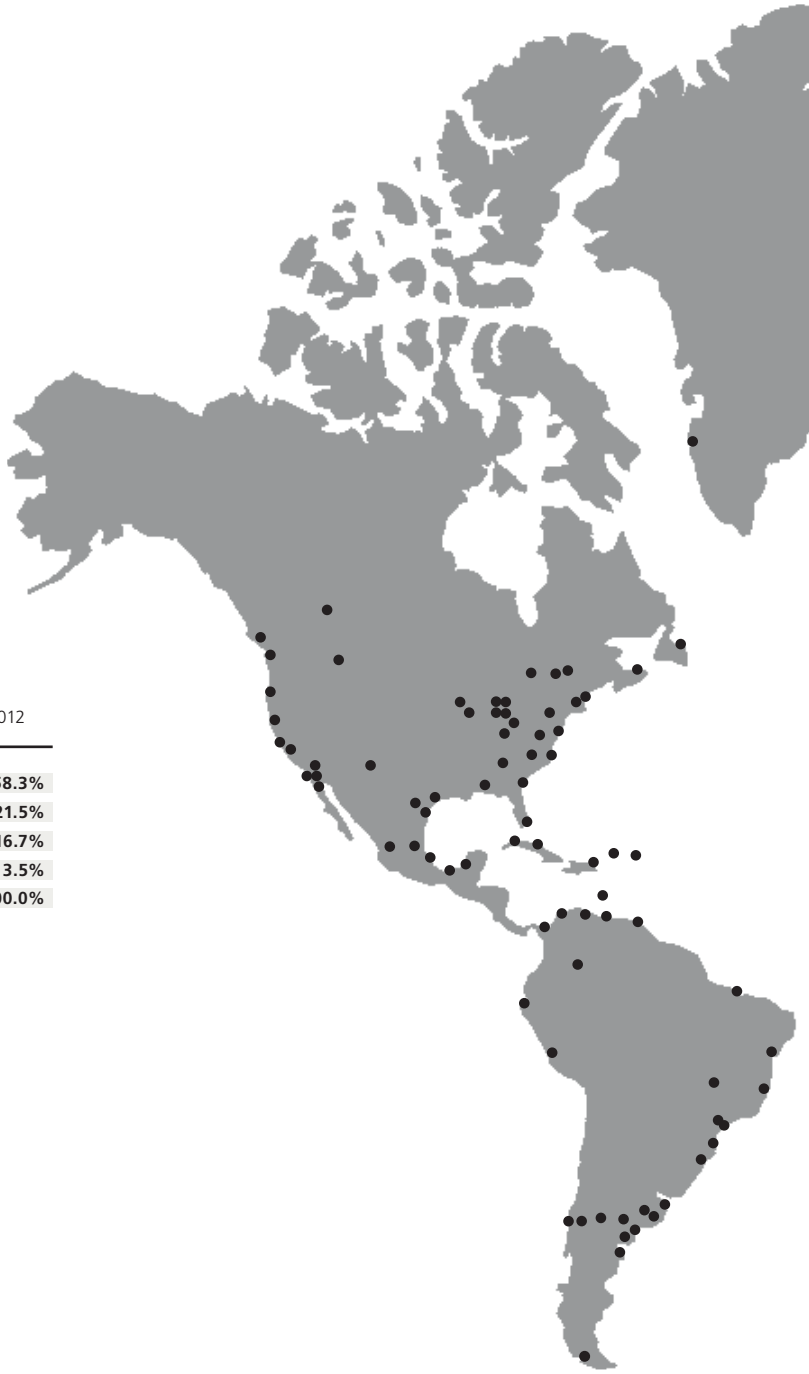


FIGURE 02 EMPLOYEES BY NATIONALITY AS PER 31.12.2012

● Norwegian	2,143	● Italian	312
● American	1,354	● Polish	272
● Dutch	918	● Singaporean	229
● Chinese	780	● Swedish	198
● Indian	529	● Danish	194
● British	490	● French	134
● German	378	● Japanese	125
● Korean	337	● Spanish	101
● Brazilian	316	● Malaysian	99



→ EMPLOYEES WORLDWIDE

10,532



The number of employees at the end of 2012.



➔ OFFICES WORLDWIDE

300+



With 300 offices in 100 countries, DNV has extensive global reach.

➔ SUPPORT OF UN GLOBAL COMPACT PRINCIPLES

DNV is committed to the universal principles of human and labour rights, environmental standards and anti-corruption and signed the UN Global Compact in 2003.

DNV works to continuously demonstrate responsible practice in these areas within its own organisation as well as advancing these principles with others through its objective to safeguard life, property and the environment.





THIS IS DNV

DNV is a global provider of knowledge for managing risk. We are more than 10,000 experts in 100 countries who combine risk methodology, technology expertise, independence and in-depth industry knowledge to enable our customers to safely and responsibly improve their business performance.

Companies and authorities in the maritime, oil & gas and energy sectors rely on our independent assessment and non-compromising standards of quality, safety and integrity to build the trust and confidence of their stakeholders.

Our services to these industries include innovative and world-leading classification, verification, testing and advisory services. DNV is also one of the world's largest certification bodies, servicing a wide range of industries.

DNV has balanced the needs of business and society since 1864, and we constantly seek to develop and apply technical standards, best practices and services in order to positively contribute towards a safer and more sustainable world.

Our purpose

To safeguard life, property and the environment

Our vision

Global impact for a safe and sustainable future

Our values

We build trust and confidence
We never compromise on quality or integrity
We are committed to teamwork and innovation
We care for our customers and each other

HIGHLIGHTS



INTEGRATION OF KEMA

In March, DNV KEMA Energy & Sustainability became operational following the acquisition of 74.3% of the shares in N.V. KEMA, a world-leading consulting and testing & certification company for the global energy sector. DNV KEMA combines approximately 1,700 legacy KEMA employees with 500 employees from DNV. The entity provides services covering the entire energy value chain, including renewable energy, carbon reduction and energy efficiency, power generation, transmission & distribution, and energy-related testing, inspection & certification.

EUR 70 MILLION INVESTMENT IN HIGH POWER LABORATORY EXPANSION

In November, DNV KEMA announced a 70 million Euro investment in its High Power Laboratory (HPL) in Arnhem, the Netherlands. This investment, which includes two new short-circuit generators, will create the world's first laboratory able to test technologies for super grid components operating at 800 kV and above. The new facilities will also be able to handle up to 30% more testing activity for conventional high-voltage components.



ANNOUNCEMENT OF MERGER WITH GL (GERMANISCHER LLOYD)

In December, the two international organisations signed an agreement to merge in order to create one of the world's leading ship classification societies and risk experts in the oil and gas, renewable energy and power sectors, and one of the global top three within management system certification. Pending approval from competition authorities, the new company will be headquartered in Norway and have more than 17,000 employees. The DNV Foundation will hold 63.5%, while GL's owner Mayfair SE will hold 36.5% of the shares.

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KEY FIGURES

FIGURE 01 REVENUE (MILLION NOK)

12,850

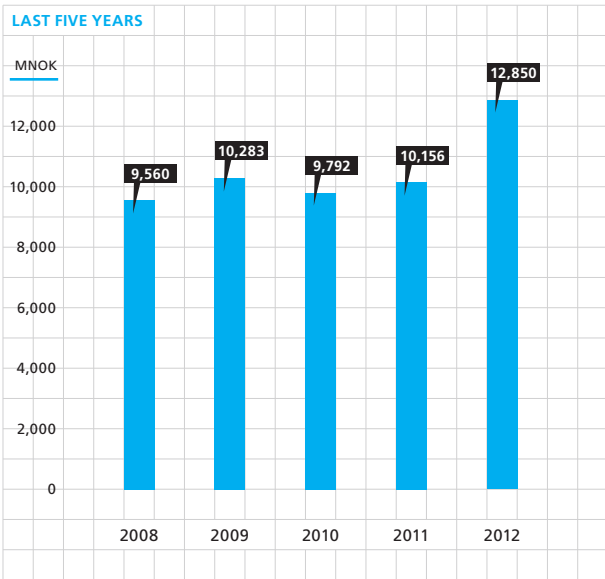


FIGURE 02 OPERATING PROFIT (MILLION NOK)

1,043

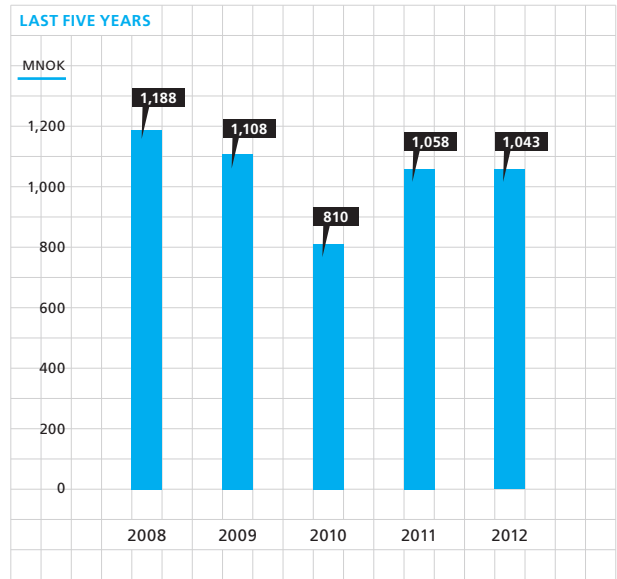


FIGURE 03 EQUITY RATIO (%)

60.2%

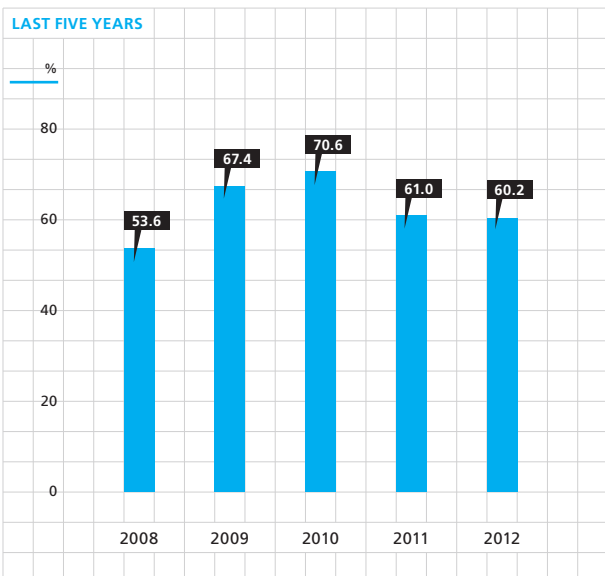
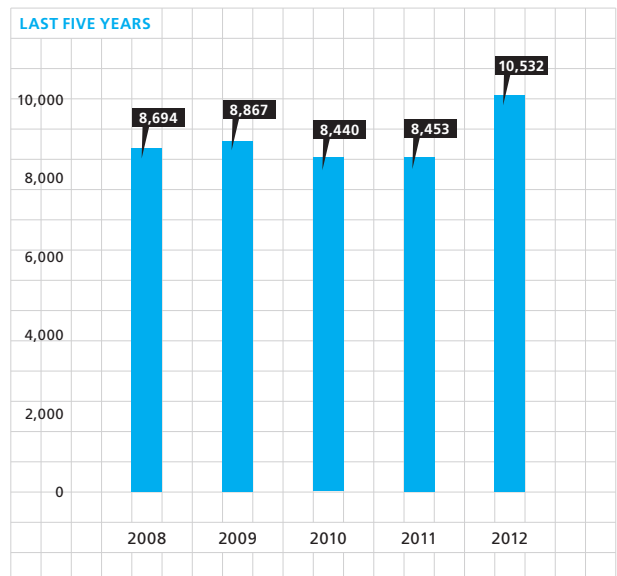


FIGURE 04 NUMBER OF EMPLOYEES

10,532



MAIN SERVICES

MARITIME



We help shipowners, yards, authorities and other maritime players to manage risks in all phases of a ship's life.

Services include:

- » Classification of ships and mobile offshore units
- » Certification of materials and components
- » Technical, safety, business risk and environmental services
- » Training and competence-related services
- » Fuel testing
- » Software

OIL AND GAS



We help oil and gas companies manage technical and business risks, safety and environmental performance across the entire value chain.

Services include:

- » Verification
- » Safety, health and environmental services
- » Asset risk management
- » Technology qualification
- » Enterprise risk management
- » Software and IT risk management

ENERGY AND SUSTAINABILITY



We support our customers across the energy value chain in ensuring reliable, efficient and sustainable energy supply.

Services include:

- » Testing, inspection & certification
- » Clean conventional energy services
- » Renewable energy services
- » Electricity transmission & distribution
- » Transportation systems
- » Gas consulting services
- » Management & operations consulting
- » Sustainable use services
- » Accredited climate change services

BUSINESS ASSURANCE



We help create trust and confidence and assure sustainable performance for companies across a variety of industry sectors.

Services include:

- » Management system certification
- » Product certification
- » Supply chain certification and assessment
- » Food safety certification
- » Training
- » Healthcare accreditation and rating services

CEO'S OUTLOOK

GLOBAL IMPACT

In 2006, DNV formulated its current vision statement: 'Global impact for a safe and sustainable future'. This provides both a direction and an ambition. In December 2012, we announced that DNV is to merge with GL, which will take us a long way forward in fulfilling this vision.

In order to have a global impact, you need to have global reach, size and the skills, knowledge and innovation power to set the agenda. By combining two strong, global companies with world-class technical and risk management expertise, I am confident we will be in a position to make the world safer and more sustainable every single day.

FOR OUR CUSTOMERS, a combined DNV and GL will offer a wider set of products and services, deeper expertise and a denser global network. The combined workforce of more than 17,000 highly educated and trained employees will have even more opportunities to further develop their skills. And importantly, there is a strong commitment by both DNV and GL for the merged company to invest heavily in research and innovation. Both DNV and GL want the merged company to be the preferred choice for customers that wish to tackle complex challenges with robust standards, certification and innovative solutions. It is all about helping our customers doing the right thing.

DNV's vision has been a key driver for building global positions beyond our 150-

year-old ship-classification business: in oil and gas, in business assurance and in the power and renewable-energy sectors. GL has expanded from ship classification into the same areas. As a consequence, the combined company will be a globally leading player in what is now often referred to as the Testing,

IT IS ALL ABOUT HELPING
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Inspection and Certification industry. This is a Euro 80 billion industry, of which some two thirds are performed by customers' in-house activities and one third by external parties, such as DNV. Outsourcing is a global trend and a strong growth driver for this market.

CURRENTLY, THE SHIPPING INDUSTRY is not experiencing overall growth. It is still suffering from tonnage overcapacity and weak developments in the global economy and trade. These will affect the shipping market

for another one to two years. DNV continued in 2012 to invest in research and development and to provide innovative solutions for more fuel-efficient shipping. This is currently the top priority for shipping companies, which are facing high fuel prices and lower freight rates.

Safety and quality remain DNV's first priority. However, 2012 was not without its quality incidents in the maritime industry. So despite extra efforts to identify root causes and learn from previous events, we can never pay enough attention to quality and safety.

Safety is also an ongoing concern for the oil and gas industry, where the Macondo incident in the Gulf of Mexico in 2010 is still fresh in mind. Learning from such events is critical and DNV has been a strong advocate for a risk-based approach in an improved offshore oil and gas regulatory regime.

THE OIL AND GAS INDUSTRY is, contrary to shipping, experiencing strong growth and record investments, and DNV is benefiting from this. DNV's direct revenue from oil and gas activities is now almost the same as the revenue we generate from maritime-related services. The activity level in the oil and gas industry also made the offshore shipping segment stand out as one of few shipping segments that performed well in the past year. This contributed to our maritime business producing a good result despite the overall weak developments in shipping in 2012.

As oil and gas exploration and production activities are moving into harsher, deeper and more remote and environmentally sensitive areas, we are performing a balancing act: on the one hand, we provide risk manage-



ment services, technological expertise and innovative solutions to enable our customers to explore new frontiers. On the other hand, we assist in ensuring and verifying that this exploration takes place in a safe and responsible manner.

THE DEMAND FOR ENERGY continues to grow. The supply will continue to rely heavily on fossil fuels during the next few decades. However, a major energy transition towards cleaner energy is needed to meet tomorrow's energy demand while addressing climate change, energy security, the depletion of resources and the ageing infrastructure. The creation of the DNV KEMA Energy and Sustainability business area, following the acquisition of the majority shareholding in KEMA in March 2012, was in response to that. We now offer services covering the entire energy value chain, from power generation, transmission and distribution to sustainable energy use. Our ambition is to impact the transition towards a cleaner, safer and more reliable and cost efficient energy future.

The work of combining 500 legacy DNV employees with 1,700 legacy KEMA employees is almost complete and has proven very

THE ACTIVITY LEVEL IN THE OIL AND GAS INDUSTRY ALSO MADE THE OFFSHORE SHIPPING SEGMENT STAND OUT AS ONE OF FEW SHIPPING SEGMENTS THAT PERFORMED WELL IN THE PAST YEAR.

successful. DNV KEMA managed after only a few months of joint operation to secure several groundbreaking projects, which would have been very difficult for one of the companies to do alone.

Integrating KEMA has given us valuable experience which will be useful for the integration process with GL. We have also learned that our systems and processes, notably within IT and HR, are robust and scalable.

WITH A CLEAR SAFETY AND SUSTAINABILITY FOOTPRINT IN ALL THE SERVICES WE PROVIDE ACROSS ALL BUSINESS AREAS, WE HAVE A SPECIAL RESPONSIBILITY TO TAKE OUR OWN MEDICINE.

WHILE OUR TARGET INDUSTRIES EXPERIENCE

cyclical markets and are sensitive to global economic developments, DNV's business assurance entity has shown remarkable resilience to the financial crisis. Increasing demand for companies to demonstrate sustainable business practices beyond compliance has contributed to this positive development.

DNV Business Assurance serves a wide range of industries, providing management-system and product-certification services. It is well positioned to grow further, particularly within its target industries – food and beverages, healthcare, automotive and aerospace. This concentrated approach and increased customer focus enabled DNV Business Assurance to grow faster than its competitors in 2012.

WITH A CLEAR SAFETY AND SUSTAINABILITY FOOTPRINT in all the services we provide across all business areas, we have a special responsibility to take our own medicine. We are constantly working to improve our occupational health and safety performance, and reduce our environmental impact, and recently obtained third-party certification of our SHE management systems. We continue to put emphasis on the promotion of the well-being and competence of our employees, as well as on fostering a culture of integrity and combatting all forms of bribery and corruption across all business units. This is key to safeguard the trust and the long-term success of our company, and will remain a top priority in the years to come. We base our work in this area on the principles of the UN Global Compact, and continue to engage in the World Business Council for Sustainable Development.

LOOKING BACK AT 2012, I can only conclude that it was a very successful year for DNV. Not only did we demonstrate strong performance, but with the DNV GL merger agreement we also created an outstanding foundation for the future. I personally cannot wait to lead the new company and show customers, employees and society at large that we add more value, offer more opportunities and contribute to a safer and more sustainable future.

Henrik O. Madse

BOARD OF DIRECTORS' REPORT

2012 was a strong year for DNV. Revenues increased by 27% compared to 2011 and the company strengthened its global position in all its key business areas: maritime, oil & gas, energy & sustainability and business assurance.

The integration of the energy consulting and certification company KEMA has been demanding but successful. It has established DNV as a globally leading expert in the electrical power and transmission industry. The end of 2012 marked a historic moment for DNV – the signing of an agreement to merge with the GL Group.

The announced merger between DNV and GL will establish one of the world's leading ship and offshore classification societies. The merger will also create one of the world's leading independent technology and risk management expert organisations operating in the oil & gas, renewable energy and power sectors. In addition, DNV is already a leading management-system and product-certification body.

The Testing, Inspection and Certification (TIC) industry consists of independent companies providing services in the areas of safety, quality and environmental protection. The TIC industry has demonstrated strong growth and resilience during the financial crisis and the merged DNV GL Group will become one of the world's leading companies in this industry.

The new DNV GL Group will have 17,000 employees and generate revenues of some EUR 2.5 billion. Stiftelsen Det Norske Veritas (the Foundation) will be the company's majority owner, with 63.5% of the shares, while the existing GL owner, Mayfair, will hold 36.5%. The merged company will be registered in

Norway and have its headquarters in Oslo and will become operational after the anticipated approval from the competition authorities, which is expected during 2013.

Companies and societies are facing increased globalisation, rapid technological change and the need to find sustainable energy solutions. The DNV GL Group will respond to these challenges with an unrivalled global reach, a broad service portfolio and extensive R&D and innovation investments and capabilities.

MARKET POSITIONS. The slow or stagnating economic development in developed countries, continued overcapacity in the world merchant fleet and constrained access to finance resulted in a tough year for the maritime industry. However, the high level of activity maintained in offshore oil and gas exploration and production led to strong performance in the offshore supply and mobile offshore units segments, where DNV enjoys a robust position as a classification society.

In 2012, DNV secured 316 new-building classification contracts for ships and mobile offshore units, corresponding to 8.8 million gross tonnes. This gives an estimated share of 17% of newbuilding classification in numbers and 22.5% in gross tonnes. The positive trend in 2011 of securing more quality ships to DNV Class from other class societies was not maintained. The total DNV-classed fleet of ships

and mobile offshore units fell from 6,134 at the end of 2011 to 6,115 at the end of 2012, mainly due to a high level of scrapping. This gives DNV a 9% share of the classed world fleet in number of ships/units and a 14.5% share in gross tonnage. The high oil price and continued large capital investments in the oil and gas industry helped DNV achieve strong growth in its oil and gas activities in 2012 too, and the company continued to strengthen its position as a leading expert in harsh operational environments.

The need for sustainable energy requires the energy sector to undergo an extensive transition involving the integration of more renewable energy into the grid, the more efficient use of energy and extensive investments in power transmission and distribution. The acquisition of 74.3% of the shares in KEMA in 2012 and subsequent establishment of DNV KEMA Energy & Sustainability in March 2012 was initiated to support this transition. DNV KEMA's position as one of the world leaders in the testing of high-power equipment and systems will be further strengthened by the decision to invest EUR 70 million in expanding the high-power laboratory in Arnhem, the Netherlands.

The management-system and product certification segments continued to grow significantly in spite of the slowdown in the world economy. This resulted in strong performance by DNV Business Assurance and revenue growth of 9%, in line with its strategic goal. The continued focus on the global food and beverage sector and demand for food safety services led to a sharp revenue increase in this important segment. DNV Software achieved its strategic goal of generating more than 80% of its revenue from customers outside of DNV by providing technical safety, design assessment and asset management software for mainly the ship-building, offshore oil & gas and process indu-

stries. DNV Petroleum Services is the foremost name in marine fuel quality and quantity testing and performed two-thirds of the world-wide contracted fuel quality testing services. Besides testing traditional marine heavy fuel oil, DNV Petroleum Services saw a rapid increase in the quality testing of marine distillate fuels.

FINANCIAL PERFORMANCE. DNV achieved operating revenue of NOK 12,850 million in 2012, an increase of NOK 2,693 million from 2011. Of the 27% revenue growth, 9% is organic growth within DNV units and 18% is the result of the KEMA acquisition in March 2012. Both the Maritime and Oil & Gas and Business Assurance business areas showed robust organic growth rates, primarily from traditional classification and certification services.

Earnings before interest, tax and amortisations (EBITA) improved from NOK 1,122 million in 2011 to NOK 1,222 million in 2012. However, the operating profit (EBIT) decreased by NOK 16 million from NOK 1,058 million in 2011 to NOK 1,043 million in 2012 as a consequence of increased goodwill amortisations. The net financial income of NOK 63 million is mainly from the return on surplus liquidity in the money market and forward premiums on currency hedging contracts.

The tax expense of NOK 386 million in 2012 represents an average tax cost of 35%, up from 33% in 2011 primarily due to non-tax-deductible goodwill amortisation from the KEMA acquisition. The effective tax rate for the ongoing business is calculated to be 27%.

At the beginning of the year, the Board approved a deferred bonus scheme focusing on technical experts and senior managers. Other employees remain in the profit-sharing scheme. Based on the overall performance in 2012, the Board has approved a total payment for the two schemes of NOK 304 million to eligible permanent employees. Including bonus schemes in N.V. KEMA of NOK 44 million, the total bonus expense for 2012 for the group is NOK 348 million.

THE ANNOUNCED MERGER BETWEEN DNV AND GL WILL ESTABLISH ONE OF THE WORLD'S LEADING SHIP AND OFFSHORE CLASSIFICATION SOCIETIES.

The net profit for 2012 is NOK 719 million, compared to NOK 730 million for 2011 and NOK 613 million for 2010. The cash flow from operations was positive at NOK 619 million in 2012, but the net cash flow was negative since the acquisition of KEMA was entirely financed by equity.

The DNV Group has revenues and expenses in more than 50 currencies. DNV has a natural hedge in many currencies through its balance of revenues and expenses. Major imbalances on the balance sheet are hedged through forward exchange contracts.

DNV has a strong balance sheet with no interest-bearing debt and total equity of NOK 7,236 million or 60% of its total assets. The equity has been increased by NOK 488 million due

to an unrecognised net gain from the defined benefit pension plans, as DNV has adopted the principle of using the covered bond (OMF) rates as a benchmark for the applied discount rate.

The accounts of the parent company, Stiftelsen Det Norske Veritas, show a profit after tax of NOK 25 million which will be transferred to other equity. The Board of Directors confirms that the going concern assumption applies and that the financial statements have been prepared on this assumption. The Board regards DNV's market positions as satisfactory and financial status as strong. Both give the company a robust platform from which to achieve its strategic growth targets and maintain its independence as a financially strong and trusted company. The Board believes that DNV is well prepared for the merger with the GL Group.

STRATEGY. The current 2010–2015 strategy was reviewed in the spring of 2012 to reflect the addition of KEMA. However, the basic strategy and goals have not changed as the positions, roles and competences achieved through the integration of KEMA had already been identified and targeted in the strategy.

In the maritime sector, DNV aims to be one of the world's leading classification societies measured by quality performance indicators and by having the highest revenue from classification activities. In addition to overcapacity, the shipping industry faces increasing fuel prices and stricter environmental regulations. DNV will continue to focus on technology innovation, efficient energy use and LNG as shipping fuel to help its customers address these challenges.

Risks increase as offshore oil and gas activities are carried out in harsher and deeper waters and with increasingly complex reservoirs. DNV aims to become one of the world's leading, independent technical and risk-management services providers in challenging operational environments and to strengthen its position as a thought leader in offshore safety. Gas is increasing its share of the energy mix and is much more than a transitional solution towards a low-carbon society. DNV targets significant business growth along the entire gas value chain.

In the energy and renewables sector, the overall goal is to assist customers to develop, deploy and operate electrical power in a clean, safe and cost-efficient manner. DNV KEMA's target for the strategy period is to maintain the company's position as one of the leading testing, inspection, certification and expert-advice providers to the electrical power industry. That includes being the advisor of choice for renewable energy generation and its integration into the grid. DNV KEMA has a focused growth strategy which has also led to some restructuring of the company in order to provide a clearer focus.

DNV Business Assurance is today one of the three largest management-system certification bodies in the world, but aims to be the world-leading company by revenue within the strategy period. This position is to be achieved through aggressive organic growth, acquisitions and/or partnerships. Extraordinary annual revenue growth of 30% is targeted in the food and

beverage sector. In the second focus sector, healthcare, the goal is to accredit 1,000 hospitals and healthcare providers by 2014. The company will also develop its present position in product, second-party and supply-chain certification.

INNOVATION. DNV continued to invest around 6% of its revenue in research and innovation activities in 2012. DNV maintained its successful extraordinary innovation projects, which are meant to inspire the industry with novel technology solutions for important current challenges. In 2012, some profiled projects were two new concepts for deep and ultra-deep gas pipelines over long distances, a concept for floating solar fields and an offshore power generation concept for a cluster of Floating Production and Storage units.

DNV MAINTAINED ITS SUCCESSFUL EXTRAORDINARY INNOVATION PROJECTS, WHICH ARE MEANT TO INSPIRE THE INDUSTRY WITH NOVEL TECHNOLOGY SOLUTIONS.

DNV also published a report, Shipping 2020, looking at how environmental and energy efficiency requirements will affect the uptake of technology in shipping and change the composition of the world fleet towards 2020.

Towards the end of 2012, DNV published the world's first recommended practice for the safe and responsible development of shale gas. Following an industry consultation process, this recommended practice is expected to become an important reference document for the game-changing shale gas industry.

Involving industry partners has always been an effective means for DNV to carry out research projects, and the same was true in 2012 when a number of joint industry projects were launched. An assessment of LNG bunkering in Australia was one such project, adding to other LNG bunkering studies conducted by DNV around the world in 2012.

DNV established a Deepwater Technology Centre in Singapore during the year, and this has become a competence centre for the offshore oil and gas industry in Asia Pacific. Moreover, DNV KEMA opened a smart grid inspiration and demonstration centre together with three other partners in order to enable companies, governments and information institutions to become acquainted with intelligent energy networks – also called smart grids.

ORGANISATION. On 1 March 2012, following the acquisition of the majority shareholding in KEMA, DNV established a group structure with three business areas: DNV Maritime and Oil & Gas, DNV KEMA Energy & Sustainability and DNV Business Assurance.

The integration of approximately 1,700 legacy KEMA employees and 500 legacy DNV employees into DNV KEMA has required extraordinary efforts from many people throughout 2012 and this has continued into the first quarter of 2013. During 2012, DNV also acquired three smaller companies: NPS, an oil spill preparedness



company; COEX, a maritime IT company; and TwoTomorrows, a sustainability consultancy company. In addition, DNV acquired minority shareholdings in DGM, a medical device company, and the meteorology company StormGeo as well as the Swedish Transmission Research Institute (STRI).

This year, DNV's annual employee People Engagement Survey achieved a 94% response rate and revealed a continued positive trend. DNV now rates above the Hay Group's High Performance norm in the areas of engagement (commitment and loyalty) and enablement (creating a work environment where people feel productive and efficient). This is manifested in higher than normal scores in the areas of competence development, line manager relationship, inclusive culture and pride in the brand. In addition, strong improvements were seen in the areas of perception of leadership and customer focus.

At the close of 2012, DNV had 10,532 employees and net growth of 24.5% from 2011 (this includes both organic and non-organic growth). The turnover of personnel decreased significantly from 10.4% in 2011 to 8.3% in 2012 (excluding legacy KEMA employees). DNV not only has an equal opportunity policy for all employees, irrespective of nationality, gender or age, but also views a diverse workforce as a strength and actively promotes diversity. Non-Scandinavian countries account for 73% of all managers and 23% of managers are female. In addition, 33% of the total workforce is female.

DNV's goal of developing highly competent, high performing and engaged people led to a number of initiatives in 2012. These included an internal campaign launched in conjunction with a new global employer-branding project to further build upon employee pride; a total compensation project initiated to benchmark DNV's compensation levels with those of similar companies and which is now informing employees about the elements in their total compensation packages; and the further development of DNV's existing career model in order to make it more applicable to all employees.

The Board acknowledges and sincerely thanks the workforce for the hard work and commitment displayed by both management and employees throughout 2012.

CORPORATE GOVERNANCE. The Board considers sound corporate governance to be essential to ensure trust in DNV and a cornerstone for achieving the greatest possible value creation over time in the best interests of the company's customers, employees and other stakeholders.

Stiftelsen Det Norske Veritas is the parent entity of the DNV Group. DNV operates through a group of limited liability companies, with Det Norske Veritas Group AS as the holding company. The formal corporate governance framework of Stiftelsen Det Norske Veritas is the Norwegian Foundations Act. In late 2011, the Board, with the support of the Council, initiated a review of DNV's corporate governance. The review was performed in 2012 with assistance from external experts and the involvement of the governing bodies and management. The external project group advisors concluded,

as a general observation, that DNV applies sound corporate governance principles and management, but that the company's previous practice and the governance requirements in the Foundations Act do not fully respond to the governance needs of a foundation such as DNV, with its size, complexity and public-interest position.

THIS YEAR, DNV'S ANNUAL EMPLOYEE PEOPLE ENGAGEMENT SURVEY ACHIEVED A 94% RESPONSE RATE AND REVEALED A CONTINUED POSITIVE TREND.

As a consequence of the review, the Council revised and modernised DNV's Statutes in September 2012. The amended Statutes will become effective when approved by the Norwegian Foundation Authority. Such approval is expected in the first half of 2013. In addition, the instructions to all governing bodies have been reviewed and updated by the Council and Board respectively.

Further, the Board has decided to issue an annual corporate governance report based on principles that apply to listed public limited companies in Norway, and to apply these corporate governance principles to the extent which is relevant to DNV as a foundation with no shareholders or owners.

The Board work is governed by written instructions and an annual plan. In 2012, the Board held six ordinary board meetings. In addition, and mainly as a consequence of the DNV GL merger negotiations, the Board held four extraordinary meetings. The Board member attendance in 2012 was close to 100%. More information on DNV's corporate governance can be found in a separate report published on www.dnv.com.

CORPORATE RESPONSIBILITY. To DNV, being a responsible corporate citizen is about how business is conducted every day. Corporate responsibility is integral to the company's purpose, values, vision and culture. DNV's commitment to corporate responsibility goes beyond compliance and is fundamentally about how the company contributes, through its services and operations, to achieving a sustainable future.

DNV actively participates in the United Nations Global Compact, which it signed in 2003. It works systematically to implement the ten universal principles in the areas of human rights, labour, the environment and anti-corruption into its management system, culture and day-to-day operations worldwide. The Board of Directors strongly supports the company's efforts in these areas and reviews the implementation progress annually.

In 2012, DNV focused on further integrating corporate responsibility into its operations. To this end, the Corporate Responsibility (CR) Board was reconfigured to comprise functions with operational responsibility from all three business areas. The CR Board is tasked with

implementing the Group CR strategy in each business area, ensuring a sound and systematic approach to CR, as well as with monitoring progress towards objectives on an annual basis.

Openness and transparency are critical to protect and advance the trust in, and integrity of, DNV. As such, DNV is committed to improving its reporting on sustainability risks and impacts. To this end, DNV has launched an ambitious project to achieve a Global Reporting Initiative level A for its sustainability reporting by 2013 and level A+ by 2014.

To strengthen efforts to manage and report on material risks, DNV conducted a comprehensive materiality analysis and stakeholder dialogue in 2012. The results will provide the basis for the company's efforts relating to sustainability risk management and reporting in order to strengthen value creation for both DNV and its stakeholders.

DNV extends its commitment to corporate responsibility to its value chain and is reviewing the corporate sustainability practices and performance of its suppliers globally. In 2012, DNV also updated its mandatory CR training programmes for employees, including the business ethics programme 'Dealing with Dilemmas'.

HEALTH, SAFETY AND THE ENVIRONMENT.

Building on the successful certification of its management system to ISO 14001 in 2008 and OHSAS 18001 in 2011, DNV has throughout 2012 driven the organisation further towards a more systematic approach to Safety, Health and Environment (SHE) by means of an efficient SHE management system and processes.

Thus, various initiatives have been implemented to encourage DNV employees to accept increasing responsibility for their own safety, health and environmental footprint. Twelve specific health and safety precaution guidelines, the DNV 'life savers' have been further developed to raise awareness about where our main serious accident risks lie. The 'life savers' were developed from an in-depth study of all reported incidents and hazards in DNV together with information from a number of risk assessments as documented by operational units in our risk assessment tool EasyRisk Manager.

THE BOARD HAS DECIDED TO ISSUE AN ANNUAL CORPORATE GOVERNANCE REPORT BASED ON PRINCIPLES THAT APPLY TO LISTED PUBLIC LIMITED COMPANIES IN NORWAY

Further to EasyRisk Manager, all operations worldwide are now covered by a country-by-country risk catalogue breakdown structure to facilitate effective and efficient risk assessment processes. In addition to common risks for a country, each DNV company with different risks in a country is covered separately with specific assessments of its own operations.

An important means initiated across the Group during 2012 was the roll-out of the Synergi Life software tool for reporting and

analysing hazards and incidents. The tool and improved processes will strengthen DNV's focus on reporting and improve organisational learning from incidents and hazardous conditions.

Throughout DNV, 984 work-related incidents and hazards were reported in 2012, an increase of 24% compared with 2011. DNV has good reason to believe this increase is the result of the company-wide focus on the importance of reporting incidents and hazards, rather than deterioration in occupational health and safety standards. The total sickness absence rate (excl. N.V. KEMA) has decreased to 2.2% in 2012 from 2.4% in 2011. DNV's activities do not have a significant negative impact on the environment.

The 'WE Do' programme was continued, making NOK 33 million available for employees to introduce measures to reduce emissions in their private lives. In total, 3,755 employees applied for funds in 2012. In addition to more effective environmental practices, this programme is also important in order to enhance motivation and the awareness of environment-related initiatives.

CORPORATE RISK MANAGEMENT. The Board of Directors acknowledges the involvement of a more complex risk universe and the importance of continuously having a comprehensive understanding of the risks facing DNV that could affect corporate values, reputation and key business objectives. DNV has processes in place to identify such risks at an early stage in order to initiate corresponding risk mitigating measures, assign roles and responsibilities and evaluate whether the residual risk is acceptable.

DNV's risk management policy is part of the management system and ensures that the risk management processes and culture are an integral part of everything we do. The policy is aligned with the ISO 31000 framework.

The Board formally reviews the risk management status and outlook twice a year. The risk review is conducted both as part of the strategic plan discussion from a long-term strategic point of view and as part of the discussion connected to the annual plan for the coming year.

DNV calculates its net risk financing capacity on an annual basis, taking into account the most important risk factors. Based on risk methodology, the analysis includes potential losses from normal operations, financial investments and pension plans (both assets and liabilities). Compared to last year, our analysis indicates a slightly higher operational risk and risk related to unhedged currencies. Given a minimum 40% equity ratio as defined by the Board, the net risk financing capacity analysis indicates the amount of additional debt that could be raised.

This exercise gives the Board of Directors an overview of the key quantified risks and DNV's capacity to take on additional risk.

In 2012, a number of risks at the top of the corporate agenda were discussed at Board meetings. One of these was the effect of the volatility in the financial markets on DNV's pension commitments. The present low interest rate environment has over several years led to a marked increase in the pension commitments and lower return on pension assets.

A second area of concern is the challenging political relationship between the Chinese and Norwegian governments. This situation is threatening DNV's growth ambitions in China, and a number of initiatives are in place or being considered to minimise the negative effect this has on DNV's business in China.

The risk of serious quality issues in DNV represents another area of concern. Numerous barriers exist to minimise the chance of such events occurring and DNV's quality management system is constantly being scrutinised to ensure that we are managing this risk in a satisfactory manner.

Finally, DNV views class services' increasingly fierce price competition in a sluggish shipping market as a risk to the class concept itself, in the sense that the primary role of class to enhance safety could be jeopardised by commercial interests.

FUTURE OUTLOOK. The Board of Directors believes that the oversupply of ships will continue to impact DNV's shipping business in 2013. Most shipping segments are in the midst of a severe crisis that is expected to last until 2014-15. The crisis is the result of a world economic slump marked by low growth and an oversupply of tonnage, and is reinforced by high fuel prices. This coincides with the entry into force of challenging IMO environmental conventions. The uptake of innovative technology, operations, logistics, financing and contractual relations is necessary to bring about the necessary developments and change.

However, DNV was successful in winning a large percentage of the newbuilding classification contracts in 2012, and these and previous orders will secure a relatively high level of newbuilding activity throughout 2013. Green shipping, innovation and more fuel-efficient ship types will represent opportunities for DNV and the shipbuilding industry in general.

In the energy sector, the trend towards increased production from deep and ultra-deep offshore fields continues, with growing markets in Brazil, Gulf of Mexico, Australia, South East Asia and Africa. The new discoveries on the Norwegian continental shelf have resulted in more investments and optimism in the Norwegian oil industry.

The risk of political instability following the Arab Spring in 2011 continues, with the terror attack against the BP/Statoil/Sonatrach plant in Algeria as the most recent event. New sanctions against Iran have been imposed by both the US and EU, and DNV has discontinued its business in Iran and towards Iranian customers.

Natural gas is now portrayed as part of a low carbon future and provides opportunities for risk management and third-party services relating to gas power, distribution and use, areas in which DNV is well positioned. Gas distribution grids in many countries will operate with varying mixes of natural gas, LNG and biogas, and this will present particular challenges. In the longer perspective, the introduction of carbon capture and storage (CCS) for gas power plants may lead to a near zero GHG-emission gas power industry.

THE BOARD OF DIRECTORS BELIEVES THAT THE OVERSUPPLY OF SHIPS WILL CONTINUE TO IMPACT DNV'S SHIPPING BUSINESS IN 2013.

The transportation and distribution of electrical power will see very large investments in the coming years, both to reinforce and further develop electricity grids in developed countries and to design and build new grids in developing countries. Smart grids are part of this industry picture, in which traditional power grid performance is improved by IT technology. Super grids will also allow the transportation of large volumes of power over longer distances and will represent a new global electrification component. Through the integration of KEMA, DNV is well positioned to strengthen its position in these market segments.

The Board of Directors believes that DNV has the global positions, expertise and resources required to provide guidance and support in a business environment where the need for independent technical skills and risk management is evident. The planned merger with GL will improve the overall position in all business segments and strengthen the service and competence platform as the two companies rarely compete against each other. The combined DNV GL will emerge as a strong player in all segments: maritime, oil & gas and business assurance as well as energy, where the focus is on renewable energy, electricity transmission and distribution and sustainable energy usage. DNV GL will have a denser global network, with more competence hubs with deeper and wider expertise, and the Group will invest more in research and innovation to the benefit of its customers and society. ■

THE BOARD OF DIRECTORS OF STIFTELSEN DET NORSKE VERITAS, HØVIK, 18 APRIL 2013

LEIF-ARNE LANGØY
CHAIRMAN

MORTEN ULSTEIN
VICE CHAIRMAN

C. THOMAS REHDER

JOHN H. WIIK

HILDE TONNE

FRANCES MORRIS-JONES

CHEN WEI

ODD SUND

SILJE GRØTHJEM

METTE BANHOLTZ

HENRIK O. MADSEN
CHIEF EXECUTIVE OFFICER

BOARD OF DIRECTORS



1 LEIF-ARNE LANGØY

BORN: 1956 **POSITION:** Chairman of the Board of Directors since June 2011
EDUCATION: Norwegian School of Economics and Business Administration
MEMBER OF THE DNV BOARD: Since June 2010
DIRECTORSHIP(S) OUTSIDE DNV: Chairman of Sparebanken Møre, a director of Istad AS, and Vice Chairman of The Resource Group AS (TRG).

2 FRANCES MORRIS-JONES

BORN: 1958 **POSITION:** Business Development Director at 3Legs Resources plc
EDUCATION: University Scholarship award and MA Hons First Class degree from Oxford University
MEMBER OF THE DNV BOARD: Since 2009
DIRECTORSHIP(S) OUTSIDE DNV: None

3 JOHN H. WIIK

BORN: 1949 **POSITION:** Managing Director at Norwegian Hull Club
EDUCATION: Masters degree in Business Administration
MEMBER OF THE DNV BOARD: Since 2003
DIRECTORSHIP(S) OUTSIDE DNV: None

4 MORTEN ULSTEIN

BORN: 1953 **POSITION:** Vice Chairman of the DNV Board of Directors
EDUCATION: Rolls Royce Business Leadership Program, 2000. Training programs at IMD, Lausanne 09/90–06/92. The University of Trondheim, The Norwegian Institute of Technology, Master of Science in naval architecture and marine engineering 1973–77.
MEMBER OF THE DNV BOARD: Since June 2011.
DIRECTORSHIP(S) OUTSIDE DNV: Chairman of the Island Offshore Group of companies and various directorships in private as well as publicly listed companies.

5 C. THOMAS REHDER

BORN: 1956 **POSITION:** Managing partner of Carsten Rehder GmbH & Co KG
EDUCATION: Business Studies at European Business School, Frankfurt
MEMBER OF THE DNV BOARD: Since 2009
DIRECTORSHIP(S) OUTSIDE DNV: Vice President European Community Shipowners Association, Chairman maritime and port committee of the Hamburg Chamber of Commerce.

6 HILDE TONNE

BORN: 1965 **POSITION:** Head of Group Industrial Development, Telenor
EDUCATION: Diploma Thesis, RWTH Aachen, Germany, M.Sc., Petroleum Technology major, NTH Trondheim, Norway
MEMBER OF THE DNV BOARD: Since 2008
DIRECTORSHIP(S) OUTSIDE DNV: None

7 SILLE GRJOTHEIM

BORN: 1970 **POSITION:** Head of Department Rules and Standards
EDUCATION: M.Sc. – metallurgical/corrosion engineer
MEMBER OF THE DNV BOARD: Since 2007, elected by the Norwegian employees of DNV
DIRECTORSHIP(S) OUTSIDE DNV: None

8 METTE BANDHOLTZ

BORN: 1963 **POSITION:** Senior Support Specialist Oil & Gas, DNV, Esbjerg
EDUCATION: Bachelor, technical and legal English
MEMBER OF THE DNV BOARD: Since 2011, elected by the European employees outside Norway
DIRECTORSHIP(S) OUTSIDE DNV: None

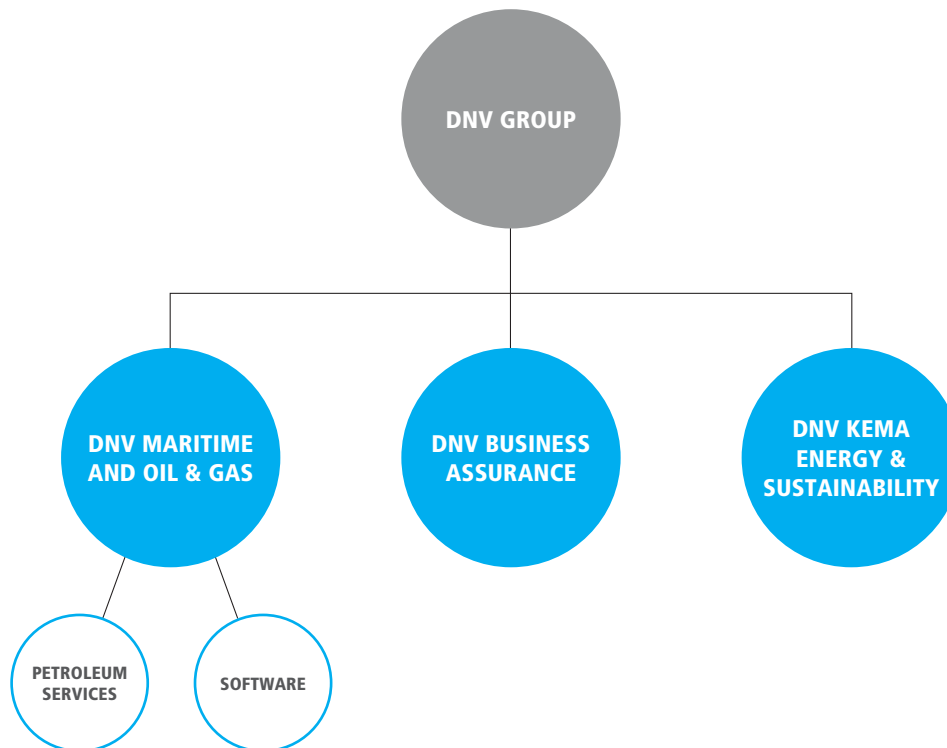
9 CHEN WEI

BORN: 1970 **POSITION:** Principle surveyor in Jiangyin Station, China
EDUCATION: Shanghai Jiaotong University, China
MEMBER OF THE DNV BOARD: Since April 2011, elected by the employees of DNV outside Europe
DIRECTORSHIP(S) OUTSIDE DNV: None

10 ODD SUND

BORN: 1957 **POSITION:** Principal engineer at the Høvik office
EDUCATION: Ingeniørhøgskole, OIH, Materials, 1980
MEMBER OF THE DNV BOARD: Since 2009, elected by the Norwegian employees of DNV
DIRECTORSHIP(S) OUTSIDE DNV: None

ORGANISATION



GROUP STRUCTURE

On 1 March 2012, DNV organised into a group structure with three separate business areas:

- » DNV Maritime and Oil & Gas
- » DNV Business Assurance
- » DNV KEMA Energy & Sustainability

In addition, we continued to have two Independent Business Units:

- » DNV Software
- » DNV Petroleum Services

More on page 38 and on:
dnv.com/moreondnv/profile/organisation

MANAGEMENT

The Executive Committee, which is the Group CEO's management team, consisted of eight people in 2012. The Executive Committee deals with issues and decisions related to strategy, budgeting, financial development, investments, mergers and acquisitions, pricing strategy, major management appointments, markets and customers.

HENRIK O. MADSEN

Group CEO
 Joined DNV in 1982

REMI ERIKSEN

CEO of DNV Maritime and Oil & Gas
 Joined DNV in 1993

CECILIE B. HEUCH

Chief HR and Organisation Officer
 Joined DNV in 2004

TOR E. SVENSEN

President of DNV Maritime and Oil & Gas
 Joined DNV in 1993

BJØRN KJ. HAUGLAND

Chief Technology and Sustainability Officer
 DNV Group
 Joined DNV in 1991

THOMAS VOGTH-ERIKSEN

Chief Financial Officer
 DNV Group
 Joined DNV in 1988

LUCA CRISCIOTTI

CEO of DNV Business Assurance
 Joined DNV in 2001

DAVID WALKER

CEO of DNV KEMA
 Joined DNV in 2007

THE HISTORY >

DNV's history is rooted in the maritime sector, starting in 1864. Since then, DNV has added new dimensions to its business: Energy, Internationalisation, Certification and Sustainability.



MARITIME



DNV is established by Norwegian insurance companies as a national alternative to foreign classification societies.

Agents, and later permanent surveyors, appointed in a number of countries to serve Norwegian vessels abroad.

Steamships are introduced in the 1870's, and most of the sail ships are phased out by the 1920's.

Samuel Plimssoll starts the process leading to the compulsory load lines on every British ship, put into force in 1891.

First phase of growth, both in shipping in general and in the DNV-classed fleet.

200
EMPLOYEES
BY 1947



The first International Convention for the Safety of Life at Sea (SOLAS) is adopted in response to the sinking of the Titanic.

From 1920 to 1940 diesel engines are introduced as propulsion on new ships. DNV is quick to adopt this new technology and 'engineering surveyors' are recruited.

KEMA is established as the Dutch electricity industry's Arnhem-based test house by provincial and large municipal authorities that own electricity companies and a number of private power generators.

As the Netherlands' electricity infrastructure continues to develop, KEMA grows with it. In the 1930s, the short-circuit lab is built to carry out tests at high voltages.

During the Second World War, DNV is divided in two; one half in Newcastle, UK, and one half remained in the occupied Norway. This leads to a close co-operation with Lloyd's.

After the war, this co-operation culminates in a proposal by Lloyd's to buy DNV, and thereafter to a liberalisation process in DNV and the work aimed at developing new class rules. The co-operation between Lloyd's and DNV is subsequently terminated in 1952.



ENERGY



KEMA already possesses the biggest short-circuit laboratory in the world and starts the construction of a new lab, still known today as the world's biggest short-circuit laboratory.

DNV enters the oil business, in both the offshore installations and cargo sectors, including pipelines and vessels. This develops into a new important market.

The Berge Istra (1975) and Berge Vanga (1979) accidents occur.

1978: DNV becomes an independent foundation.

INTERNATIONALISATION:



The Alexander Kielland platform disaster in the North Sea. Regulations are subsequently improved.



SUSTAINABILITY



DNV becomes the first company to be accredited by the United Nations Framework Convention on Climate Change to validate climate change mitigation projects under the CDM (Clean Development Mechanism) scheme.

Risk Based Certification introduced, representing a revitalisation of management system certification.

DNV acquires Cortest Columbus Technologies (CCT) – specialising in corrosion control, pipeline and plant integrity analyses and material evaluation for the pipeline industry.

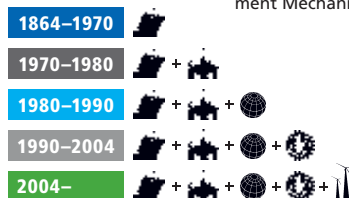
DNV acquires Global Energy Concepts, a US based wind power consulting firm with 95 employees.

DNV approved to accredit hospitals in the US.

KEMA acquires Gas Engineering Services from Gasunie and sells part of its testing and certification activities to the German company DEKRA.

1000
EMPLOYEES
BY 1972

5800
EMPLOYEES
BY 2004





1883

Norway has the third largest fleet in the world, measured in registered tonnage.

1888

First DNV surveyor stationed in China.

1900

Close to 100% of the DNV-classed ships were for Scandinavian shipowners.

1907

DNV loosens its ties to the insurance clubs and becomes a regular certification and classification society.

1910

The Norwegian parliament votes on regulations for compulsory Norwegian load lines.

1912

Following the Titanic disaster, safety at sea becomes the subject of increasing public concern, and grows from simply safeguarding the ship to safeguarding passengers.

1948

The International Maritime Organisation (IMO) is created.

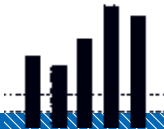


1951

Georg F. Vedeler is appointed managing director of DNV. He introduces a scientific approach to ship construction. His vision is to build safer ships in a more profitable way.

1953

As the first classification society to do so, DNV publishes new rules, based on an analytical and theoretical scientific approach.



1954

DNV takes a significant and pioneering step by establishing a dedicated Research department.

400 EMPLOYEES BY 1957

1964

DNV is finally united in one headquarters. The DNV fleet grows to almost 20 million gross tonnes (GT), twice as much as in 1960.



1967-68

1967: The golden age for both shipping and DNV. The internationalisation and expansion of the Society takes off.

1968: Foundation of the International Association of Class Societies (IACS).

1981

DNV Petroleum Services is established adding marine fuel management to DNV's expertise.

CERTIFICATION



1990

The ISO standards are introduced and DNV quickly grows its management system certification activities.

1990

KEMA expands its activities internationally and acquires ABB's Powertest laboratory in Chalfont, in the United States.

1997

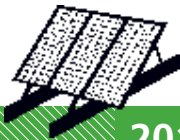
Managing Risk is introduced as DNV's corporate promise, reflecting DNV's core competence of identifying, assessing and managing risk.

2002

The number of DNV-classed vessels passes 5,000.

2010

DNV acquires Behnke, Erdman and Whitaker Engineering (BEW) to strengthen its position within solar, wind, power transmission and grid integration.



2010

DNV opens Clean Technology Centre in Singapore.

The Deepwater Horizon accident in the Gulf of Mexico.

8500 EMPLOYEES BY 2010

2011

Report is submitted with DNV's conclusions of its forensic examination of the Deepwater Horizon blowout preventer

2011

DNV acquires 74.3% of the shares in KEMA, creating a world-leading consulting and certification company within the cleaner energy, sustainability, power generation, transmission and distribution sectors.

2012

DNV Group is established with three separate operating companies: DNV Maritime and Oil & Gas, DNV Business Assurance and DNV KEMA Energy & Sustainability.

2012

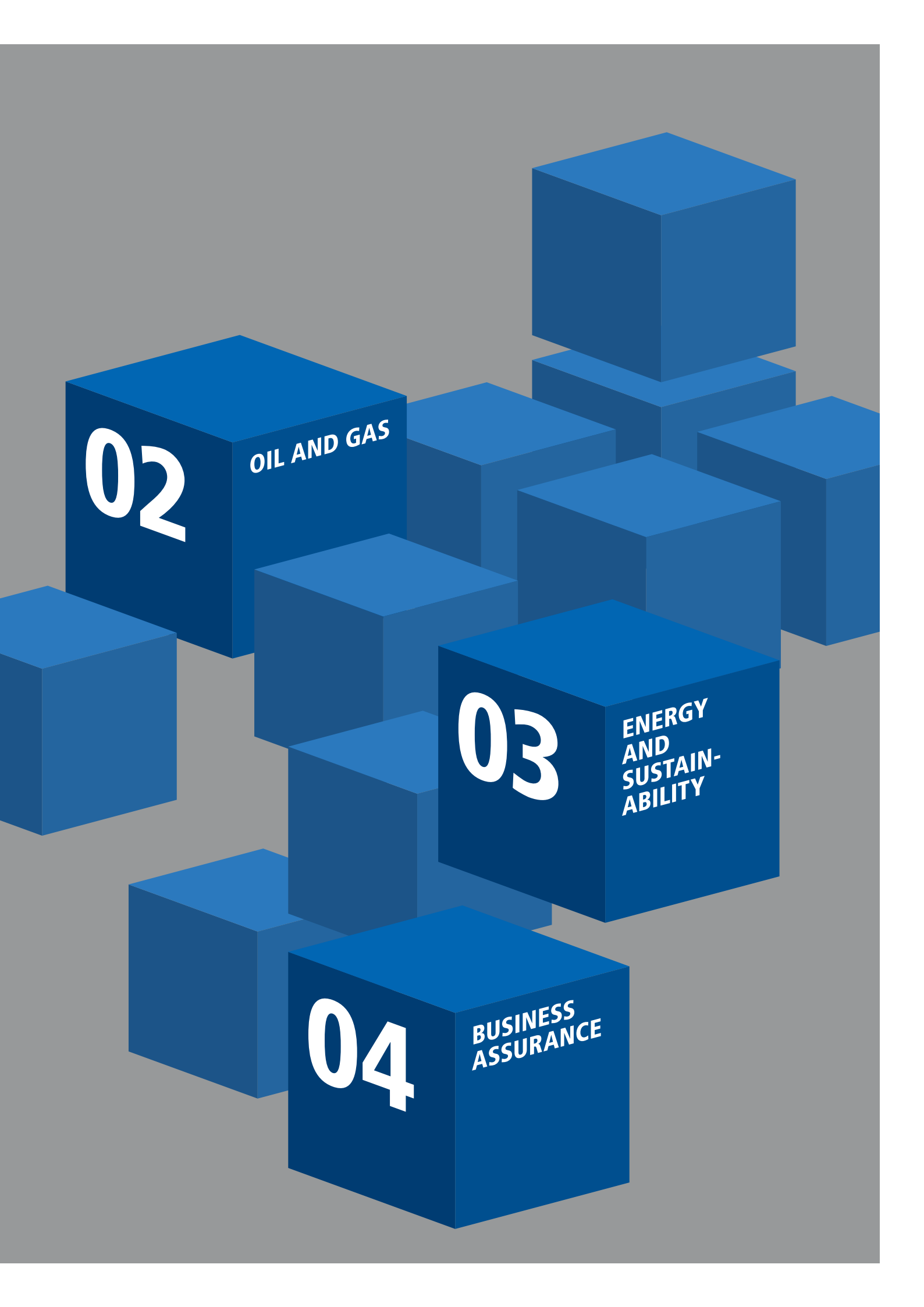
DNV and GL announce merger agreement.

WHAT WE DO



We enable our customers to safely and responsibly improve their business performance. We help them identify, assess and manage risk so they can turn risks into rewards. We assure compliance with standards, regulations and best practices and provide independent advisory services to help optimise the technical, operational, business, environmental and societal performance of close to 100,000 customers worldwide.

In sum, we help businesses and authorities around the world to build the trust and confidence of their stakeholders by doing the right thing. To stay relevant and with foresight, 6% of our revenue is invested in research and innovation. We work to have a global impact for a safe and sustainable future by providing services within the following areas:



02

OIL AND GAS

03

**ENERGY
AND
SUSTAIN-
ABILITY**

04

**BUSINESS
ASSURANCE**

01 FOCUS ON SHIPPING

SAFER AND MORE EFFICIENT OPERATIONS

Overcapacity and uncertainty were key words for the maritime industry in 2012. Many shipowners are struggling to choose the right strategy for the future, having to manage a complex risk picture in a challenging business environment with new environmental requirements and demanding technology choices. Many turn to DNV for insight.

The volatile shipping market, rising fuel prices and upcoming environmental regulations are driving the maritime industry towards more cost-effective and environmentally friendly operations. Since 1999, bunker prices have risen by more than 500% and the fuel cost currently represents the largest cost component for a vessel in operation. As prices are expected to remain high, measures to reduce fuel costs are high on shipowners' agendas.

ENERGY EFFICIENCY. DNV, together with shipping companies, has been involved in several initiatives to achieve more fuel-efficient operations. An example of this is Teekay's One Spirit design, representing the next generation of tankers. This eco-design reduces fuel consumption by 30% and this will dramatically reduce voyage costs and provide a more environmentally efficient transportation solution.

The One Spirit design has three key innovations: an aerodynamic hull, a G-type derated engine, and a slower three-blade propeller with a 20% larger diameter. DNV's participation in the project especially related to the propeller and bow design hydrodynamics. The vessel design is highly efficient and compliant with the upcoming 2025 EEDI (Energy Efficiency Design Index) requirements.

An APL and Hyundai Heavy Industries (HHI) project is another example. This project resulted in a hull design that makes APL's 10 new ultra-large container ships 20% more fuel efficient per TEU than existing designs. The design has been optimised for an operating profile along the Far East to Europe trade route, involving many speed and draft combinations. The new design means that the installed propulsion power can be reduced

by about 16% compared to the initial hull form optimised for only one draft and speed condition. The first of the new 13,800 TEU ships is under construction at HHI and will be delivered in 2013.

A new Handy-size bulk-carrier concept design, the Green Dolphin, was created by the Shanghai Merchant Ship Design & Research Institute (SDARI) and its development partners DNV and Wärtsilä. This concept design is a five-cargo-hold, double-hull bulk carrier that meets current and future expected air emissions regulations. It also provides options for the use of LNG as fuel. The design aims to be both fuel efficient and maintenance friendly, with high operational flexibility.

SAFETY AND THE HUMAN FACTOR. A detrimental trend in safety statistics is causing concern and DNV has called for a greater focus on the human element and competence in the shipping industry.

Our Global Cruise Centre in Miami is well positioned to assist the cruise lines and, together with the industry, we are developing a new approach to managing safety performance. Safe operations have many dimensions, but they always start with a fundamental understanding of potential hazards and vulnerabilities, a deep desire to improve and strong leadership.

Three aspects are of utmost importance. Firstly, the technical safety standard and defined margins for, and robustness against, accidents and failures must be in place. Secondly, additional safety barriers, such as work processes and organisational capabilities need to be implemented. Finally, the way in which companies manage the integrity of these barriers over time is essential. DNV has developed several best practice guidelines within critical safety areas and shared these with the industry.

Safe implementation of LNG as a marine fuel is a key area for DNV. We have worked on various aspects of LNG for more than 50 years. We have significant experience of the risks relating to handling gas in many physical states, and our top priority is to ensure that the implementation of LNG as a fuel for shipping is done in a safe way. The overlying safety principle is that any operations relating to an LNG-fuelled ship must have the same safety level as those relating to similar conventionally fuelled ships. We initiated an ISO standardisation project to develop an international standard for LNG bunkering. Another important risk element, not covered by IMO, is the limited skills and competences of marine crews on cryogenic technology and related operations. DNV is therefore working on a Recommended Practice for crew training.

DNV Navigator is a decision-support tool to help the master of a ship handle the administrative and regulatory complexity of port operations. Wallem Ship Management ordered DNV Navigator to manage its 190-ship fleet in a safer and more cost-effective way. The contract also includes the Work and Rest Hours module, helping to secure compliance with international legislation on rest hours for seafarers. DNV Navigator is now in use on almost 2,400 ships.

14.5%

DNV's market share of ships in operation – measured in gross tonnes.

6,115

A total of 6,115 vessels (5,857 ships and 258 MOUs) were classed by DNV at the end of 2012.

22.5%

DNV's share of new contracts signed in 2012 (gross tonnes).

RESEARCH AND INNOVATION. Every year, DNV spends 6% of its revenue on providing insight and being a value-adding partner for the industry. One example of DNV innovation is our COSSMOS (Complex Ship Systems Modelling & Simulation) project, which has developed methods and a computer tool for the modelling, simulation and optimisation of integrated ship machinery systems. DNV has had a particular focus on next-generation energy management and emission reductions. In 2012, a pilot of a module for monitoring and optimising crude oil discharge operations on tankers was run with Thenamaris Ships Management Inc and Samos Steamship Co. Simulation models were used to suggest strategies for improving the system's energy efficiency in order to achieve the fuel savings potential.

The Norwegian offshore industry intends to develop new charter agreements to help reduce fuel consumption through a DNV initiative according to which 10 charterers and shipowners, in addition to ConocoPhillips and Statoil, are working together. The main objective is to help the Norwegian-controlled offshore fleet to become the most environmentally friendly and cost efficient in the world. There is growing recognition that vessels are also part of the oil and gas industry's environmental footprint and that there are significant opportunities for cutting fuel costs. Low-cost operational measures have been identified and the focus is now on creating incentives that will enable fuel-reduction measures to be shared in a mutually beneficial manner.

Many new offshore wind farms are in the pipeline. This means that 2012 saw rapid growth in the wind-farm construction vessel market, coinciding with new operational demands that require careful consideration, particularly when designing jack-up systems. Based on its experience in classifying the latest and largest wind-farm construction vessels, DNV has highlighted the importance of structural interactions between hull, crane and jack-up technology. DNV helps to ensure that the design and construction of jack-up systems meet international safety, operational and market requirements.

Shipowners are becoming more and more interested in how batteries can be integrated to reduce emissions. DNV has contributed actively to this process. Lithium batteries have improved and fallen in price, and the market is maturing. The timing is right for batteries on ships, both ships that run entirely on electricity and hybrid ships. Norled, a ferry company, is about to start using the world's first large car and passenger ferry run on batteries. The Østensjø Rederi shipping company is building an offshore vessel which has a battery as part of its energy package. The *Viking Lady*, which runs on LNG and has a fuel cell, now has a battery package installed too. This will make this Eidesvik vessel a true hybrid. DNV is the only classification society to have prepared classification rules for battery-driven vessels. ■

OTHER ACHIEVEMENTS IN 2012

➔ AWARD: NORTH SEA GIANT.

North Sea Shipping's North Sea Giant won the Offshore Support Journal's prestigious Ship of the Year 2012 award in strong competition with all types of offshore support vessels built worldwide throughout 2011. The ship was designed by Sawicon and built to DNV Class by Metalships & Docks in Vigo, Spain. It is one of the largest and most advanced subsea-construction ships ever built.

➔ **SHIPPING 2020.** In order to provide clarity of choice, DNV published in 2012 the Shipping 2020 report. The report presents scenario analysis based on expected market developments, regulatory changes, fuel prices, the cost and availability of new technology and specific shipowner requirements. The study has explored the technologies with the best payoff that also ensure compliance with the relevant environmental requirements which are expected to be introduced.

Key findings of the Shipping 2020 report:

- » More than 1 in 10 ships will be delivered with gas-fuelled engines in the next eight years.
- » The new ECA requirements in force as from 2015 will result in most existing ships switching to distillate fuels when trading within these areas.
- » In 2020, the demand for marine distillates could be 200–250 million tonnes annually.
- » Newbuildings in 2020 will emit up to 35% less CO₂ than today's ships.
- » At least 30% of newbuildings will be fitted with exhaust gas recirculation or selective catalytic reduction systems by 2016 in order to reduce NO_x emissions.

➔ EMERGENCY RESPONSE SERVICE.

In response to the *Exxon Valdez* accident and the introduction of the OPA 90 requirements in the US, DNV established an Emergency Response Service (ERS) in 1992. This is a voluntary service offered to shipowners and aims to help them minimise the negative consequences of an emergency situation for the ship and environment.

By the year-end 2012, 2,268 vessels had signed up for this service and it was activated 25 times during the year. One example is when an oil tanker ran over an unidentified obstruction in the vicinity of Singapore and sustained extensive damage. The vessel experienced a total blackout. ERS was mobilised and was quickly able to advise that the vessel would stabilise and not sink, which turned out to be the case. In 2012, we also started to offer ERS Offshore.

02 FOCUS ON OIL AND GAS

NEW HEIGHTS IN THE OIL AND GAS INDUSTRY

Exploration and production activities are becoming more complex and require comprehensive risk management. Examples of that in 2012 included escalated public debate about shale gas, increasing focus on the Arctic, and high activity related to LNG. DNV's contribution is to help the authorities and industry to develop new technologies, knowledge and standards.

The extraction and production of shale gas continues to expand, but public debate has increased around the environmental impact. In 2012, DNV launched a recommended practice (RP) for shale gas extraction and this attracted worldwide attention. The RP covers the entire life cycle and is based on risk management principles, industry best practices and existing standards. The objectives were to create the foundation for the future development of a globally recognised standard covering all the activities required for safe and sustainable shale gas extraction and to help bridge the gap between parties with opposing views.

MOBILE OFFSHORE UNIT. The strong demand for exploration and development drilling created a small boom in new-building contracts for drill ships and semi-submersibles. DNV now has around a 50% share of the market for harsh-environment or deepwater units. One example is Transocean's ordering of four new drill ships from DSME in the Republic of Korea, with DNV classification in the specification.

For the first time, DNV was chosen to classify a floating production semi-submersible platform destined for the US Gulf of Mexico.

The platform will be owned and operated by LLOG Exploration Company and the hull will be fabricated by HHI in Republic of Korea.

DNV was also chosen by Petronas to classify its first FLNG unit to be operated offshore Malaysia. This is expected to be the world's first floating liquefaction unit in operation when completed by the end of 2015.

Large gas projects in Australia are underway. DNV was chosen as verification partner for the enormous Ichthys development. The contract includes a range of subsea installations, a central processing facility platform, an FPSO, an onshore LNG plant in Darwin as well as a 900-km gas-export pipeline. Another example is the Wheatstone project which consists of several subsea developments tied back to the world's first steel GBS (gravity-based structure) and has a trunkline to an onshore LNG plant. DNV's validation contract covers the offshore facilities and the trunkline. DNV has also been selected as the validator for the Julimar development, which will be tied back to Wheatstone.

High activity on the Norwegian continental shelf drove investments to a new record. Lundin, which is developing the Brynhild and Edvard Grieg fields, selected DNV as the verification partner to ensure that the investments meet the highest technical standards. For Brynhild, a subsea tie-back to the Pierce FPSO located offshore UK will come on stream in 2013. The Edvard Grieg field will be developed using a jacket platform with topside facilities to produce and process stabilised oil and rich gas. In addition, DNV has carried out more than 20 projects for the Aasta Hansteen gas field licensees.

The UK Continental Shelf saw high levels of activity throughout 2012, in particular owing to the development of the West of Shetland area and heavy oil reservoirs and the extension of the life of existing fields. West of Shetland developments provide many opportunities for DNV services due to the particularly challenging environment. DNV is working with many operators, including Total, Chevron and BP. DNV is also contributing to the potentially largest heavy oil developments on the UKCS – in Statoil’s Mariner and Bressay fields. Another focus area on the UKCS is ageing installations. DNV is BG’s verification partner for its Southern North Sea Assets and also supports Perenco, ConocoPhillips and Talisman on ageing assets.

OFFSHORE SAFETY RISK. While the occupational safety on offshore facilities has improved in recent years, the industry is still working hard to reduce large-scale accident risks. Offshore exploration and production in less regulated areas leave more responsibility for safety-risk management to the operators.

70%

In Brazil, DNV provides risk advisory services to more than 70% of the players in the drilling market. An important reason for this success is the regulatory authorities’ recognition of our approach and expertise.

200

DEVELOPMENT PROJECTS

In 2012, we completed 200 development projects within the Cutting Edge and Technology Leadership portfolios covering the maritime, oil & gas and cleaner energy sectors. 29 were Joint Industry Projects, where we worked closely with industry partners.

Increasingly, DNV is being hired by oil companies operating under less regulated regimes to ensure the same level of safety as in the ‘best practice’ areas. DNV is also involved in ensuring an acceptable level of safety risk and compliance with stringent safety regulations for numerous offshore projects in Northern Europe, North America, Brazil and South East Asia. In 2012, DNV established the Deepwater Technology Centre in Singapore.

Following the Deepwater Horizon blow-out accident in the Gulf of Mexico in 2010, DNV prepared a position paper outlining the key elements that need to be in place for safe and efficient offshore oil and gas operations. The position paper serves as input to the discussion on how to improve offshore safety and environmental protection, and how to manage new risks when entering new frontiers.

REDUCING THE ENVIRONMENTAL IMPACT.

DNV has prepared numerous reports on behalf of the Norwegian Ministry of Petroleum and Energy related to the opening of new petroleum areas in the Barents Sea. The topics covered are oil-spill modelling of acute oil spills, environmental impact and risk analysis of such spills, and oil-spill contingency analysis, the latter in collaboration with SINTEF.

In order to improve oil-spill preparedness, Kongsberg, IBM and DNV are developing a real-time environmental-monitoring solution together with Statoil. This will reduce the environmental risks related to oil and gas operations. The project will create a step change for the operators’ access to and operational usage of environmental data. A solution is ready for pilot implementation on a field in operation and DNV is providing the marine environmental analytics and risk management processes.

DNV has developed a new pipeline concept, called X-Stream, which can significantly reduce the cost of deep-water and ultra-deep-water gas pipelines while still complying with the strictest safety and integrity regimes. The concept can reduce the wall thickness significantly by utilising a unique system to control the differential pressure over the pipe wall.

Both Nord Stream pipelines, which transport natural gas through the Baltic Sea, started operations in 2012. DNV has been contracted by Nord Stream AG since 2007 to verify that the design, fabrication and installation meet the DNV standard.

In Brazil, DNV has established a group to provide the industry with verification and technical expertise related to offshore pipelines and riser systems. DNV was contracted by Saipem to verify the engineering design

and pre-commissioning activities for the planned Cernambi-Cabiunas gas pipeline. DNV is also engaged in the qualification of pipelines with enhanced collapse capacity.

The US needs safe and reliable pipeline capacity. A strong focus on the safety and integrity of onshore pipelines is required as the industry has experienced several accidents and leakages. Regulations to tighten the safety rules have been implemented and, in addition, many companies are choosing to go beyond regulations. DNV has won a number of contracts to help customers improve the safety and integrity of their pipeline networks and associated facilities and, together with long-term industry expert Kent Muhlbauer, DNV has published a set of ‘golden rules’ for pipeline risk assessment. ■

OTHER ACHIEVEMENTS IN 2012

➔ NEW RULES FOR JACK-UPS.

DNV issued new rules for jack-ups to which the market responded positively.

➔ INTEGRATED SOFTWARE-DEPENDENT SYSTEMS.

Hyundai Heavy Industries and Fred. Olsen Energy are implementing DNV’s ISDS (Integrated Software Dependent Systems) class notation on the semi-submersible newbuilding Bollsta Dolphin. The notation aims to minimise software integration errors and delays in projects involving the integration of software systems. DNV is providing the full ISDS package, including training for yard personnel.

➔ **BRAZIL.** DNV signed a five-year frame contract with Petrobras for nine of its floating assets to provide:

- » change management; the control and update of change documentation for the asset
- » a 24/7 emergency response service
- » advisory services

➔ TECHNOLOGY QUALIFICATION.

The qualification of new technology is vitally important to the development of many of the deep-water fields in the Gulf of Mexico and other parts of the world. Several oil majors and important equipment manufacturers are using DNV to help manage the qualification process for new technology.

THE ARCTIC

Interest in the Arctic is growing rapidly, fuelled by melting sea ice, promises of rich energy and mineral resources and prospects for shortened shipping routes.

The Arctic can be considered as referring to all the northerly places where average July temperatures do not rise above 10 degrees Celsius.

Alternatively, it can be considered to be all points north of the Arctic Circle.

BARROW

71°N

JANUARY

-27°C

JULY

7°C

MONTHLY AVERAGE TEMP.



EXTREMELY OVERCAST WITH CLOUDS MORE THAN 50% OF THE TIME



FOGGY MORE THAN 60 DAYS PER YEAR



SEA ICE: OFF THE COAST DURING WINTER

ARTIC REGION
10°C JULY ISOTHERM

ARCTIC CIRCLE
66° 33'N

↓ 10%

The minimum ice extent has in recent decades been shrinking at the rate of about 10% per decade

DRAMATIC ICE MELTING

1979

7.20
million km²

MULTI-YEAR ICE
35%

2012

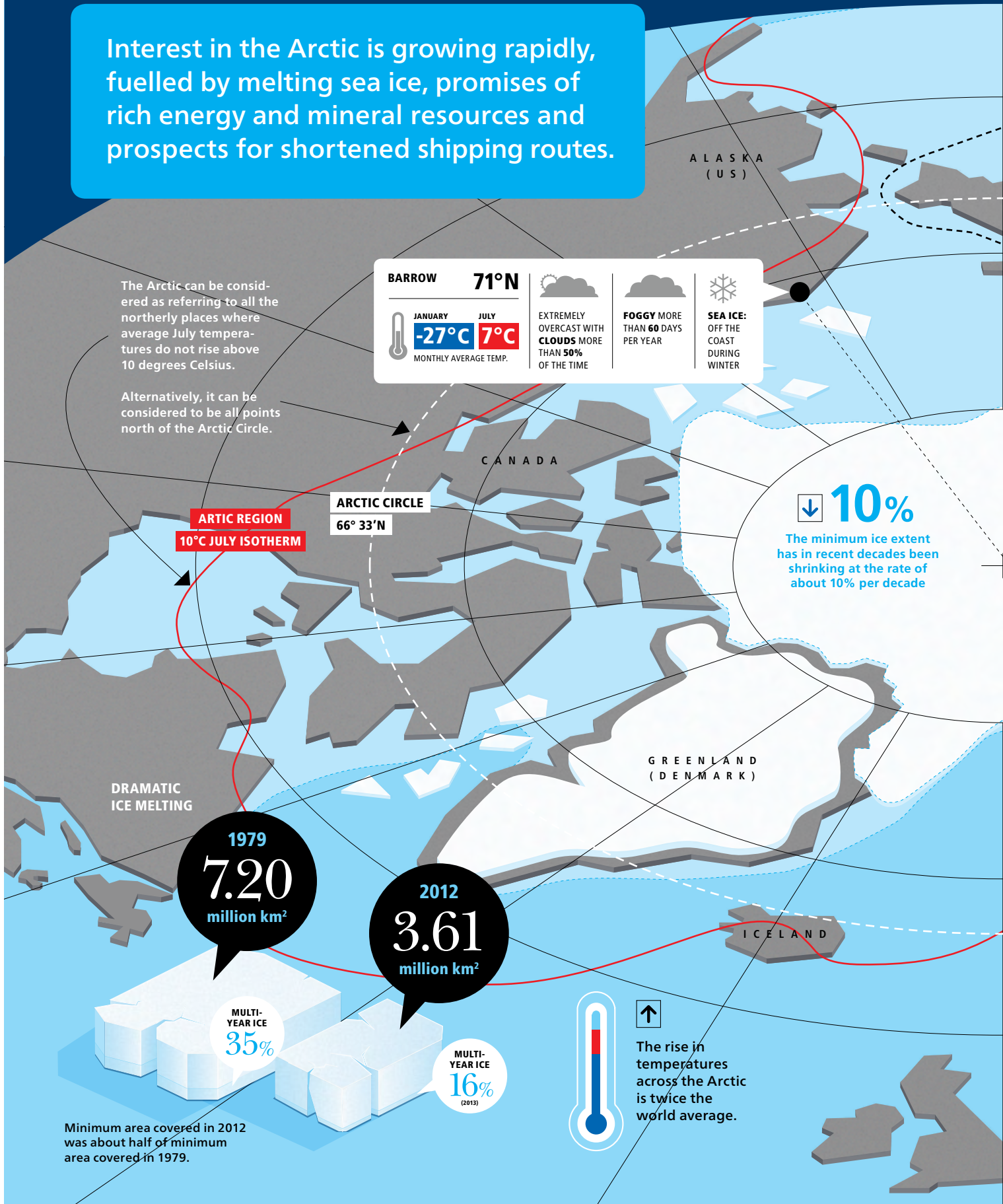
3.61
million km²

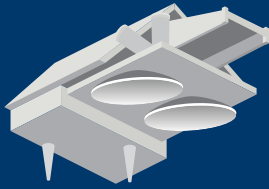
MULTI-YEAR ICE
16%
(2013)

Minimum area covered in 2012 was about half of minimum area covered in 1979.



The rise in temperatures across the Arctic is twice the world average.

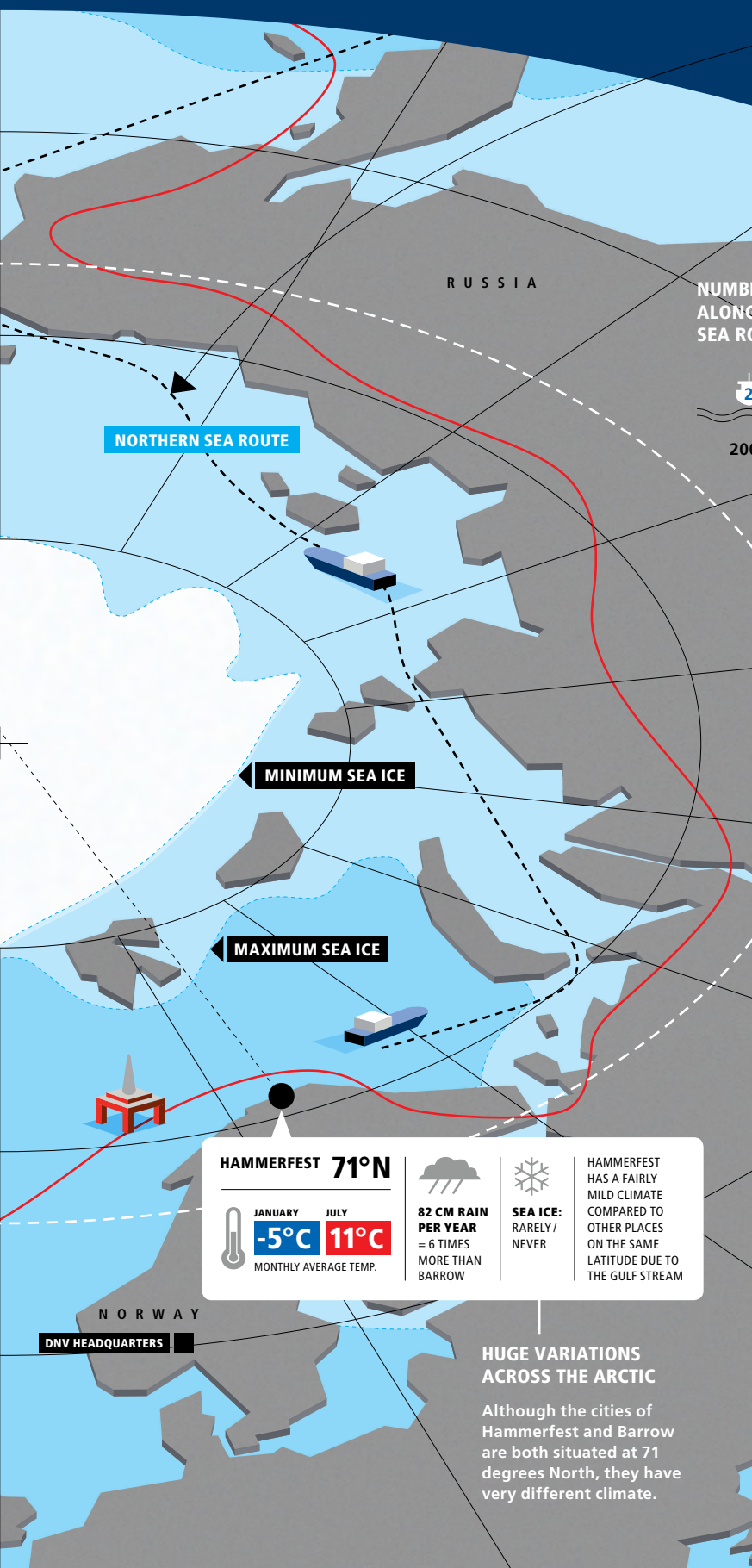




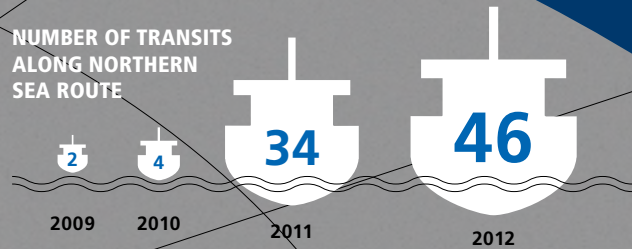
Since 1979, satellites have provided a consistent continuous record of sea ice. However, space-based ice thickness measurements have only been consistently available since Cryosat-2 was launched in 2010. Many satellites provide limited or no Arctic coverage.

NORTHERN SEA ROUTE

The Northern Sea Route is the Arctic shortcut between Europe and Asia running along the Russian coast from Murmansk on the Barents Sea, along Siberia, to the Bering Strait and Far East. The entire route lies in Arctic waters and parts are free of ice for only two months per year. Last year there were 46 transits of the route, compared to 34 in 2011 and only four in 2010.



NUMBER OF TRANSITS ALONG NORTHERN SEA ROUTE



NORTHERN SEA ROUTE

MINIMUM SEA ICE

MAXIMUM SEA ICE

HAMMERFEST 71°N

JANUARY -5°C
JULY 11°C
MONTHLY AVERAGE TEMP.

82 CM RAIN PER YEAR = 6 TIMES MORE THAN BARROW

SEA ICE: RARELY / NEVER

HAMMERFEST HAS A FAIRLY MILD CLIMATE COMPARED TO OTHER PLACES ON THE SAME LATITUDE DUE TO THE GULF STREAM

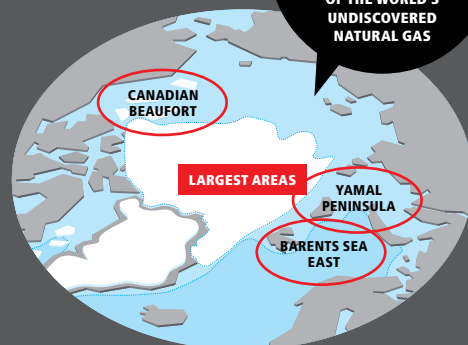
HUGE VARIATIONS ACROSS THE ARCTIC

Although the cities of Hammerfest and Barrow are both situated at 71 degrees North, they have very different climate.

UNDISCOVERED GAS RESOURCES

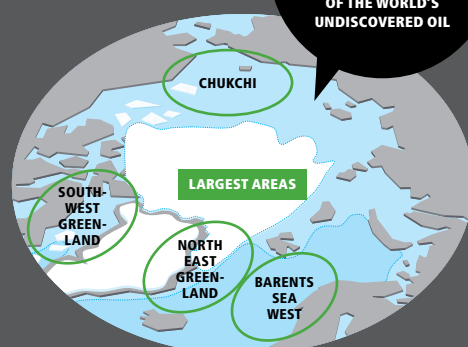
OF WORLD'S TEN LARGEST-KNOWN GAS FIELDS, FIVE ARE IN THE RUSSIAN ARCTIC.

THE ARCTIC ACCOUNTS FOR 30% OF THE WORLD'S UNDISCOVERED NATURAL GAS



UNDISCOVERED OIL RESOURCES

THE ARCTIC ACCOUNTS FOR 15% OF THE WORLD'S UNDISCOVERED OIL



Figures exclude recent shale based resources.

Many are concerned that the increased Arctic interest will unleash unsafe and high-risk projects that could harm the environment and habitat. In order to safely develop Arctic resources, improved technology and close cooperation between the authorities, industry and society are of vital importance.

ARCTIC RISKS



Low temperatures impact the working environment and affect structural materials.



Human performance might be affected due to low temperatures, darkness, noise and mechanical vibration, and the psychosocial aspects of living in remote areas.

Ice present for much of the year – also drifting sea ice and icing on equipment.



Escape, evacuation and rescue of personnel is challenging due to long distances, darkness and sea ice.



Some Arctic weather phenomena are not well understood.

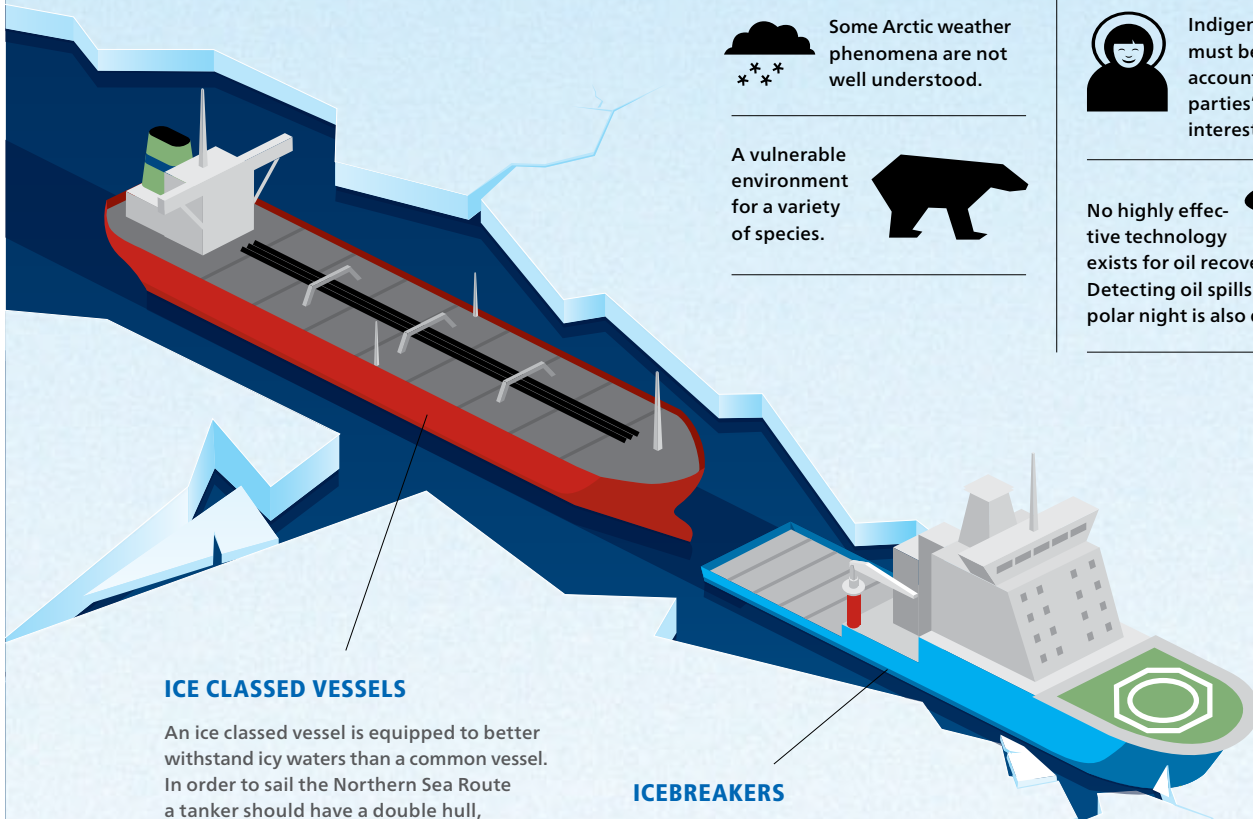


Indigenous perspectives must be taken into account to ensure all parties' needs and interests are met.

A vulnerable environment for a variety of species.



No highly effective technology exists for oil recovery in ice. Detecting oil spills during the polar night is also demanding.



ICE CLASSED VESSELS

An ice classed vessel is equipped to better withstand icy waters than a common vessel. In order to sail the Northern Sea Route a tanker should have a double hull, enhanced machinery and propeller as well as winterised equipment on deck.

ICEBREAKERS

Special-purpose ship designed to move and navigate through ice-covered waters. Icebreakers do more than just break ice; they also act as escort vessels and rescue vessels and can even function as tugboats and hospital ships.

TOTAL FLEET

10,769

DNV CLASSED

15.3%

ICE CLASS

DNV's Ice class notations verify that vessels have sufficient strength and equipment for operation in ice conditions.

BARENTS 2020 REPORT

The Russian-Norwegian Barents 2020 project, headed by DNV, harmonised recommended standards for oil and gas activities in the Barents Sea.

THE EIGHT ARCTIC NATIONS (Canada, Russia, the US, Greenland / Denmark, Norway, Sweden, Finland and Iceland) have a combined population of roughly 500 million people who constitute 30% of global economic activity.

ENORMOUS RESOURCES. Though the human population above the Arctic Circle is small, the region has a large environmental value and potentially enormous resources.

MANY TYPES OF ARCTIC DEFINITIONS

This is the one used by Statoil:

- 1 THE WORKABLE ARCTIC**, which defines those areas that can be developed today. Statoil's positions in the Norwegian Barents Sea and the Grand Banks are good examples of this.
- 2 THE STRETCH ARCTIC**, defining those basins that can be drilled today, but which will require incremental innovation in the development and production stages. Statoil's exploration plans for the Beaufort Sea fit into this category.
- 3 THE EXTREME ARCTIC**. These areas need radical innovation before development can take place, such as the east coast of Greenland.

ARCTIC COOPERATION

Statoil and DNV launched the Arctic Competence Escalator (ACE) programme to enhance the expertise of our specialists to be able to meet the Arctic challenges.

18

of the 19 sub-populations of polar bears are stable or declining.

POLAR BEARS

Sea ice loss in the Arctic from global warming is the major threat to polar bears. They depend on sea ice for hunting, breeding, and in some cases, denning. Biologists estimate there are 20,000 to 25,000 polar bears.

FLOATING STRUCTURES IN ICE

In 2012, DNV and key industry players developed an enhanced design framework for floating structures in ice-covered Arctic waters. The approach represents a shift in Arctic design philosophy.

ACQUISITION

DNV acquired Norwegian Petro Services (NPS), specialists in planning and organising oil-spill preparedness.

OIL SPILL RESPONSE SYSTEM

DNV's summer students presented a realistic and innovative Arctic oil spill response system called the AURORA – Arctic United Response Operation and Recovery Agreement.

SUBSEA DEVELOPMENT

Conventional platform-based drilling may be impossible in many areas. Some experts believe the safest way to avoid icebergs and extreme conditions is to operate subsea, laying pipelines in deep trenches.

THE ARCTIC REPORT

DNV prepared a position paper on responsible Arctic resource development together with the Fridtjof Nansen Institute. The position paper attracted world-wide attention.

DNV'S ARCTIC SERVICE OFFERING: » Research and innovation » Oil spill services » Ship classification » Offshore classification » Technology qualification » Winterisation » Ice management » Competence & training » Safety, health & environmental risk management » Environmental risk analyses » Stakeholder engagement » Fisheries and resource management » Sustainability impact assessments and reporting

03 FOCUS ON ENERGY AND SUSTAINABILITY

IMPACTING THE ENERGY FUTURE

2012 saw the culmination of an integration process with 500 DNV employees joining 1,700 KEMA staff to form DNV KEMA. This new business areas has united under a renewed strategy, concentrating on energy and its sustainable use, to offer innovative solutions for clean, reliable and safe energy systems.

Our goal is to make a global impact for a safe and sustainable future – and help to ensure a transition to a low-carbon economy.

ENERGY TRANSITION – THE ESSENCE OF A NEW TOMORROW. The energy landscape is changing. Energy demand is increasing both regionally and globally, particularly in China and India and the world's emerging economies – including parts of Asia, Africa and South America. Stricter environmental regulations and increased fuel costs are driving a transition to cleaner fossil fuels, higher energy efficiency, renewable energy sources and more cost-effective power generation.

This 'energy transition' will cause major changes in the energy system, from source

to end-consumer. Industry partners and governments have to work together to create a secure, reliable, efficient and sustainable energy supply. To make this happen, existing and new stakeholders need to collaborate in innovative ways.

For the transition to be successful, several conditions must be met. Firstly, as transition often involves risks, all parties need to be prepared to share the risks. Secondly, it is important to identify and manage these risks by controlling the process. Furthermore, new strategic business models are needed and innovation is vital. With services spanning the energy value chain, DNV KEMA helps customers to make the energy transition happen.

GRIDS PROVIDE THE KEY TO THE FUTURE.

As part of that transition, power grids themselves need to evolve. Studies like the European Climate Foundation's Roadmap 2050 show an urgent need for significant investment in transmission and distribution infrastructure. Two important trends influence our future electricity supply:

1) Smart energy. The first is a significant increase in distributed and local electricity generation – people are more self-supporting regarding their own electricity supply. This will drive the development of smart energy services, smart grids and smart appliances, as well as flexibility options like energy storage. DNV KEMA is at the forefront of these developments. We coordinate PowerMatching City, a 'living lab' smart grid demonstration in the Netherlands that balances energy supply and demand in a network of inter-connected households and electric vehicles. It has been selected for the UN's prestigious 'Sustainia 100' list of sustainable solutions.

Moreover, together with other leading players in the energy sector, we helped found the European Association for Storage of Energy (EASE). EASE promotes energy storage as a key enabling technology for

Europe's transition to a sustainable, flexible and stable energy system. EASE emerged through the European Commission's Energy Storage Task Force.

2) Super grids. The second trend is the development of super grids: large international or intercontinental transmission networks that can carry high volumes of electricity across great distances. These super grids will be key to the integration of large-scale renewable energy generation. DNV KEMA is continuing to focus on providing the knowledge and experience customers need to ensure a reliable and safe grid worldwide.

RENEWABLE ENERGY. Predictions suggest the renewable-energy generating capacity will grow more than three times faster than thermal power generation over the next 20 years. By 2050, renewables will have reached 20–30% penetration in primary markets. Wind energy continues to add the largest amount of new installed capacity each year, while the decreasing costs of solar photovoltaic energy continue to drive solar development globally. The integration of these renewable resources into the grid is critical.

In 2012, DNV KEMA maintained its focus on knowledge development through joint industry projects (JIPs). This resulted in the Renewable UK Wind Resource Working Group creating a common framework for discussing energy losses and uncertainties relating to energy assessments. In addition, a framework agreement has been secured with German wind power developer SoWiTec.

60,000 MW

A global installed generating capacity of 60,000 MW is the result of DNV KEMA's renewable energy activities in 2012.

39 MILLION PEOPLE

Based on international standards and expertise DNV KEMA safeguards a total installed power transformer capacity of over 215 GVA. This equals the energy consumption of nearly 39 million people.

no.1

DNV KEMA's High Power laboratory is the world's largest short-circuit laboratory.

DNV KEMA will provide wind and environmental assessments and technical due diligence services for 20–50 wind power projects in Brazil, Argentina, Chile, Mexico, Peru, Uruguay and Russia.

Many countries are turning to solar technology to address their need for alternative energy sources and reduce environmental concerns. To help meet these needs and inspire the industry, DNV KEMA has developed SUNdy. Drawing on our multidisciplinary research into future applications for solar power as a sustainable resource, SUNdy is a large-scale offshore solar field concept. Hexagonal arrays floating on the sea's surface are connected to form a solar island the size of a large football stadium. A number of islands together make up a solar field capable of generating 50 MW or more – enough electricity for 30,000 people.

SUSTAINABLE USE OF ENERGY. The growth of renewables highlights the increasing importance of climate change and sustainability. Worldwide, the International Energy Agency (IEA) indicates that energy efficiency will account for more than half of CO₂ emissions reductions. For example, the US drives energy-efficiency improvements mainly through state-mandated, utility-run, ratepayer-funded schemes in which utilities offer customers rebates for reducing their energy consumption. Meanwhile, Europe is aiming for a CO₂-free power sector by 2050, although uncertainty regarding future economic developments has heavily influenced this policy.

This focus on energy efficiency by many global economies created strong growth for DNV KEMA's sustainability business in 2012. We performed particularly well in North America, through demand-side energy-programme implementation and evaluation, and in accredited climate services as a carbon finance verifier. In addition, we initiated the CO₂ Risk Management JIP, resulting in publicly available guidance on major accident-risk management of the CO₂ stream within carbon capture and storage projects. Another JIP resulted in a new certification framework to provide a common international method for CO₂ storage site selection, risk assessment, monitoring and verification.

Furthermore, we signed a Memorandum of Understanding with ZonesCorp in Abu Dhabi, aiming to enhance energy efficiency efforts and reduce CO₂ emissions in ZonesCorp's industrial zones.

DEVELOPMENTS IN TESTING, INSPECTION AND CERTIFICATION. Large-scale renewable energy generation requires huge areas, and site locations are often determined by natural phenomena beyond human control: the wind is stronger over water and the sun shines more in the desert. This means energy generation and usage are moving further apart. Electricity must be transported over greater distances,

at higher voltages, above ground and across the seabed – hence the need for super grids. New super grid technologies focus on safety and reliability to minimise the risk of outages. The economic, social and technical impact of outages in super grids is huge. And as the world is increasingly reliant on electricity, reliability requirements must come first.

At DNV KEMA, we are playing our part in helping the industry face up to these requirements. That was the driver for the EUR 70 million expansion of the laboratory. The Arnhem High Power Laboratory was already the world's largest short-circuit testing lab for transmission and distribution networks, and continued to perform well in 2012. Following this investment, it will be the first laboratory in the world capable of conducting tests in the extreme voltage segment for the emerging super grid market. DNV KEMA performs strategic research into super grids and we are active in committees to develop standards for undersea cables.

In addition, DNV KEMA-Powertest, the largest high-power electrical testing laboratory in the US, received UL qualification in 2012. This will enable the lab to conduct standard, UL low-, medium- and high-voltage type testing to provide the highest levels of service and expertise to customers. ■

OTHER ACHIEVEMENTS IN 2012

➔ **KNOWLEDGE CENTRE FOR CYBER SECURITY.** DNV KEMA helped set up a new European cyber security knowledge centre together with several industry partners and institutions. The European Network for Cyber Security (ENCS) will engage in research, testing, knowledge sharing and training relating to critical infrastructures such as energy and water.

➔ **PROJECT NEMO.** DNV KEMA is participating in the NEMO (Novel E-Mobility Grid Model) project. This European consortium aims to develop modelling and simulation tools for the optimal integration of electrical vehicles into electricity networks. NEMO plays a key role in the development of electric mobility and smart grids.

➔ **BEST VERIFIER RANKING RETAINED FOR THIRD YEAR.** DNV KEMA was named the 'Best Verifier in relation to Kyoto Project Credits' for the third year in succession in the 13th annual Environmental Finance and Carbon Finance market survey of environmental markets.

04 FOCUS ON BUSINESS ASSURANCE

HELPING BUSINESSES DEMONSTRATE RESPONSIBLE PRACTICES

Today's companies are under pressure to create value while meeting the world's economic, social and environmental needs. With increasing complexity and risks due to the overall financial situation, globalisation and demands for businesses to operate sustainably, companies are challenged to demonstrate that they are responsible and trustworthy.

Through our certification, verification, assessment and training services, we continue to assure the performance of companies' organisations, products, people and supply chains; all with the objective of helping them navigate the challenges and build sustainable business performance. Worldwide trends such as population growth, globalisation, consumption patterns and urbanisation, coupled with the challenging financial situation, continue to drive the need for assurance services.

MANAGEMENT SYSTEM CERTIFICATION.

ISO (International Standardisation Organisation) statistics shows some reduction in ISO 9001 and ISO 14001 certification in parts of Europe, while the market is growing in the Americas and Asia. Although parts of the market are challenging, DNV is growing faster than the

total market and achieved a satisfactory increase in revenue compared to 2011.

The reasons for the trends in the market are complex, but the upcoming revisions of the ISO standard should play a role in strengthening demand. The revisions are based on input from users, and the aim is to have a high-level structure common to all ISO management systems standards. The revisions are expected to be released in 2015 and DNV is taking part in this work. We see the projected common framework as positive because it would make implementation easier for customers.

Management system certification (MSC) remains the biggest part of DNV Business Assurance' business. Courses related to MSC standards also comprise the bulk of our training work, demonstrating the importance of the human element in management

systems. Without knowledge and skills, the system will not have the desired effect. We continue to see opportunities in the certification market as the need to build trust and confidence grows.

PRODUCT SUSTAINABILITY. Companies who truly want to be perceived as operating sustainably are starting to look beyond their own operational boundary, including addressing their products and value chains – both upstream and downstream.

Our product compliance services grew significantly compared to 2011. The certification of medical and explosive devices is delivered through PreSafe, a joint venture with Nemko. We have also focused on ISO 26262, a functional safety standard relevant to the automotive sector. This standard demonstrates the complexity of product certification and underscores the trend. Assessing a product from beginning to end – Life Cycle Assessment – is the emerging trend, and DNV is committed to developing services in this area. ProSustain is DNV's own standard developed to help companies assess, improve and communicate their commitment to product sustainability. It enables the tangible and cost-effective improvement of a product's sustainability performance.

FOOD & BEVERAGES. DNV is reinforcing its position as a leading player within the food and beverage industry. We reached our growth target again this year, and we see that food safety continues to be on the top of people's minds. With continuing pressure to increase supply while driving down costs, there are recurring food scares around the world and, as a result, the food safety market is growing stronger. We see an increased focus on the probity of supply chains and on retailers' and manufacturers' ability to manage upstream and downstream risks relating to food safety, traceability, quality and sustainability. Supply chain management is complex, requiring multiple actions from buyers to safely manage all aspects. It is predicted that there will be increased consumer and stakeholder focus on issues beyond food safety, such as traceability, accurate labelling and sustainability.

Responding to the needs of the major food brand owners, we are investing in creating greater supply chain assessment capacity on the ground in selected African markets, working with strategic partners. We predict that this trend will increase, creating an ever greater demand for global standards and for quality certification bodies with a global presence.

HEALTHCARE. The healthcare sector is experiencing huge variations in the quality of care around the globe, major challenges in providing safe care and spiralling costs of providing care. Thus it is increasingly

important for healthcare organisations to mitigate their risks in a proactive manner in order to ensure patient-centred care. The strong focus in this sector resulted in significant growth from 2012, but we see even larger potential and opportunities ahead.

As a global healthcare accreditor and certification body, DNV is well equipped to help the industry face those challenges. DNV is focussing on delivering accreditation and certification to both international and national standards as well as assessment and training services relating to these. Particular emphasis will be placed on developing our infection risk management services.

GOING BEYOND CERTIFICATION. In 2012, we strengthened our sustainability work by enhancing our ability to deliver assurance services beyond classical certification. This came with the acquisition of TwoTomorrows, a well-known sustainability agency, and the recruitment of other sustainability experts. This will help DNV Business Assurance to be the natural partner in helping customers to achieve sustainable business performance by developing and delivering a range of services and training programmes covering areas such as supply chain, product sustainability, extra-financial reporting and stakeholder engagement. We predict that both this market and its level of sophistication will continue to grow.

LOOKING AHEAD. Going forward, we will continue to deliver high-quality services, focus on new industry sectors, such as automotive and aerospace, and expand our geographical coverage, particularly in Africa. We will continue to grow organically at a higher rate than our competitors and pursue a more aggressive non-organic growth strategy. Our main objective is, and will continue to be, to support our customers – with everything we do – in building sustainable business performance. This is how we can create value and support DNV's vision of a safe and sustainable future.

SUSTAINABLE BUSINESS PERFORMANCE. We believe that tomorrow's successful companies will create value by meeting the world's longer term economic, social and environmental needs. Businesses meeting these goals are helping to create a more sustainable world. However, sustainability is not something that can simply be 'bolted on' to normal operations. Sustainable business performance will only be achieved when these factors are integrated into everything you do. Our customers are increasingly looking to us to find ways to make their existing processes and systems more sustainable, with the aim of creating long-term value and build stakeholder trust. ■

NEW SERVICES IN 2012

Helping our customers improve in quality, safety and environmental areas is key to DNV:

» **The RSB (Roundtable on Sustainable Biofuels) standard** helps any company that is directly or indirectly involved in biofuels or biomass production to identify and manage sustainability risks and opportunities. RSB Certification is an effective means of proving the sustainability of biofuel and biomass products throughout the supply chain.

» **The multipart standard ISO 26262** addresses the specific needs of the automotive industry in the area of Electrical and/or Electronic (E/E) systems functional safety. Applying the ISO 26262 standard to products and processes will contribute to safer vehicles on our roads.

» **ISO 50001 is an international energy management standard.** It applies to organisations of any size and gives guidelines for establishing, managing and improving their energy consumption and efficiency.

» **A service line of scored assessments** designed to support organisations in managing and continually improving customer satisfaction. The approach includes scored assessments related to the four guidance standards in the ISO 10000 family of documents dealing with customer satisfaction management: ISO 10001-2-3-4.

OTHER ACHIEVEMENTS IN 2012

➔ CASE STUDY ABOUT ILLY

Sustainable sourcing is a key pillar in global food security and sustainable agriculture. For Rio+20, UN Global Compact issued a publication on the topic. The first case study presented was a joint DNV and Illy study of the 'Responsible Supply Chain Process'. The case study shows how this process helps Illy to ensure a sustainable supply chain globally.

➔ BECAME A MEMBER OF SEDEX

DNV was included in the Sedex Audit Company Group. As the largest collaborative platform for sharing ethical supply chain data, Sedex helps companies reduce risks, protect company reputations and improve supply chain practices.

1,300

hospitals and healthcare providers certified by DNV Business Assurance.

80,000

certificates issued worldwide by DNV Business Assurance.

top 3

DNV Business Assurance is one of the world's three largest management system certification providers and the largest provider of accredited management system certification.

HOW WE WORK

We manage our own operations according to our vision of having a global impact for a safe and sustainable future. We continuously strive to live our values by adopting best practices in our work. In short, doing the right thing; from the way we manage our internal and external stakeholders to the actions we take to assume corporate responsibility. We report our progress in the following areas:

**CORPORATE
RESPONSIBILITY**



**BUSINESS
ETHICS
AND ANTI-
CORRUPTION**

01

PEOPLE

02

**THE
ENVIRON-
MENT**

03

**HEALTH
AND
SAFETY**

04

CORPORATE RESPONSIBILITY

HOW WE BEHAVE EVERY DAY

Sustainability is embedded into the core of our business and integral to the way we operate. While our main impact as a company stems from the products and services we offer to others, we continuously strive to adopt best practices in the way we run our own business.

Sustainability is what we do every day. From the way we help our customers to improve their performance to how we maintain a culture of integrity and ethics in our business relations, how we protect safety and the well-being of our employees, promote diversity and the actions we take to reduce our impact on the environment. We also work to contribute to the communities in which we operate and to local economic development. It is also embedded in our purpose, vision and values.

IMPROVING OUR SUSTAINABILITY PERFORMANCE

DNV takes a risk-based approach to improving its sustainability performance and impact. To focus our efforts, we conducted a materiality assessment in 2012 to identify areas that may become a source of risk and where there is an opportunity for creating value for our stakeholders and society at large (*figure 1*).

Our progress is reported under the following areas:

- » Business ethics and anti-corruption
- » People
- » Health and safety
- » Environment

There was broad consultation to ensure that the views of significant stakeholders, both internal and external, were heard in this process. The assessment will help us prioritise issues and risks that need active management and engagement, as well as determine the focus of our sustainability reporting as we move towards GRI level A+. The results of this assessment will be presented on the DNV website and in the 2013 Annual Report.

However, preliminary results show that stakeholders find integrity and corruption, labour and value chain issues, to be most material to DNV.

Based on its corporate strategy and the findings from the stakeholder consultation and materiality assessment, DNV has developed a tactical corporate responsibility plan for 2013–2014 (figure 03 on next page). The plan translates the broad vision and objectives set out in the corporate strategy into concrete projects, activities and targets to be implemented across the DNV Group.


For more details on how we work, including planned activities and targets for 2013: dnv.com/moreondnv/cr

SUSTAINABILITY GOVERNANCE

Responsibility for DNV's corporate responsibility performance lies with the Board of Directors and Chief Executive Officer. The implementation of projects and activities is embedded in business units and operational functions.

For more information about DNV's corporate responsibility governance: dnv.com/moreondnv/cr

The '2010–2014 DNV Corporate Strategy' sets out the overall strategy relating to DNV's corporate responsibility performance. The corporate strategy states that 'corporate responsibility is an integral part of how DNV operates' and confirms that 'DNV shall continue to subscribe to and follow the principles stated in the UN Global Compact, and shall work actively in the World Business Council for Sustainable Development, and with selected NGOs'.

In DNV, corporate responsibility is fully embedded in our management system. Our Corporate Responsibility Policy and Codes of Personal, Business and Supplier Conduct, outline our overall approach to the management of sustainability risks and responsible and ethical conduct, and cover issues such as respect and support of human and labour rights, diversity and non-discrimination, child and forced labour, environmental performance and zero tolerance against corruption and bribery. We also expect our suppliers, contractors and sub-contractors to uphold the same standards, and we have integrated these issues into the investment practices of our pension fund. 

WE UNDERSTAND CORPORATE SUSTAINABILITY AS OUR DELIVERY OF LONG-TERM VALUE IN FINANCIAL, SOCIAL, ENVIRONMENTAL AND ETHICAL TERMS.

FIGURE 01 THE PHASES OF THE MATERIALITY ASSESSMENT AND STAKEHOLDER DIALOGUE



FIGURE 02 IN-DEPTH INTERVIEWS WERE CONDUCTED WITH THE FOLLOWING INTERNAL AND EXTERNAL STAKEHOLDERS:

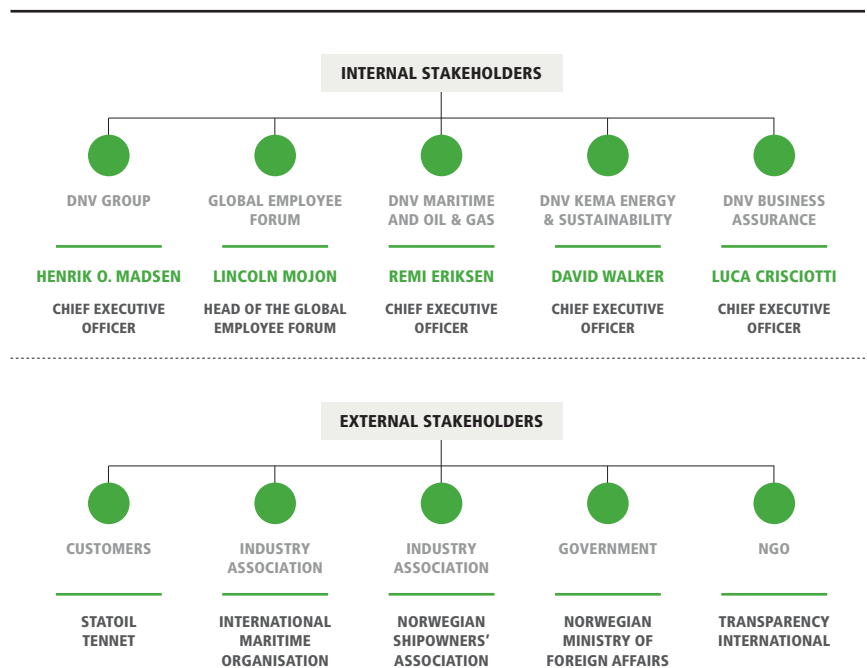
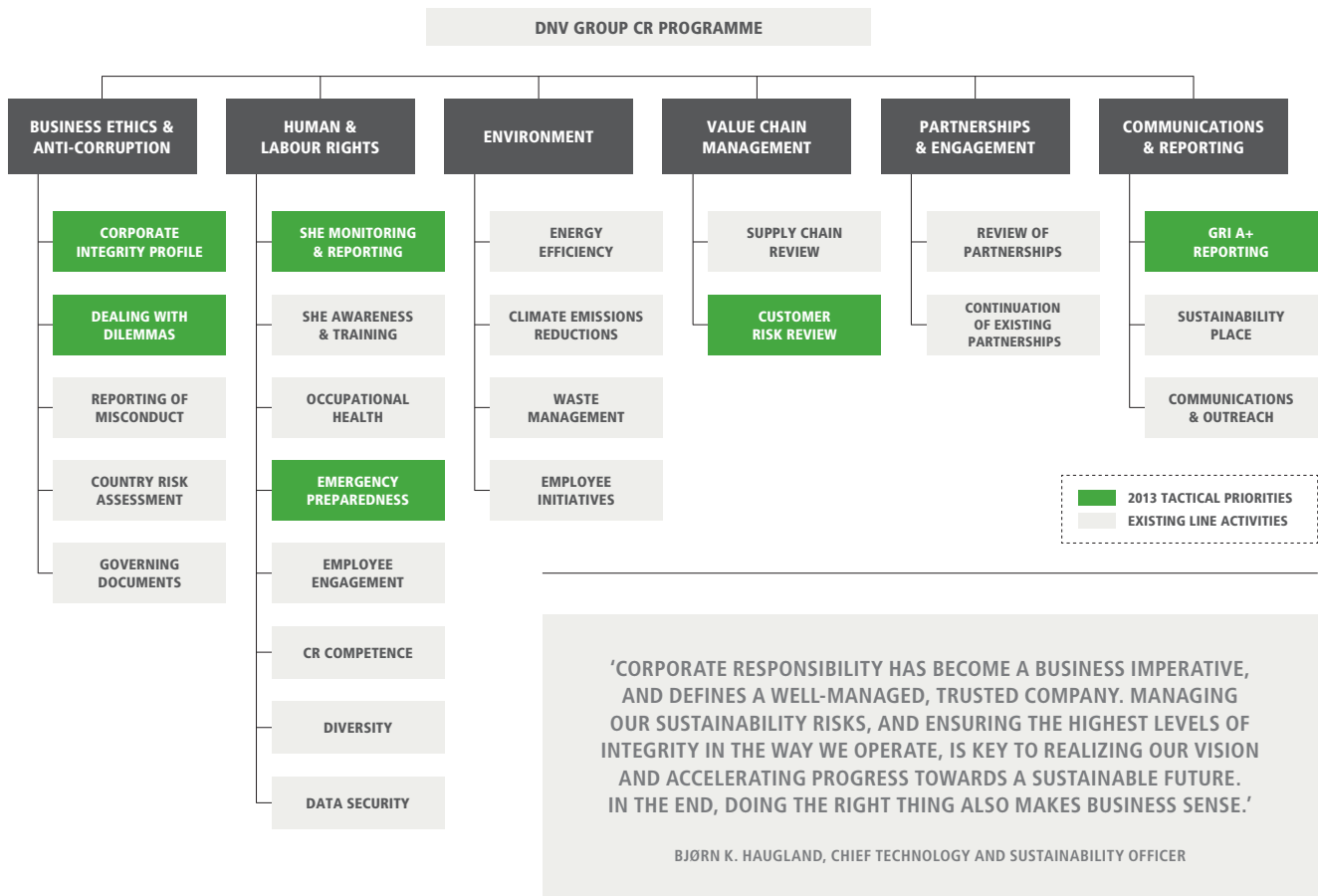


FIGURE 03 2013-2014 DNV GROUP CORPORATE RESPONSIBILITY WORK PROGRAMME AND TACTICAL PRIORITIES



DNV has developed a three-way approach to managing its material sustainability risks (figure 04): we work to continuously monitor and improve our internal practices, to ensure high standards in our value chain, and through partnering with external organisations and initiatives to promote responsible business and sustainable development.

Key to the success of our efforts is a clear leadership commitment from the top executives and Board of Directors, close and regular dialogue with stakeholders and a commitment to openly and transparently communicating the risks we face and the activities we embark on to reduce these risks.

MANAGING SUPPLIERS AND SUB-CONTRACTORS

2012 saw the continuation of the Supplier Baseline Project, in which the corporate responsibility performance of all major DNV suppliers worldwide (close to 2000 in total) was reviewed (read more in box underneath). The aim of the project is to ensure that significant first-tier suppliers are complying with the standards set forth in DNV’s Code of Supplier Conduct. Where exposure to risk is identified, local business units engage with the supplier to improve practices.

PARTNERSHIPS & ENGAGEMENTS

DNV supports and is actively involved in several international initiatives to promote responsible business practices and sustainable development.

➔ DNV has been a signatory to the **United Nations Global Compact** since 2003. Our corporate responsibility strategy is aligned with the Global Compact framework and we systematically work to integrate the ten principles in the areas of human rights, labour standards, environment and anti-corruption (see www.unglobalcompact.org)

The Supplier Baseline Project. In 2012, DNV Norway embarked on the project to ensure that all purchases made in Norway are planned and executed in a manner that satisfies DNV’s ethical and financial guidelines. Part of this involves ensuring that suppliers to DNV Norway do not operate in a way that could compromise DNV’s reputation.

The project focused on approximately 850 suppliers with which DNV has a procurement volume larger than NOK 200,000 NOK, as well as 560 individual purchasers.

Based on an initial risk assessment, the final scope of the project focused on the 10% highest-risk suppliers. These 89 suppliers received a self-assessment questionnaire

to map their performance in five CR categories. Based on their responses, the suppliers were awarded a risk rating which will determine DNV’s response. Suppliers that did not respond to the questionnaire also received a higher risk rating. The project will continue in 2013.

into our business strategy, management system, culture and day-to-day operations.

We advocate adherence to the principles throughout our value chain and engage in activities to advance the broader sustainable development objectives of the United Nations. We report honestly, openly and transparently on progress every year, based on the Global Reporting Initiative.

At the global level, we are a member of the Global Compact Advisory Group on Supply Chain Sustainability, while at the regional level we are a member of the UN Global Compact Nordic Network. DNV is also a signatory to the Caring for Climate initiative, a business leadership platform to promote greater climate responsibility. In 2012, DNV hosted a meeting of Global Compact signatories in Norway, attended by Mr Georg Kell, Executive Director of the Global Compact.

→ Our membership of the **World Business Council for Sustainable Development (WBCSD)** continues to provide an excellent platform for advocating more responsible business practices globally. We have a particular focus on climate change work through our participation in the Energy and Climate Working Group. In 2012, we also engaged in the Mobility 2.0 Working Group and in the development of the new Reporting and Investment project.

→ When the international sustainability initiative **Sustainia** was launched in March 2012, DNV was one of the Founding Partners that supported this new approach to sustainability. Sustainia works with companies, organisations and NGOs to advance available solutions and showcase the benefits of sustainable practices, products and services. In addition to offering financial support, DNV contributed to Sustainia100 – the case register of 100 sustainable solutions that was launched in 2012.

→ In April 2012, DNV and the **World Wildlife Fund (WWF)** entered into a three-year partnership agreement, the main purpose of which is to strengthen both organisations' ability to work towards a safe and sustainable society through the sustainable use and management of natural resources. The agreement defines four specific topics for collaboration: sustainable shipping; a low carbon society; assurance and sustainability standards; and the Arctic. WWF has also been drawn upon in several internal DNV discussions, acting as a 'a critical friend' – as defined in the partnership agreement.

→ DNV and **the Norwegian Red Cross** decided in 2012 to continue their existing partnership for three more years. Since 2004, their global partnership has focused on local engagement. In addition to providing financial support, DNV employees

contribute expertise worldwide either as volunteers or in DNV-sponsored projects.

We will continue to provide support for water and sanitation projects in China and Vietnam will be continued, as well as training in health and security matters in favelas in Brazil. The exchange of expertise regarding a resilience tracking system will be a new focus area during this period.

In Vietnam, DNV has contributed to improving basic living conditions for 132 households in the Tuyenquang province, and 39 households in the Quang Ninh province. Both these projects target villages in which the 'Dao' are the dominant population group. The DNV-funded programme in Yanbian Prefecture in China's Jilin Province has provided running water systems and eco-san toilets for all the 103 families and given training to local volunteers.

TRAINING

'We in DNV' is a 1.5-day mandatory introductory course for all DNV employees. The course content, including the modules on corporate responsibility and business ethics, was updated during the year. In 2012, 1,052 new DNV employees completed the training.

TRANSPARENCY AND DISCLOSURE

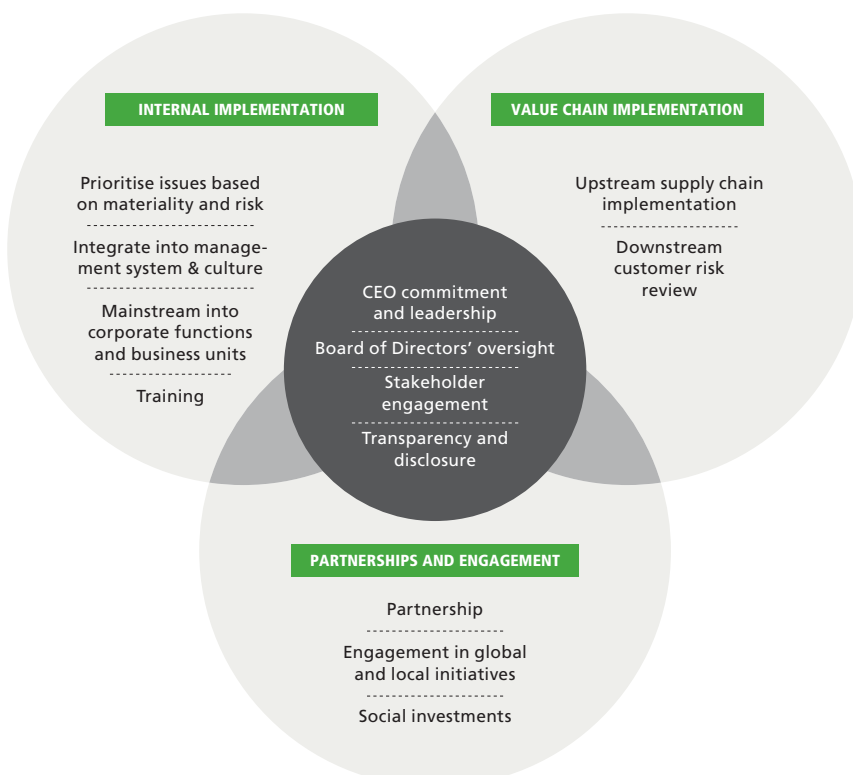
DNV is strongly committed to openness and transparency around how we manage our business and the impact of our operations. Our sustainability reporting is based on the Global Reporting Initiative (GRI) framework and we currently report according to application level B. To improve disclosure to our stakeholders, we have decided to achieve a reporting level of 'A' by 2014 and an independently assessed level of 'A+' in 2015.

The materiality assessment and stakeholder dialogue conducted in 2012 aim to identify the issues and indicators which our stakeholders believe are material to us and which we should be reporting on (see details above). As part of this process, a gap analysis was performed between the GRI G3.1 reporting requirements and the 2011 annual reports from DNV and KEMA.

To enhance internal communication and interaction between employees around sustainability issues, we launched in 2012 the 'Sustainability Place', an internal interactive web platform where DNV employees can explore, discuss and learn more about sustainability.

The site functions as an arena for debating hot sustainability topics, sharing useful material and learning from customer stories. Two debates were launched in 2012: on Rio+20 and on water sustainability. A key component of the new site is the 'SustainabilityTree' – a collection of interactive 'play-and-learn' sustainability nano-learning modules. ■

FIGURE 04 IMPLEMENTATION MODEL



01 FOCUS ON BUSINESS ETHICS AND ANTI-CORRUPTION

UPHOLDING A CULTURE OF INTEGRITY

Integrity is key to safeguard the reputation of DNV and the trust in the products and services that we deliver. We continue to pay a close attention to business ethics at all levels in the organisation. Fostering a culture of integrity across all our operations remain at the top of the agenda, and we continue to emphasize and systematically focus on dilemma training, and fraud and corruption resistance, as priority work areas.

IMPROVING OUR RESISTANCE TO FRAUD AND CORRUPTION. DNV regularly and systematically assesses its own exposure to the risk of fraud and corruption and conducts its own Corporate Integrity Profile (CIP) assessment every three years. The CIP assessment aims to identify the most pertinent and relevant methods of fraud and corruption which could affect DNV, and to assess the robustness of DNV's culture and systems for dealing with fraud and corruption.

In 2011, a CIP assessment was conducted in DNV's Chinese, Benelux and Corporate units. The results of the assessment showed that there was a need to further strengthen corporate systems, processes and practices, to reduce the risk of bribery, fraud and corruption.

Based on this assessment, a detailed action plan was developed identifying ten concrete improvement initiatives within training, awareness raising and processes:

Improvement actions

- 01** Improve the job description of investigators and clarify who to report to in cases of fraud and corruption.
- 02** Improve the focus on fraud and corruption focus in the recruitment process.
- 03** Develop and implement a deployment plan to improve new and existing employees' understanding of fraud and corruption risks.

04 Incorporate compliance, fraud and corruption factors in business reviews.

05 Develop a fraud and corruption case register.

06 Improve red flag descriptions and procedures.

07 Review external corporate governance requirements.

08 Review 'most corrupt countries'.

09 Evaluate access to information and investigate the relationship between improved access to information and improved resilience/reduced fraud and corruption risks related to the compromise of information.

10 Develop fraud and corruption training for controllers.

The next Corporate Integrity Profile assessment will be carried out in 2014 and will evaluate the progress relating to the action plan and provide DNV with an updated risk profile. No assessment was made in 2012.

DEALING WITH DILEMMAS. Dealing with Dilemmas is DNV's programme to promote integrity, transparency and dialogue on business ethics. Comprising of an e-learning primer which is mandatory to all DNV employees, in addition to nano-learning and class room modules, it raises difficult dilemmas and provides guidance for how to deal with them.

	2011	2012
Number of employees who have completed the Dealing with Dilemmas web-module	600	770
Percentage of DNV employees who have completed the Dealing with Dilemmas web-module*	56	59.6

*Excluding legacy KEMA employees. Dealing with Dilemmas will be rolled out in DNV KEMA in 2013.

In 2012, the Dealing with Dilemmas course was updated and rolled-out. In particular, the modules on the new Codes of Personal and Business Conduct were strengthened. The new course offers training on human rights issues relevant to DNV's operations, as well as on policies and approaches to fraud, bribery and anti-corruption. New ethical dilemma cases were also developed. 2013 will see a push to ensure that all employees have completed the new course, and are familiar with the content of the Codes of Conduct, in particular the new DNV employees from legacy KEMA. Further updates of the class room material will also be conducted, and business-area specific roll-out plans will be emphasized.

MANAGEMENT TRAINING. In 2012, DNV included the topic of business ethics in one of its leadership development programmes. The focus of the new 'Business Leadership' module is on the individual manager's responsibility and authority in leading his or her part of DNV's business. The ethical dimension is a natural component of this leadership.

DNV expects its managers to not only follow DNV's Codes of Conduct, but also to take responsibility for reflecting on and evaluating their ethics in what are often considered to be 'grey areas'. The source of these reflections is to be DNV's anti-corruption guidelines.

The new Business Leadership module course has been held three times, once in Houston and twice in Oslo. Two more courses are planned for 2013, with 40-50 participants expected to attend.

	2012
Number of DNV managers who have attended the business ethics training	25

'Dealing with Dilemmas' workshops

Every year, local DNV business units organise 'Dealing with Dilemmas' workshops to raise awareness of DNV's Codes of Conduct and provide examples of ethical dilemmas. In 2012, DNV Singapore, a regional hub consisting of various service lines, conducted a total of four full-day workshops on quality and business ethics. More than 180 staff participated in the training, which focused on what do to in situations which conflict with DNV's values, particularly 'We never compromise on quality or integrity'.

Real-life cases were presented and discussed. Some of the topics raised included:

- » On ships – bribes and gifts offered
- » Immigration control & facilitation payments
- » Dealing with gifts from customers/suppliers
- » Dealing with pressure from yards when delivery is not fully ready

- » Gifts from DNV to customers
- » Invitations to social events
- » SHE standards at yards versus DNV standards
- » Doing consultancy and classification work on the same project

'In general, the feedback from managers and participants was very positive. The general impression was that business ethics and quality are closely related issues. The workshop was a good reminder to everyone of what DNV requirements and expectations are. During the sessions, the reactions of the participants were surprisingly candid as everyone 'opened up' and shared their different views/opinions on the various cases. This made the learning more enjoyable and meaningful.'

Mr Tse Yen Anthony Teo, Project Manager / Principal Surveyor, DNV South East Asia Maritime

DNV also included ethics as part of its annual Senior Management Council meeting in 2012. Henrik Syse, a researcher with the Peace Research Institute in Oslo (PRIO) who has a PhD in ethics, held a presentation on business ethics reinforcing individual responsibility for ethics for 90 of DNV's senior managers.

REPORTING OF MISCONDUCT. Misconduct is defined as a breach of DNV policy, Codes of Conduct, national or international law or relevant regulatory frameworks, protocols and standards. Our anti-corruption guidelines 'Crossing the Line' provide additional practical support. DNV employees are encouraged to report occurrences or suspicions of misconduct either by colleagues, suppliers, subcontractors or agents working on behalf of DNV. There are a number of channels for reporting misconduct. These are clearly defined in our guidelines entitled 'Reporting of Misconduct in DNV' which are published on the intranet and website.

While reporting through the line is encouraged, the Ombudsman route is available for all to use where this is deemed appropriate or preferable.

The role of the Ombudsman is to act as:

01 An ethical helpline to provide advice to managers and employees regarding potential and actual ethical dilemmas.

02 A safety valve option to provide support when reporting through the line has not worked.

03 Case management/handling of integrity cases (whistleblower cases). When cases are reported, the Ombudsman determines whether it is a situation that should be handled in the line, whether it is an HR case, or whether it is a real integrity/whistleblower case. If the latter, it is the Ombudsman who is responsible for following up, investigating and handling the case until a solution has been found.

The Ombudsman reports cases of misconduct to the Board Audit committee on a quarterly basis. The Ombudsman uses issues brought to him or her as a basis.

Reported cases

Cases are reported to the Ombudsman on a weekly basis from DNV offices all over the world. The majority of cases reported to the Ombudsman involve seeking guidance and advice on ethical dilemmas.

	2011	2012
Real integrity cases	7	6

The six reported integrity cases in 2012 related to a possible leak of internal information, the risk of fraud, irregular purchasing activities and mismanagement of operations. All regions were represented. Of the six cases, all have been investigated, some have been concluded and some are still ongoing. There were no serious breaches of the Codes of Conduct related to discrimination or human rights reported in 2012. ■

02 FOCUS ON PEOPLE

DEVELOPING HIGH PERFORMING PEOPLE

On the people side, 2012 was about integrating KEMA into the DNV Group, harnessing employee pride to strengthen the DNV brand and continuing to prioritise career and competence development across our diverse organisation.

INTEGRATION AND MORE INTEGRATION.

Many milestones were achieved towards the full integration of KEMA into the DNV Group and the establishment of DNV KEMA this year. All 1,668 legacy KEMA employees were added to DNV's HR management system; the migration of legacy KEMA employees to DNV's IT platform is underway and will continue in 2013; legacy KEMA colleagues have been introduced to the Managing Individual Performance (MIP) process; and the refocused DNV KEMA strategy towards 2015 has provided a common direction for all in DNV KEMA. In 2012, DNV KEMA staff were sent a survey and 52% responded. Of these respondents, 84% stated they felt it was a positive thing that DNV and KEMA joined forces and 92% responded with a commitment towards the future success of DNV KEMA. Key learnings from 2012 integration efforts will be used in the ongoing KEMA integration and the upcoming integration with the GL Group, pending approval from the competition authorities.

LEVERAGING ENGAGEMENT AND PRIDE.

The level of engagement among employees revealed a continued positive trend in 2012. The People Engagement Survey achieved a 94% response rate among employees (excluding legacy KEMA colleagues who will take part in 2013). DNV now rates above the Hay Group's High Performance norm in terms of both engagement and enablement and scores best when it comes to the strong belief that people can develop their competence on the job, have a supportive line manager, are part of an inclusive culture and are proud of the DNV brand.

As part of our new global employer branding concept, employees from different parts of DNV have been featured in Morning Story videos sharing their personal stories of motivation and what their job entails. Employees from Norway, Denmark, South Korea and the US were featured in 2012, with Brazil, Africa, Asia and other parts of Europe on the agenda for 2013.

Building on the existing pride of our people has enabled us to improve brand perceptions of DNV both internally and externally, and to leverage the natural brand ambassadors within our organisation.

The recruitment and onboarding of new employees is a priority for DNV. A common recruitment process was finalised in 2012 and will be implemented globally throughout 2013.

TURNOVER DECREASING. Despite a tight labour market in many countries, especially within the oil and gas sector, turnover decreased to 8.3% (excluding legacy KEMA employees) which is a significant improvement from 10.4% in 2011. At the end of 2012, DNV had 10,532 employees – an increase of 2,079 employees compared to 2011. This figure includes organic growth as well as the acquisitions of KEMA, NPS, COEX, Two Tomorrows and DGM.

Turnover in DNV varies significantly according to job category, with the highest rate among consultants (15.7%) and lower turnover among surveyors (5.5%) and managers (3.3%).

CAREER, COMPETENCE AND COMPENSATION.

To help ensure that good conversations about career and competence development take place between employees and their line managers, the Individual Competence Development Plan (ICDP) was integrated into the MIP process in 2011.

TABLE 01 WORKFORCE BY EMPLOYMENT CONTRACT

Employee class	2011	2012
A – Permanent employee	8,114	10,206
C – Contract	309	323
S – Subcontractor	3,460	3,625
X – Extraordinary	690	1,016

Employee classes: Employee differentiation is necessary for DNV, especially with regard to the different employment regulations applicable to these classes.

TABLE 02 FORMAL INTERNAL TRAINING

Employee class	Sum hours	Hours/empl.
A – Permanent employee	211,134	24.9
C – Contract	4,354	14.3
S – Subcontractor	4,206	1.2
X – Extraordinary	743	0.1

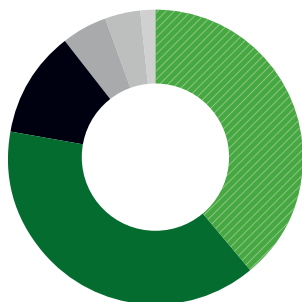
■ **A – Permanent employee:** DNV has the responsibilities of an employer and the employee is on DNV's payroll.
 ■ **C – Contract:** Same as 'A' but time limited: Personnel with a defined contract end-date. The contract is typically for over one year.
 ■ **X – Extraordinary:** Temporary personnel: paid either by invoice or by DNV. Examples: summer temps, maternity leave cover, seasonal workers, graduates.
 ■ **S – Subcontractor:** Consultants, long-term hired. Paid by invoice only.

TABLE 03 WORKFORCE WORLDWIDE

	Employees ¹		Females (%)		Turnover ² (%)		Expatriates (%)		Local mgmt ³ (%)	
	2011	2012	2011	2012	2011	2012	2010	2011	2010	2011
Africa	63	58	21	24.1	33.3	6.5	17.5	13.8	74.6	75.9
Americas	1,148	1,928	36	36.1	12.7	13.0	4.4	1.9	83.0	89.6
Asia /Oceania	2,132	2,452	28	28.6	9.5	7.7	8.0	7.7	84.9	83.7
Europe	1,760	2,893	37	32.3	9.8	6.1	1.4	1.1	87.6	88.7
Middle East	172	196	27	28.6	15.7	12.6	8.1	6.6	0	6.6
Nordic/Baltic	375	405	34	34.1	9.1	6.3	1.9	1.5	90.1	89.1
Norway	2,464	2,597	33	34.1	9.6	8.5	0.5	0.2	81.0	78.4

¹ Number of Class A and C employees ² Calculated only for Class A (excluding legacy KEMA employees)
³ Local management – managers with country's citizenship

FIGURE 05 EMPLOYEES, LEVEL OF EDUCATION



Master	40.0%
Bachelor	36.5%
Other	13.0%
Doctorate	5.5%
2-year college	3.5%
Technical / professional	1.5%
Sum Bachelor, Master or PhD level degree	82.0%

Education levels in DNV (excl. legacy KEMA) are largely captured through an employee self-service system. Legacy KEMA employees only had access to this for a few weeks at the end of 2012, so their educational data is not yet complete. Legacy KEMA was therefore not included in this section.

The ICDP was sharpened at the end of 2012 (based on past experience) to help our people create more value-adding personal development plans. The renamed and redesigned Individual Development Plan will assist individuals in defining a career ambition and then establishing learning goals and activities to help

achieve this ambition. For the best possible blend of learning activities, DNV promotes the 70:20:10 approach: 70% of learning occurs through daily work and on-the-job experience; 20% through dialogues with colleagues, mentoring, tutoring and/or coaching; and 10% through formal training, such as courses. DNV offers a wide range of development courses including: The Journey (a management development programme), TopTech (a development programme for advanced technical experts run in conjunction with the University of California at Berkeley), and WE in DNV (the introduction course for all new employees). In addition, 38 employees were granted funding from DNV's Education Fund in 2012 to pursue further education.

Of the 95.4% of employees (excluding legacy KEMA staff who will join the MIP process in 2013) who completed their MIP process by year-end, 73% also completed their ICDP.

DNV's Career Model was also further developed in 2012 to increase its applicability to all employees (especially DNV Business Assurance and legacy KEMA) and further enable individual career development within DNV.

A Total Compensation project was executed in 2012 and benchmarked compensation in DNV against the external market. Based on the results, the project will work in 2013 to further professionalise compensation and benefits in DNV through regular benchmarking, more training opportunities and increased communication regarding the various elements that make up total compensation in DNV.

DIVERSITY INCREASING. DNV promotes diversity in its workforce and strives for this to be reflected at all management levels. A managerial career should not be hindered by nationality or gender if the employee has the competence, attitude and values needed for the role. The diversity of DNV's managers continues to increase: 73% of managers are non-Scandinavian, up from 69% in 2011 (this is mainly due to the influx of management from KEMA, who are all non-Scandinavian) and as in 2011, 23% of managers are female. DNV has a policy to hire locals for all positions. Before a non-local (expatriate or international assignee) can be hired, special approval must be granted. This is to ensure that DNV continues to build up its local competence where possible.

The proportion of female employees has remained stable at approximately 33%. When taking into account criteria such as education and work experience, the discrepancy in salary between male and female employees in DNV is approximately 1%.

DNV employees have the right to be organised in a union, which DNV has committed to through its signing of the UN Global Compact. DNV has established collective bargaining type agreements in Norway, Sweden, Denmark, the Netherlands (for legacy KEMA) and Singapore, representing approximately 40% of all employees. Minimum notice periods regarding operational changes are typically included in these agreements but also depend on local legislation. In addition, several countries have works councils or other voluntary employee organisations (i.e. Germany, the UK, South Korea and China). DNV also has an active European Works Council as well as regional and global employee forums. ■

FIGURE 06 WORKFORCE BY AGE GROUP

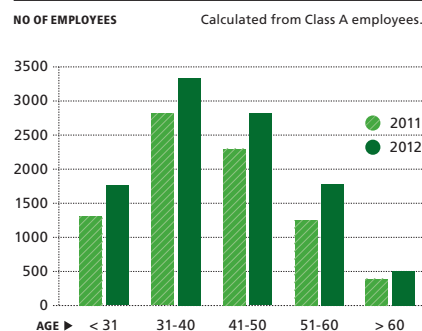


FIGURE 07 TURNOVER BY AGE GROUP



03 FOCUS ON ENVIRONMENT

REDUCING OUR IMPACT ON THE ENVIRONMENT

Our environmental management and reporting mainly include our own operations. We also work to reduce environmental impact through the services we provide and through the private initiatives of our employees.

Annual environmental reporting is mandatory in DNV for all locations with more than 40 employees and for our five DNV Petroleum Services (DNVPS) laboratories. All but two of legacy KEMA locations with more than 40 employees submitted environmental reports in 2012.

Environmental reports represent approximately 64% of the company in terms of number of employees (71% excluding legacy KEMA locations). Some of the locations have only reported their energy consumption or generated waste. DNV complies with the ISO 14001 standard for environmental management systems and is certified by an accredited external certification body.

ENERGY CONSUMPTION. A total of 44 locations, comprising 6,591 employees, have reported their energy consumption. The 2010 and 2011 figures have been corrected to reflect recent disclosed incorrect reporting by one location. Two locations with more than 40 employees are not included in the

energy consumption due to data collection problems. The reported energy consumption for 2012 was 49.8 GWh, of which 6.0 GWh was reported by locations that did not participate in the environmental reporting for 2011. The energy consumption of locations reporting in both 2011 and 2012 decreased by approximately 11.0% compared to 2011.

The specific energy consumption continued to decrease to about 7.6 MWh/person in 2012 – down 12% from 8.6 MWh/person in 2011. The non-renewable energy used on-site at our locations decreased by 36%. The main reason for this is the Høvik headquarters' 77.6% reduction in oil consumption to 44,186 kg in 2012, down from 197,234 kg the year before. This reduction is due to the installation of a new heating pump and ventilation aggregate that have improved the heat recovery unit efficiency. The use of gas on site increased by 38% to 125,155 kg from 90,418 kg in 2011. The increase in gas consumption on site occurred in the DNV building located in Barendrecht and is partly due to a period of extreme cold in January and February 2012.

TABLE 04 ANNUAL ENVIRONMENTAL REPORTING STATISTICS

		2010	2011	2012	2012*
Reporting:	Locations	39	38	46	40
	Employees ¹	5 741	5 839	6 718	6 268
DNV total:	Locations ²	284	278	318	282
	Employees ¹	8 498	8 453	10 532	8 795
Percentage reporting ³		68%	69%	64%	71%

¹ Employees on permanent and long-term contracts ² Includes minor site offices
³ Based on number of employees at reporting locations

*excluding legacy KEMA

The gas consumption at this location is only for heating and for several months it was continuously too warm in the building, which explains the rest of the increase. This problem has been addressed. Hydropower continues to be the dominant source of the electricity consumed. However, it has not to date been possible to accurately specify the hydropower proportion of the total electricity consumption.

EMISSIONS TO AIR. The calculated emissions to air include the following sources:

■ **Direct emissions (Scope 1):**

Emissions from the combustion of oil and gas to produce heat at locations managed by DNV.

■ **Indirect emissions (Scope 2):**

Emissions from the production of heat or electricity procured by DNV but produced at sites not managed by DNV.

The CO₂ emissions at the reporting locations in 2012 were approximately 11,386 tonnes. The CO₂ emissions from the locations reporting both in 2011 and 2012 decreased by about 14% compared with 2011. The decrease in these reporting locations' emissions was caused by less use of energy sources with high emissions per kWh and lower energy consumption.

The specific emissions for all the reporting locations in 2012 were 1.7 tonnes of CO₂ per person, the same as in 2011.

When compared to 2011, the total estimated emissions of SO_x and NO_x for the reporting locations increased by 4% and 6% respectively. This increase was mainly due to the raise in the number of reporting locations.

DNV ABERDEEN'S IMPROVEMENT ACTIONS.

The Aberdeen office has invested NOK 2.5 million in environmentally friendly improvements. The two most significant steps were that all windows were replaced with new energy efficient glass windows, giving better u-values (the old windows were sent for recycling), and all lighting was replaced with LG7 compatible energy efficient light fittings, and switches were removed where possible and replaced with passive infrared sensors.

ENERGY SAVING BY REPLACING CONVENTIONAL LIGHTING.

The DNV Technology Centre in Gdansk, Poland achieved a 29% reduction below reference level for its total primary energy consumption in 2010 and was awarded Partner Building Status under the European Union Green Building programme.

In Singapore, a project to replace all T8 fluorescent lights in the building started in October 2012 and was completed in four months, resulting in energy savings of 31.9%. The new lighting operates at a high efficiency of 97% initial lumen per watt and contains only a small fraction of the solid state amalgam and just 40% of the phosphors compared to T8. It is also recyclable and does not pollute the environment.

At the headquarters at Høvik, Norway, all the lighting in one of the multi-storey car parks has also been converted to LED lights.

TABLE 05 ENERGY CONSUMPTION FROM REPORTING LOCATIONS (GWH)

	2010	2011	2012	Change
Electricity	39.7	38.5	40.9	7%
District heating	0.4	0.8	1.3	56%
Renewables (on-site)	6.7	6.6	5.4	-17%
Non-renewables (on-site)	4.2	3.4	2.2	-36%
Sum (GWh)	51.0	49.3	49.8	1%
MWh / person in reporting locations	9.0	8.6	7.6	-12%

TABLE 06 DIRECT ENERGY CONSUMPTION (SCOPE 1) DISTRIBUTED ON SOURCES

	2010	2011	2012
Renewable energy (on-site) (GJ)	24 120	23 760	19 440
Heat pump	100%	100%	100%
Non-renewable energy (on-site) (GJ)	15 120	12 240	7 920
Oil (kg)	208 701	197 234	44 186
Gas (kg)	122 512	90 418	125 155
Coal (kg)	0	0	0

TABLE 07 CO₂ EMISSIONS FROM REPORTING LOCATIONS (TONNES)

	2010	2011	2012	Change
Scope 1	960	850	445	-48%
Scope 2	6 326	8 689	10 941	26%
Sum (tonnes CO₂)	7 286	9 539	11 386	19%
Tonnes CO ₂ / person in reporting locations	1.3	1.7	1.7	0%

TABLE 08 ESTIMATED EMISSIONS OF NO_x AND SO_x FROM REPORTING LOCATIONS (TONNES)

	2010	2011	2012	Change
SO _x	112	108	112	4%
NO _x	55	53	56	6%

CALCULATION METHOD. The CO₂ emissions have been calculated according to the recommendations set out in the Greenhouse Gas Protocol (World Business Council for Sustainable Development and World Resources Institute). Indirect emissions from electricity and district heating have been calculated using country specific

grid average emission factors published by the International Energy Agency and retrieved from their data services website (<http://data.iea.org>). Direct emissions of CO₂, NO_x and SO_x have been calculated using source specific emission factors retrieved from the Norwegian Climate and Pollution Agency (Norwegian Emission Inventory 2011).

IT AND ENVIRONMENTAL IMPACT. Information Technology is an important tool for achieving a reduced environmental footprint, and efforts focus on two main areas:

A) Further optimisation of power consumption in computing. Our data centres represent a considerable portion of the total energy consumption related to computers. In 2012, we managed to migrate 60% of our servers to a virtual platform despite growth in their total number. The main data centre location at Høvik now has an upgraded ice-water system making cooling more efficient.

Another important move has been the implementation of flash disks in the large disk arrays in order to reduce power consumption.


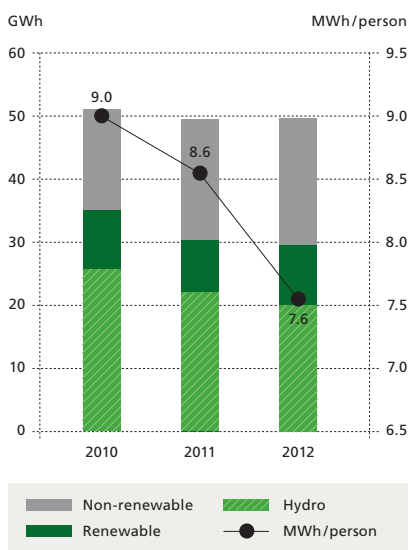
B) Implementation of video conferencing facilities and tools that enable employees to collaborate effectively across geographical distances. According to a survey, 85% of the employees find that collaboration tools make it easy to connect to colleagues in other locations. Both high-end video conferencing and the low-threshold communication tool Lync have had a three-fold effect on the company's safety, health and environmental goals: 

FIGURE 08 REPORTED ENERGY CONSUMPTION



(1) Reduced environmental impact through reduced travel, (2) reduced stress and strain of business travel for employees and (3) reduced exposure to travel safety risks. High-end video conferencing surpassed 18,000 meeting hours in 2012 and has shown a steady increase from 5,000 hours in 2010, the year of its launch. DNV currently possesses 90 high-end video conferencing systems in 51 different locations worldwide.

CO₂ EMISSION FROM AIR TRAVEL. DNV has developed a common global tool for registering business flights and calculating CO₂ emissions from business air travel. Air travel is an integral part of DNV's work, so the intention is not to stop travelling, but rather to make employees more aware of their travel footprint. After any DNV-related air travel, all employees are required to take a minute to register their flights. The corresponding CO₂ emissions are then calculated instantly. Our CO₂ emissions from business air travel are shown in table 5.

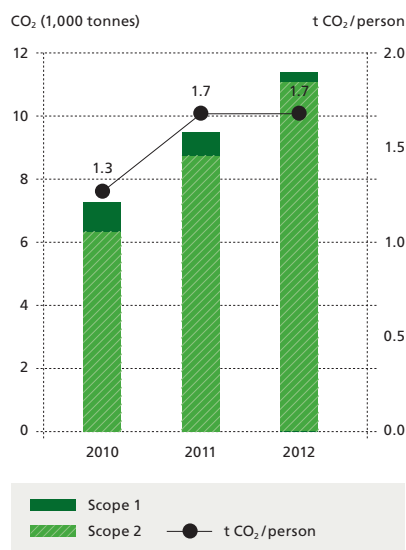
It has not been possible to verify the reported figures. The calculated increase in CO₂ emissions from business air travel per employee from 1.24 tonnes in 2011 to 1.40 tonnes in 2012 is assumed to be due to improved reporting of flights rather than an actual increase in travelling per employee.

ECO-DRIVING INITIATIVE. Eco-driving means smarter and more fuel-efficient driving – reducing consumption and greenhouse gas emissions without any investment and thus both helping

TABLE 09 CO₂ EMISSION FROM BUSINESS AIR TRAVEL (TONNES)*

*excl. legacy KEMA	2010	2011	2012
DNV total	8 731	10 449	12 461
Per employee	1.03	1.24	1.40

FIGURE 09 REPORTED CO₂ EMISSIONS



the environment and saving money. After assessing several alternative web courses, the eco-driving initiative '10 tips to help you drive more efficiently' from the European Petroleum Industry Association and the European Commission was chosen and has now been promoted in the whole organisation.

BENELUX GREEN MOBILITY PROJECT. In 2008, the Benelux offices set a 5-year target for their company vehicle park of a 20% reduction in CO₂ emissions by the end of 2012. This goal had already been reached by the end of 2011. The decrease continued in 2012 due to the growing ecological mindset of the workforce and the 'green' evolution of the car market. Over the past five years, the average grams of CO₂ emissions per car have decreased to 114 (down from 161) in the Netherlands and 128 (down from 163) in Belgium. Other green mobility initiatives successfully focus on the use of public transportation, biking and carpooling.

THE DNVPS 'GOGREEN' INITIATIVE. Early in 2011, DNV Petroleum Services (DNVPS) signed an agreement with DHL Express to implement its carbon neutral shipping services across DNVPS' global markets. The GOGREEN project, a multi-million dollar express contract, covers the out-bound transport of DNVPS' sampling equipment and the inbound regional transportation of bunker oil samples for testing. For a surcharge, DHL measures and offsets carbon emissions for international air express shipments and provides DNVPS with a certificate stating the total amount of CO₂ offset each year on its behalf. The offset was 558.5 tonnes of CO₂ in 2012 and 528.8 tonnes of CO₂ in 2011.

WASTE Thirty-four locations comprising 5,689 employees reported generated waste in 2012. The 2010 and 2011 figures have been corrected to reflect recently disclosed incorrect reporting from two locations. The amount of waste

generated at the reporting locations in 2012 was 858 tonnes, with locations reporting for the first time representing about 2 tonnes of this amount. Locations that did not report waste generated in 2012 reported 0.3 tonnes of waste generated in 2011. For the locations reporting both in 2011 and 2012, there was a decrease in generated waste of about 13% compared to 2011.

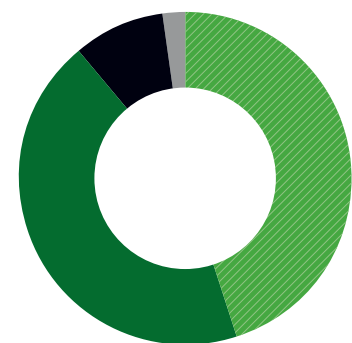
The specific waste generation for all the reporting locations decreased by 21% to 120 kg per person in 2012 down from about 153 kg per person in 2011. The most significant reason for the decrease in waste generated is related to an extensive refurbishment of the office in Aberdeen in 2011 and a significant reduction in the waste generated by the headquarters at Høvik in 2012.

The increase of 180% in the hazardous waste reported by offices and laboratories other than DNVPS in 2012 occurred because the laboratory in Columbus was involved in a project that generated a large quantity of isopropanol solutions as waste. The laboratory has the required hazardous waste permit and the waste has been transferred to Clean Harbors Environmental Services.

DNVPS laboratories' hazardous waste mainly consists of tested oil samples and 98% is delivered to licensed handlers. The remaining 2% is incinerated on site.

WASTE HANDLING PLAN. DNV has developed a specific waste management plan for the headquarters at Høvik and a waste management model plan to be used as a guideline in the company globally. The purpose of these waste management planning initiatives in DNV is five-fold: (1) to achieve our business ambition of reducing waste and obtaining a high degree of sorting and recycling, (2) to effectively demonstrate the management and control of waste produced in the business, (3) to comply with legal and other requirements for waste,

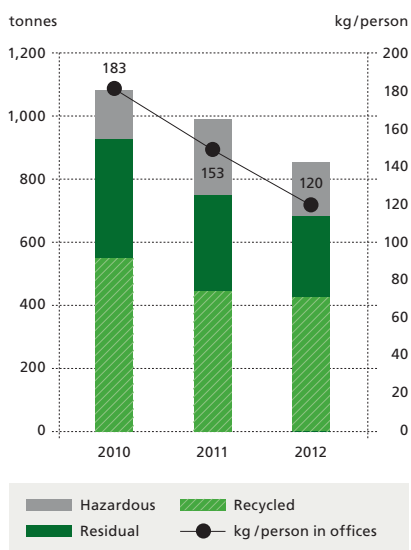
FIGURE 10 HAZARDOUS WASTE IN DNVPS LABORATORIES



Delivered to licensed contractors:

Chemicals	46%
Waste oil	43%
Other	9%
Incinerated on-site:	
Waste oil	2%

FIGURE 11 REPORTED WASTE GENERATION



(4) to avoid littering, burning and other illegal waste-treatment practices and (5) to promote the correct handling of both hazardous substances and non-hazardous waste.

REWARDING EMPLOYEES FOR GREEN BEHAVIOUR.

For five years running, DNV has implemented an environmental programme – ‘WE do’. The programme helps to define DNV’s expectations for employees and reward employees for their positive contributions towards reducing their environmental impact. Permanent employees can select a project from an approved list and apply for a reimbursement of 2/3 of the project cost – up to a maximum amount of NOK 10,000 before taxes. As in the previous year, DNV set aside NOK 30 million for the programme in 2012, adding an additional NOK 3 million later on in the year due to the high level of employee engagement.

OTHER LOCAL INITIATIVES When DNV Finland implemented the Environmental Management System in 2008, ‘Haavi’, an association that promotes education for sustainable development in the Turku area in Finland, participated in the ‘Kick-off Road Shows’ held in Helsinki and Turku. DNV became a supporting member of ‘Haavi’ and has experienced the benefits of having one long-term cooperation partner. During the 2008–2012 period, DNV made a small annual donation to ‘Haavi’. In 2012, that donation was Euro 1,000.

DNV Bahrain arranged a beach cleaning event at Al Jazayer Beach on 16 November 2012. The well-attended event for employees, families and friends aimed to clean up beach litter and raise public awareness of how each individual can make a positive contribution to a cleaner and healthier environment. The Ministry of Municipality supported the event, which also generated a lot of positive feedback from local people on the beach that day.

TABLE 10 AMOUNT OF WASTE GENERATED BY REPORTING LOCATIONS (TONNES)

		2010	2011	2012	Change
Offices and laboratories except DNVPS	Recycled	539	417	410	-2%
	Residual	376	374	259	-31%
	Hazardous	21	5	13	180%
DNVPS	Recycled	8	12	7	-35%
	Residual	5	5	4	-4%
	Hazardous	136	171	164	-4%
Sum	Recycled	547	429	418	-3%
	Residual	381	378	264	-30%
	Hazardous	157	176	177	1%
Total		1 085	983	858	-13%
Locations reporting		39	38	34	
kg / person in reporting locations		183	153	120	-21%

TABLE 11 ENVIRONMENTAL IMPACT OF OUR SERVICES

The positive impact we have on the environment through the services we deliver to our customers is estimated to be far bigger than the negative impact of our operations. Below are selected indicators that reflect the positive performance of our services against significant environmental risks and issues of global concern.



SERVICES TO THE MARITIME INDUSTRY

Emergency Response Service (ERS) for assistance on the stability and residual strength of vessels in an emergency situation, including reduction of environmental impact (oil spill, loss of cargo, etc.):

» Total number of enrolled vessels by end of 2012:	2276
» Total number of incidents handled by ERS in 2012:	24
Collision	5
Grounding	9
Structural collapse	3
Explosion	2
Water ingress	1
Engine failure	1
Loss of stability	1
Liquefied iron ore cargo	1
Breaking from anchors	1

Class notations that reduces the environmental impact from ships due to air emissions and sea discharges:

» Ships in operation with Clean or Clean Design notation:	820
» Newbuildings with Clean or Clean Design notation:	601

» Ships in operation with Volatile Organic Compound (VCS) notation:	962
» Ships with VCS class notation contracted/under construction:	155

Use of cleaner fuel

DNV Classed ships using LNG as fuel:	35
In the order book end 2012:	15

SERVICES TO THE ENERGY INDUSTRY

It is estimated that DNV KEMA’s renewable energy services have been delivered on approximately 60,000 MW of global installed generating capacity through 2012. Our impact consists of services to roughly 33,000 MW of wind energy projects; approximately 21,000 MW of wind turbines have been certified by DNV KEMA; and services to over 6,000 MW of solar PV projects. We have performed certification of 65% of the world’s offshore wind projects. The cumulative environmental impact of our services for these industry sectors corresponds to displacement of approximately 87 million tons of CO₂ annually, an increase of approximately 45% since 2010 when we began to track this metric.

SERVICES TO THE CARBON MARKET

DNV verified Clean Development Mechanism (CDM) projects and their CO₂ reductions.

» By the year end, DNV had verified projects with a reduction of 194 million tonnes of CO₂ equivalents issued from 1,392 verifications, which is 25% of the total number of CDM verifications where CERs have been issued.

DNV validated CDM projects and their CO₂ reductions.

» By the year end, DNV had started validation of 2,833 CDM projects which represent 24% of all CDM projects submitted for validation. Out of these 2,833 projects, 1,686 are registered and represent an estimated annual emission reduction of 272 million tonnes CO₂ equivalents.

04 FOCUS ON HEALTH AND SAFETY

IMPROVING OUR HEALTH AND SAFETY PRACTICES

Our work is never so urgent or important that we cannot take time to do it safely. DNV is committed to managing and continually improving the health and safety of employees, contractors and visitors with the overall goals of having no personal injuries or occupational illnesses and no damage to property.

To this end, DNV is certified to the OHSAS 18001 standard by an external accredited certification body.

Sadly, in December 2012, we lost one of our most dedicated and competent independent contractors after a car accident in Bangalore, India. He had just arrived in Bangalore for a typical project progress review meeting with the customer there. He was travelling by taxi from the airport to his hotel with a DNV KEMA colleague when the taxi collided head on with a concrete divider. Despite the fact that the two men were in the rear of the taxi wearing seatbelts, they were both seriously injured and taken to a nearby hospital for treatment. Although his colleague survived and returned home safely, the contractor

died five days later from cardiac arrest. The cause of the accident is still under investigation by the local authorities.

SAFETY AND HEALTH REPORTS The safety and health reports include hazards and incidents involving employees and contractors working for and on behalf of DNV and members of the public visiting DNV premises. Throughout DNV, 984 work-related incidents and hazards were reported in 2012, an increase of 24% compared with 2011. DNV has good reason to believe this increase is the result of the company-wide focus on the importance of reporting incidents and hazards, rather than a deterioration in occupational health and safety standards. The reporting culture varies between countries. In several countries,

there is still a need for increased awareness of how important reported incidents and hazards are for organisational learning as a basis for improved occupational health and safety performance. In 2012, DNV's operations in China and Korea were very positively affected by the strong management focus on the importance of reporting and increased their reporting by 76% and 40% respectively.

Knowledge gained from the incident and hazard reporting system is shared throughout DNV by using an incident-and-hazard-experience online database. This experience database, which contains de-personalised information about serious incidents and hazards and the preventative/corrective actions taken, is available to all employees.

Of the 912 (*excl. analysis of legacy KEMA*) reported incidents and hazards, 32% were assessed as having high or medium loss potential. More than 78% of these are related to surveys and inspections, while 10% are related to transport and travelling.

The number of incident reports per million worked hours varies for the different regions (*figure 12*). These differences are assumed to reflect a combination of differences in occupational health and safety standard and differences in reporting culture.

SICKNESS ABSENCE The total sickness absence rate (excl. legacy KEMA) decreased to 2.2% in 2012 from 2.4% in 2011. This level is considered acceptable.

ACCIDENTS AND OCCUPATIONAL HEALTH ISSUES (excl. analysis of legacy KEMA)

The accident categories 'slips, trips or falls', and 'hit against or being struck by objects' represent 46% and 34% respectively of the 132 accidents resulting in harm to people.

Of the 69 occupational health issues reported, 53% were caused by 'overstrain, exertion or repetitive strain' and 27% were caused by 'exposure to noise, extreme temperatures, or inadequate lightening or air quality'.

LOST TIME ACCIDENTS AND OCCUPATIONAL HEALTH ISSUES WITH ABSENCE ≥8HRS (Excl. analysis of legacy KEMA, although the table and graphs referred to in this paragraph include legacy KEMA)

The lost time accidents per million worked hours (LTA) decreased by 5% compared to 2011 and the number of days' absence due to lost time accidents per million worked hours (SAI) increased by 55% (table 12). Of the absence time, 70% relates to six of the 30 accidents, five of which were falls on the same level while one involved the employee being hit by a falling object.

Of the absence hours due to work-related accidents, 30% were due to broken or fractured bones and 45% to muscular sprains. Of the work-related accident absence hours, 37% are related to surveys and inspections, 18% to transport and travelling and 28% to office work and team building. The absence hours due to motor-vehicle accidents were significantly reduced compared to 2011.

Of the absence hours related to occupational health issues, 31% were related to surveys and inspections, 41% to laboratory work and 21% to office work. Of the absence hours related to occupational health issues, 53% were due to muscular strains. The days off due to occupational health issues per million worked hours decreased to 7.7 in 2012, down from 18.3 in 2011.

For accidents and occupational health issues with absences of ≥8 hours per type of event and work process, please see table 13.

Figures 13 and 14 show accidents and occupational health issues with absences of ≥8 hours distributed by work processes.

DNV'S 'PEOPLE ENGAGEMENT SURVEY' RELATED TO SAFETY

The result of the 'People Engagement Survey' (excl. legacy KEMA) related to safety confirmed a very positive attitude. To the question of whether 'my line manager always promotes safety first', less than 3% of all employees answered in the negative. To the question of whether 'I have been provided with sufficient safety training and personal protective equipment for my job',

less than 4% of the respondents working in production, production support and customer management answered in the negative.

RISK ASSESSMENT – The global Key Performance Indicators for SHE in 2012.

A new and improved occupational health and safety risk assessment process was implemented in DNV as a Key Performance Indicator (KPI) in 2012. The objective was to perform an enhanced risk assessment with mitigating actions for all activities in all countries where DNV operates. The managers with principal responsibility for an activity within a country are clearly responsible as the owner of their risk assessment process and are also responsible for improvement actions. Employees exposed to the actual risks are involved in the process and in prioritising these.

The results of the risk assessments, including agreed improvement actions, were to be recorded in the Easy Risk Manager (a tool for managing risks globally in DNV). A total of 164 risk assessments were carried out covering all DNV operations in 74 countries.

The corporate KPI aimed to achieve a completion rate of more than 90% in 2012. DNV's actual achievement rate last year was 93% (excl. legacy KEMA). The risk assessment process is one of the most important processes for management to prioritise safety and health improvement actions.

SHE TRAINING – Continuously building a sound SHE culture.

The focus on SHE competence and awareness training continued in 2012. All new employees are required to

complete SHE induction training. All new employees working in the field are required to complete both practical and theoretical safety training within 12 months of being hired. All those working in the field must also complete similar training as a refresher course every four to five years.

The SHE courses for managers – building a sound SHE culture (two days) and SHE professionals - including SHE tools (a total of three days) continued in 2012 after being launched in 2011. Five SHE culture-building courses for managers and SHE professionals were conducted in 2012.

Visits to customer sites and offices are an important part of the execution of DNV's services and sometimes require travel to challenging destinations. Two training courses for employees travelling to areas with medium or high safety risks were arranged in the Middle East in 2012. Driving is seen as one of the significant risks faced by our employees, so defensive driver training is arranged in most parts of the organisation.

GLOBAL SAFETY AWARENESS – Continued success of the 'DNV Life Saver' programme.

Two years ago, DNV initiated a global safety awareness programme. Based on our occupational health and safety risk assessment and an in-depth analysis of incident and hazard reports across the company over the past several years, twelve of the highest risk areas in the company were identified. Icons representing these twelve high-risk areas were then developed – and named the 'DNV Life Savers'. Then in 2011, to further



TABLE 12 HEALTH AND SAFETY INCIDENTS STATISTICS

	2008	2009	2010	2011	2012*
Fatal accidents	1	0	0	0	1
Lost time accidents	34	43	39	32	34
Injury accidents	85	82	108	101	120
Occupational health issues, with absence	13	15	13	17	17
Near accidents	137	175	202	246	270
LTA	2.1	2.5	2.5	2.0	1.9
SAI	23	26.1	28.8	25.2	36
IAF	5.2	4.8	6.8	6.4	6.6
Total Sickness Absence Rate (%)	1.9	2.1	2.2	2.4	2.2

* Legacy KEMA results only included in 2012 figures. Sick leave for 2012 does not include legacy KEMA

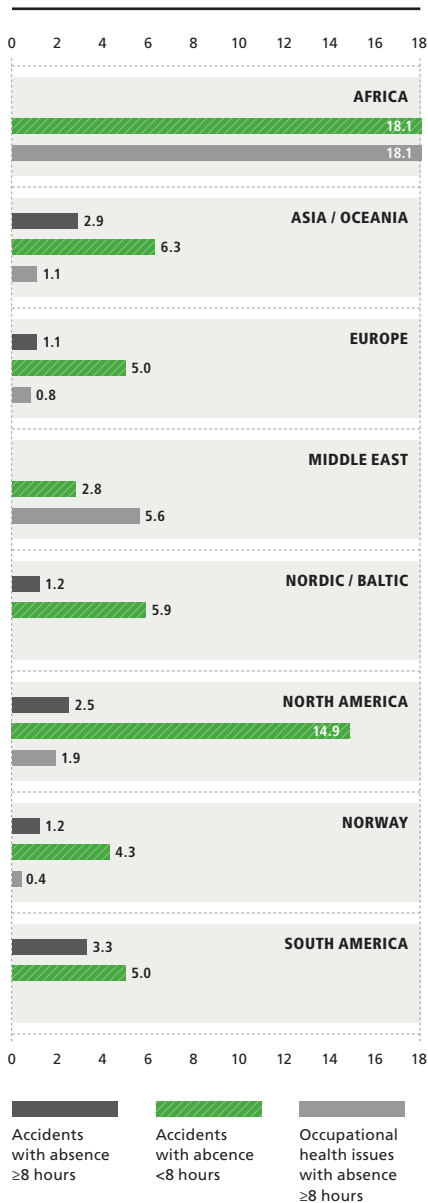
Lost time accident: Accident resulting in injury to people and work absence ≥= 8 hrs
Injury accident: Accident resulting in injury to people and work absence < 8 hrs

Occupational health issue: Work environment conditions (including psychosocial work environment and musculoskeletal load) where exposure over a period of time results in illness to people, or a work activity resulting in illness to people.

LTA (Lost Time Accident Frequency): Number of Lost Time Accidents / million worked hours
SAI (Severity Accident Index): Number of days absence due to Lost Time Accidents / million worked hours
IAF (Injury Accident Frequency): Number of Injury Accidents / million worked hours

Total Sickness Absence Rate (%): Average last 12 months ((Accident+Sickness absence) / Number of worked hours) x 100
Million worked hours: In the safety and health incidents statistics this represents hours worked by employees on permanent and long-term contracts.

FIGURE 12 NUMBER OF INCIDENTS PER MILLION WORKED HOURS PER REGION



focus the programme, all units in DNV were asked to select three Life Savers, reflecting the highest risks to their own operation, and arrange meetings to discuss possible actions to mitigate the risks related to the chosen Life Savers. Progress was reported in the DNV Easy Risk Manager tool. The focus on the programme continued in 2012, when 'learning from incidents and hazards' presentations were developed for each of the 12 Life Savers.

All units in DNV Maritime and Oil & Gas were asked to review their three chosen Life Savers and select at least one improvement action for each of the chosen Life Savers for implementation in the course of 2012. The progress was followed up as a part of the global SHE&Q index bimonthly. The results, as published on the DNV intranet, showed an impressive 95% level of achievement for 2012.

A NEW SHE SELF-ASSESSMENT AND AUDIT TOOL

In 2012, DNV developed and launched a SHE self-assessment and audit tool. The objective of this tool is to: (1) support the line organisation in prioritising SHE management system improvements, (2) increase employees' SHE competence and awareness, and (3) confirm compliance with standards and requirements.

THE SAFETY PROGRAMME IN CHINA

In 2012, DNV's maritime regional management team in Greater China continued its programme to improve safety conditions at all shipyards in China where DNV has operations. The initial programme, which was initiated in 2007 and aimed to increase the focus on safety at production sites, has been a management priority for five years. This focus has produced results. The number of Lost Time Accidents (LTAs) for DNV in China in 2012 was reduced to two, down from seven in 2011. In addition, the number of incidents and hazards reported by the maritime operations has constantly increased under the programme.

The main focus of the programme has been on improved safety awareness through training, as well as on shared learning from reported incidents and hazards. Close co-operation with the yards to improve safety through common SHE tours and emergency drills has also been essential. While it can be said that the general Chinese safety standard has also improved significantly over the years, there is no doubt that this DNV programme has considerably improved the safety of DNV people working in the field in China.

EMERGENCY DRILL IN CHINA

In 2011, DNV participated with a shipyard in a joint emergency drill in China for the first time. In 2012, joint drills were also carried out at the CSBC Kaohsiung, Zhejiang, Jiangsu Rongsheng, GSI, Bohai, Chengxi and Jinhai Heavy Industry shipyards.

The drills were based on a number of scenarios applicable to new construction shipyards: for example, a surveyor on board a vessel collapsed in the bilges of a double bottom tank due to lack of oxygen, a person fell inside the engine room and broke a leg, and fires occurred in the vessel's cargo hold or engine rooms. In each case, emergency medical services practised medical treatment and evacuation.

Emergency fire services practised at the quayside and in engine rooms and cargo holds. The shipyard's safety management team practised the evacuation procedure for its staff and DNV surveyors. The drills were carried out with the invaluable support of the shipyards, our local SHE representatives and the site teams. To identify areas of possible improvement, DNV aims to promote similar drills at all production facilities with a DNV presence.

EMERGENCY PREPAREDNESS

The terrorist attack on the gas facility in Algeria earlier this year where 800 people were taken hostage – and more than 40 people were killed – once again underlines the importance of Emergency Management Planning (EMP). For DNV, this is nothing new. A vital component in fulfilling our objective of safeguarding our employees and operations is our ability to manage events that may disrupt or threaten our operations. Over the past two years, this has meant responding to and recovering from the impact of a tsunami that led to a nuclear power plant melt down in Japan and using the contingency plan for floods when the DNV office in Jeddah was flooded. It has also

FIGURE 13 ACCIDENTS WITH ABSENCE ≥8 HOURS DISTRIBUTED BY WORK PROCESSES

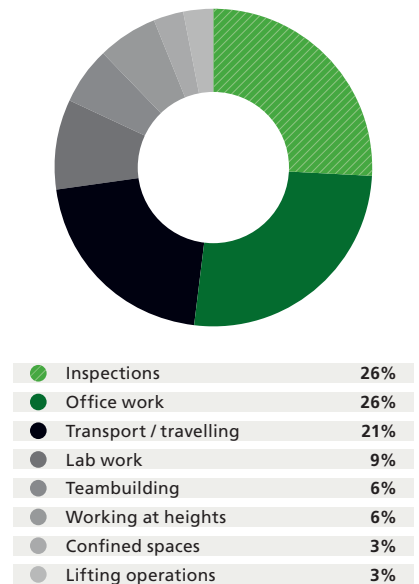
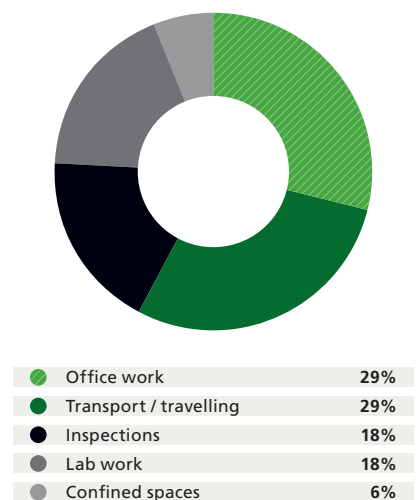


FIGURE 14 OCCUPATIONAL HEALTH ISSUES WITH ABSENCE ≥8 HOURS DISTRIBUTED BY WORK PROCESSES



meant dealing with the effects of piracy on shipping security in the Red Sea, Indian Ocean and Gulf area.

In 2012, other areas affected were Mexico, Egypt, Bahrain and the region around Mali in West Africa. In Mexico, DNV's Emergency Management Plan and evacuation process were put to the test when a 7.4 magnitude earthquake struck on March 20 in the south-west part of the country. Two people were killed and over 30,000 homes destroyed. DNV in Mexico participated in the Mexico National Drill and developed lessons learned from three other quakes that followed later in the year. The Emergency Management Plan was revised following input from the drills as well as the real events – and more medical supplies and communications equipment were purchased, including radios for brigade members and loudspeakers for leaders.

Another area of concern in Mexico is crime and kidnapping. Drug trafficking and organised crime have also been a major source of violent crime. In 2012, according to reputable reports, an average of 72 people were kidnapped daily in the country. DNV provides training by recognised external consultants to teach employees travelling in Mexico City and other affected areas on how to handle criminal activity that is usually oriented toward hostage situations and kidnapping.

An approach to handling safety in remote or hostile areas is being implemented for Accredited Climate Change (ACS) employees in both Mexico and the US. Emission reduction projects can be located in remote and hostile areas. The ACS group prepares a travel and job risk assessment based on the project location and type, and this assessment is shared with team members and the customer so that all understand the level of risk and their own responsibility. In addition, because of the importance of monitoring employee location on site, GPS satellite units are being utilised to help auditors provide real-time information on their location and status, as well as to request help from managers or from the local emergency response centre.

Political and social developments in Egypt are closely monitored by DNV, with information provided to all DNV employees requiring input for a travel risk assessment in connection with business trips there.

In the Middle East, DNV ran an area-wide missing person drill, leading to an update of the Emergency Preparedness Plan. A revised system for back-up duty managers was implemented, along with notification lines regarding personal safety issues.

In Africa, there appears to be a shift of piracy activity from Somalia and the Gulf of Aden to West Africa. DNV's West Africa operations have therefore rewritten their operational procedures on Off Port Limit activity to ensure that customers are better informed of risks and also so that our staff are protected. Input from the US Marine Liaison

TABLE 13 TYPE OF ACCIDENTS AND OCCUPATIONAL HEALTH ISSUES WITH ABSENCE ≥ 8 HOURS PER TYPE OF EVENT AND WORK PROCESS

TYPE OF EVENT	CONFINED SPACES	GENERAL INSPECTIONS	LAB WORK	WORK PROCESS	TEAMBUILDING	TRANSPORT/ TRAVELLING	WORKING AT HEIGHTS	GRAND TOTAL
Cold				1				1
Contact with hot / cold surfaces		1		1				2
Hit against / struck by		2		1	1	4	1	9
Ignored by management / Manager				1				1
Overstrain / exertion / repetitive strain	1	1	2	2	1	2		9
Radiation (acute high level exposure)		1						1
Slips / trips / falls	1	5	1	5		3	2	17
Squeezed / trapped / nipped			1					1
Tropical disease		1						1
Unacceptable workload level				1				1
Unhygienic food						4		4
Ventilation		1	2	1				4
Grand total	2	12	6	13	2	13	3	51

Office is widely circulated. Our operations in Sub-Saharan Africa have seen a significant increase in requests for input to Travel Risk Assessments and have a good dialogue with DNV world-wide on travel in Africa. A particular focus area is the situation in Mali, where DNV staff were alerted to the increasingly violent confrontations being experienced there.

SURVEYOR SAFETY TRAINING IN THE BALTICS

Surveyor safety training is a prioritised area. We have a target of establishing agreements with professional training facilities to cover all the practical safety training for surveyors. DNV has entered into agreements with 14 professional training facilities worldwide.

One example in 2012 was three 2-day safety training courses for experienced surveyors. The courses were held in collaboration with the Maritime Training Centre NOVIKONTAS in Riga, Latvia, which is a full member of the International Association for Safety and Survival Training (IASST) and the International Maritime Simulator Forum (IMSF).

The course supports DNV's main purpose of ensuring safe working practices by teaching personal sea rescue and survival techniques, how to work in confined spaces, how to work at heights, first aid and fire fighting. Of our surveyors in Finland, Latvia and Estonia, 82% underwent training in the three courses.

ERGONOMICS IN INDIA As part of its continuous effort to improve employees' health and safety in 2012, DNV in India focused on office ergonomics. Following an ergonomics audit conducted by an external consultant,

ergonomically effective computer mice, keyboards, docking stations and large monitors were provided to employees when required. Chairs not meeting ergonomic standards were also replaced. The organisation then conducted an Ergonomics & Wellness Workshop, with a special focus on posture correction, office exercise routines, nutrition, proper chair adjustment and approaches to the effective arrangement of the work desk. This was followed up by a bi-weekly employee newsletter covering office wellness tips.

FIELD OPERATION RULES IN NORWAY

In parallel with the well-known common sense rules for hillwalking in Norway, DNV developed a set of Common Sense Rules for Field Operations in 2012. An original draft focusing on field operations safety and emergency preparedness was developed by a project group and then the group's proposal was discussed in a series of workshops attended by employees of the units in Norway.

In the next step of the process, workshop participants worked on DNV's governing documents and the 'personal safety for field operations' procedure to find which DNV rules applied to their particular challenges. The workshops generated a great deal of interest, with a large number of people also attending first-aid courses.

DNV Norway began a campaign to promote the safety culture with employees right from their first day of employment – through, among other factors, including a smoke detector in the welcome packs given to new employees. ■

HOW WE PERFORM

As a self-owned foundation, DNV has no shareholders. The Group's financial accounts show DNV's consolidated income statement, balance sheet, cash flow statement and notes.

The consolidated financial statements (Det Norske Veritas Group) include the results of the foundation (Stiftelsen Det Norske Veritas) and all the subsidiaries in which the foundation directly or indirectly has control.



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AUDITOR'S REPORT

KEY FIGURES

AMOUNTS IN NOK MILLION

	2012	2011	2010	2009	2008
INCOME STATEMENT					
Operating revenue	12 850	10 156	9 792	10 283	9 560
Depreciation	236	150	155	145	120
EBITA	1 222	1 122	855	1 198	1 257
Amortisation	179	64	44	90	69
EBIT/Operating profit	1 043	1 058	810	1 108	1 188
Net financial income (expenses)	63	29	101	129	(82)
Profit before tax	1 105	1 088	911	1 237	1 106
Profit for the year	719	730	613	854	642
BALANCE SHEET					
Fixed assets	4 391	2 445	2 334	2 300	2 467
Current assets	7 628	7 538	6 529	5 903	6 015
Total assets	12 018	9 983	8 863	8 203	8 482
Equity	7 236	6 092	6 261	5 528	4 545
Provisions and long-term liabilities	1 332	1 212	338	523	919
Current liabilities	3 451	2 679	2 264	2 152	3 018
CASH FLOW ITEMS, WORKING CAPITAL AND INVESTMENTS:					
Purchase of tangible fixed assets	236	132	169	349	234
Working capital	4 177	4 859	4 265	3 751	2 997
Cash flow	1 135	929	809	1 186	803
NUMBER OF EMPLOYEES					
	10 532	8 453	8 440	8 866	8 694
FINANCIAL RATIOS					
Profitability:					
EBITA margin	9.5%	11.0%	8.7%	11.7%	13.2%
Operating margin ¹	8.1%	10.4%	8.3%	10.8%	12.4%
Pre tax profit margin ¹	8.6%	10.7%	9.3%	12.0%	11.6%
Net profit margin ¹	5.6%	7.2%	6.3%	8.3%	6.7%
Return on total assets ²	10.7%	12.2%	11.1%	15.9%	17.9%
Return on equity ²	16.6%	17.6%	15.5%	24.6%	28.4%
Liquidity:					
Current ratio	2.2	2.8	2.9	2.7	2.0
Liquidity reserves	3 179	4 074	3 320	2 867	2 118
Liquidity cover	27.5%	45.5%	37.6%	31.8%	25.7%
Leverage:					
Equity ratio	60.2%	61.0%	70.6%	67.4%	53.6%

Definition of ratios

Profitability

EBITA:

Earnings before interest, tax and amortisation

EBITA margin:

$\text{EBITA} \times 100 / \text{Operating revenue}$

Operating margin:

$\text{Operating profit} \times 100 / \text{Operating revenue}$

Pre-tax profit margin:

$\text{Profit before tax} \times 100 / \text{Operating revenue}$

Net profit margin:

$\text{Profit for the year} \times 100 / \text{Operating revenue}$

Return on total assets:

$(\text{Operating profit} + \text{Financial income}) \times 100 / \text{Average total assets}$

Return on equity:

$\text{Profit before tax} \times 100 / \text{Average equity}$

Liquidity

Cash flow:

$\text{Profit before tax} + \text{Depreciation} + \text{Amortisation} - \text{Taxes payable}$

Current ratio:

$\text{Current assets} / \text{Current liabilities}$

Liquidity reserves:

$\text{Cash and bank deposits} + \text{Short-term financial investments}$

Liquidity cover:

$\text{Liquidity reserves} \times 100 / (\text{Total operating expenses} - \text{Depreciation} - \text{Amortisation})$

Leverage

Equity ratio:

$\text{Equity} \times 100 / \text{Total assets}$

¹ These profitability margins are in 2012 influenced by the amortisation of the KEMA intangible assets with 1.2% points.

² Return on total assets and return on equity are in 2012 influenced by the amortisation of the KEMA intangible assets with 1.3% and 2.2% points respectively.

INCOME STATEMENT

STIFTELSEN DET NORSKE VERITAS

1 JANUARY – 31 DECEMBER / AMOUNTS IN NOK MILLION

DET NORSKE VERITAS – GROUP

2012	2011	2010		NOTE	2012	2011	2010	
			OPERATING REVENUE					
0.5	0.0	0.0	Sales revenue		12 849.7	10 156.4	9 791.7	
0.5	0.0	0.0	Total operating revenue	3	12 849.7	10 156.4	9 791.7	
			OPERATING EXPENSES					
0.0	0.0	0.0	Payroll expenses	4, 6, 7	7 239.3	5 577.6	5 613.7	
0.0	0.0	0.0	Depreciation	14	235.6	149.5	155.4	
0.0	0.0	0.0	Amortisation and impairment	12, 13	179.3	63.5	44.3	
0.0	0.0	0.0	Other operating expenses	5	4 152.8	3 307.2	3 167.9	
0.5	0.0	0.0	Operating profit		1 042.6	1 058.5	810.4	
			FINANCIAL INCOME AND EXPENSES					
56.8	14.5	82.2	Financial income		129.5	90.5	135.7	
(0.1)	(17.7)	(0.1)	Financial expenses		(66.8)	(61.2)	(35.0)	
56.7	(3.2)	82.1	Net financial income (expenses)	8	62.6	29.3	100.7	
57.2	(3.2)	82.1	Profit (loss) before tax		1 105.2	1 087.7	911.1	
(32.0)	(29.9)	(21.4)	Tax expense	10	(386.3)	(357.6)	(298.3)	
25.2	(33.1)	60.7	Profit (loss) for the year		719.0	730.1	612.8	
			Of which:					
			Minority share		2.0	0.0	0.0	
			Majority share		717.0	730.1	612.8	
			Transferred to / (covered from)					
25.2	(33.1)	60.7	other equity					

BALANCE SHEET

STIFTELSEN DET NORSKE VERITAS

AS PER 31 DECEMBER / AMOUNTS IN NOK MILLION

DET NORSKE VERITAS – GROUP

2012	2011	2010		NOTE	2012	2011	2010
			ASSETS				
			FIXED ASSETS				
			Intangible fixed assets				
0.0	0.0	0.0	Deferred tax assets	10	430.1	585.1	233.3
0.0	0.0	0.0	Goodwill	12	952.1	88.7	114.4
0.0	0.0	0.0	Other intangible assets	13	385.6	15.9	12.9
0.0	0.0	0.0	Total intangible fixed assets		1 767.8	689.7	360.6
			Tangible fixed assets				
6.4	6.4	6.4	Land, buildings and other property		1 610.0	1 103.1	1 123.2
0.0	0.0	0.0	Office equipment, fixtures and fittings		512.2	315.8	344.9
6.4	6.4	6.4	Total tangible fixed assets	14	2 122.3	1 418.9	1 468.2
			Financial fixed assets				
10.2	10.1	10.1	Investments in subsidiaries	2	0.0	0.0	0.0
0.0	0.0	0.0	Investments in associates	16	14.1	0.0	0.0
0.0	0.0	0.3	Long-term shareholdings	15	36.8	15.7	22.6
0.0	0.0	0.0	Prepaid pension	7	50.0	0.0	126.1
0.0	0.0	0.3	Other long-term receivables	18	399.8	320.4	356.4
10.2	10.1	10.7	Total financial fixed assets		500.6	336.1	505.2
16.6	16.5	17.1	Total fixed assets		4 390.7	2 444.7	2 333.9
			CURRENT ASSETS				
			Debtors				
0.0	0.0	0.0	Trade debtors		2 624.2	2 212.3	2 060.1
0.0	0.0	0.0	Work in progress		1 369.3	893.7	771.6
0.0	0.0	0.0	Other debtors		455.4	358.4	377.5
0.0	0.0	0.0	Total debtors		4 448.8	3 464.4	3 209.3
0.0	591.2	782.6	Short-term financial investments		0.0	591.2	782.6
1 232.8	609.0	444.4	Cash and bank deposits	19	3 178.9	3 482.6	2 536.9
1 232.8	1 200.2	1 227.0	Total current assets		7 627.7	7 538.2	6 528.8
1 249.4	1 216.7	1 244.1	TOTAL ASSETS		12 018.4	9 982.9	8 862.7

2012	2011	2010		NOTE	2012	2011	2010
EQUITY AND LIABILITIES							
EQUITY							
Paid-in capital							
283.5	283.5	283.5	Foundation capital		283.5	283.5	283.5
Retained earnings							
929.8	904.6	937.7	Other equity		6 947.6	5 808.2	5 977.2
0.0	0.0	0.0	Minority interests		4.5	0.0	0.0
1 213.3	1 188.1	1 221.2	Total equity	22	7 235.5	6 091.7	6 260.7
LIABILITIES							
Provisions							
0.0	0.0	0.0	Pension liabilities	7	186.2	1 076.2	141.7
0.3	0.2	0.2	Deferred tax	10	226.4	16.5	17.1
0.0	0.0	0.0	Other provisions	11	919.7	119.7	179.6
0.3	0.2	0.2	Total provisions		1 332.3	1 212.3	338.4
Current liabilities							
4.4	0.0	0.0	Trade creditors		358.4	297.4	238.5
31.4	28.4	22.7	Tax payable		269.4	293.0	271.7
0.0	0.0	0.0	Public duties payable		387.2	301.5	277.5
0.0	0.0	0.0	Other short-term liabilities	17	2 435.7	1 787.0	1 476.0
35.8	28.4	22.7	Total current liabilities		3 450.6	2 678.9	2 263.6
36.1	28.6	22.9	Total liabilities		4 782.8	3 891.2	2 602.0
1 249.4	1 216.7	1 244.1	TOTAL EQUITY AND LIABILITIES		12 018.4	9 982.9	8 862.7

THE BOARD OF DIRECTORS OF STIFTELSEN DET NORSKE VERITAS, HØVIK, 18 APRIL 2013



LEIF-ARNE LANGØY
CHAIRMAN



MORTEN ULSTEIN
VICE CHAIRMAN



C. THOMAS REHDER



JOHN H. WIIK



HILDE TØNNE



FRANCES MORRIS-JONES



CHEN WEI



ODD SUND



SILJE GRJØTHEIM



METTE BANDHOLTZ



HENRIK O. MADSEN
CHIEF EXECUTIVE OFFICER

CASH FLOW STATEMENT

STIFTELSEN DET NORSKE VERITAS

1 JANUARY – 31 DECEMBER / AMOUNTS IN NOK MILLION

DET NORSKE VERITAS – GROUP

2012	2011	2010		NOTE	2012	2011	2010
CASH FLOW FROM OPERATIONS							
57.2	(3.2)	82.1	Profit before tax		1 105.2	1 087.7	911.1
(0.5)	0.0	0.0	Gain/loss on disposal of tangible fixed assets		(0.2)	(6.9)	(5.2)
0.0	0.0	0.0	Gain on divestments		0.0	(41.0)	0.0
0.0	0.0	0.0	Gain on sale of investment in associates		(10.0)	0.0	0.0
0.0	0.0	0.0	Depreciation, amortization and impairment		414.9	213.0	199.7
(31.9)	(29.9)	(21.5)	Tax payable		(385.7)	(371.8)	(302.0)
0.0	0.0	0.0	Change in work in progress, trade debtors and trade creditors		(175.5)	(221.5)	(124.2)
7.4	5.7	(4.5)	Change in other accruals		(329.5)	178.4	(46.6)
32.2	(27.4)	56.1	Net cash flow from operations		619.2	838.0	632.8
CASH FLOW FROM INVESTMENTS							
0.0	0.0	0.0	Acquisitions net of cash		(1 286.0)	(58.2)	(39.3)
0.0	0.0	0.0	Divestments		0.0	60.4	0.0
0.0	0.0	0.0	Investments in tangible fixed assets	14	(235.5)	(131.8)	(168.6)
0.5	0.0	0.0	Sale of tangible fixed assets (sales value)		23.4	20.0	25.0
0.0	0.0	0.0	Currency effects on tangible and intangible fixed assets		5.7	19.0	(0.3)
(0.1)	0.6	0.0	Change in other investments		(21.7)	6.9	2.9
0.4	0.6	0.0	Net cash flow from investments		(1 514.1)	(83.7)	(180.3)
CASH FLOW FROM CAPITAL TRANSACTIONS							
0.0	0.0	0.0	Change in overdrafts		0.0	0.0	(0.2)
0.0	0.0	0.0	Net cash flow from capital transactions		0.0	0.0	(0.2)
LIQUIDITY							
32.2	(27.4)	56.1	Net cash flow from operations		619.2	838.0	632.8
0.4	0.6	0.0	Net cash flow from investments		(1 514.1)	(83.7)	(180.3)
0.0	0.0	0.0	Net cash flow from capital transactions		0.0	0.0	(0.2)
32.6	(26.8)	56.1	Net change in liquidity during the year		(894.9)	754.3	452.3
1 200.2	1 227.0	1 170.9	Liquidity at 1 January		4 073.8	3 319.5	2 867.2
1 232.8	1 200.2	1 227.0	Liquidity at 31 December		3 178.9	4 073.8	3 319.5

NOTES

ALL AMOUNTS IN NOK MILLION

01

ACCOUNTING PRINCIPLES

The financial statements are prepared in accordance with the Norwegian Accounting Act of 1998 and generally accepted accounting principles in Norway.

CONSOLIDATION PRINCIPLES. The consolidated statements include Stiftelsen Det Norske Veritas and all companies in which Stiftelsen Det Norske Veritas directly or indirectly has actual control. The group accounts show Det Norske Veritas' consolidated income statement, balance sheet and statement of cash flow as a single economic entity. Subsidiaries follow the same accounting principles as the parent company. Intercompany transactions are eliminated in the consolidated accounts.

Acquired subsidiaries are reported in the financial statements on the basis of the parent company's acquisition cost. The cost of the shares in the parent company's books is eliminated against the equity in the subsidiary at the date of acquisition. The acquisition cost is allocated by attributing fair values to the identifiable assets and liabilities acquired. Surplus value in excess of the fair value of identifiable net assets is reported in the balance sheet as goodwill. Goodwill is amortised linearly through the income statement over its expected useful economic life.

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 until the annual accounts are presented or prior to the expiry of a 12-month period.

TRANSLATION OF FOREIGN SUBSIDIARIES. When translating the financial statements of the foreign subsidiaries to Norwegian currency, the items in the income statement are translated at the average exchange rate for the financial year. Assets and liabilities in foreign operations, including goodwill and fair value adjustments, are translated into NOK using the exchange rate applicable on the balance sheet date. Exchange-rate differences are recognised in equity.

Forward exchange contracts related to hedging of net investments in foreign subsidiaries are treated as hedging instruments where the exchange rate differences of the hedging instrument are recognised in the equity.

CASH FLOW HEDGES. The effective portion of the gain or loss on the hedging instrument established for hedging of cash flows is not accounted for. Gains or losses on the hedging instrument are recorded as financial income or expenses at realization. Any ineffective portion is recognised in the income statement.

SUBSIDIARIES / ASSOCIATES. Investments in subsidiaries are valued at the cost method in the parent company accounts. The investment is valued as cost of acquiring shares in the subsidiary, provided write down is not required. Write down to fair value is carried out when the reduction in value is caused by circumstances which may not be regarded as incidental, and deemed necessary by generally accepted accounting principles. Write downs are reversed when the cause of the initial write down is no longer present.

An associate is an entity in which the Group has a significant influence but does not control the management of its finances and operations (normally when the Group owns 20%–50% of the company). Investments

in associated companies are valued in accordance with the equity method. The share of profits is based on profits after tax in the associated company, less internal gains and possible amortisation of surplus value caused by the cost of shares being higher than the acquired share of equity. In the income statement, the share of profit is stated as financial income / financial expenses.

When the Group's share of a loss exceeds the Group's investment in an associate, the amount carried in the Group's balance sheet is reduced to zero and further losses are not recognised unless the Group has an obligation to cover any such loss.

In the parent account, dividends, group contributions and other distributions are recognised in the same year as they are recognised in the subsidiary financial statement. If dividends / group contribution exceed withheld profits after acquisition, the excess amount represents repayment of invested capital, and the distribution will be deducted from the recorded value of the acquisition in the balance sheet for the parent company.

USE OF ESTIMATES. The management has used estimates and assumptions that have affected assets, liabilities, income, expenses and information on potential liabilities in accordance with generally accepted accounting principles in Norway. Future events may lead to change of estimates. Estimated and underlying assumptions are assessed on a continuous basis. Changes in accounting estimates are accounted for in the period the change occurs.

REVENUE RECOGNITION AND WORK IN PROGRESS. Revenue from sale of services is recognised according to the percentage of completion method. Work in progress is recognised at estimated sales value. Changes in work in progress is recognised as operating revenue.

Revenue from the sale of services is recognised in the income statement according to the project's level of completion provided the outcome of the transaction can be estimated reliably. Progress is measured as the number of hours spent compared to the total number of hours estimated. When the outcome of the transaction cannot be estimated reliably, only revenue equal to the project costs that have been incurred will be recognised as revenue. The total estimated loss on a contract will be recognised in the income statement during the period when it is identified that a project will generate a loss.

CLASSIFICATION AND VALUATION OF ASSETS AND LIABILITIES. Assets meant for permanent ownership or use are classified as fixed assets. Other assets are classified as current assets. Receivables to be paid within one year are always classified as current assets. Short- and long-term liabilities are classified correspondingly.

Current assets are valued at the lower of cost and net realisable value. Short-term debt is recognised at nominal value at time of establishment.

Fixed assets are valued at cost. However, if a decline in value is expected not to be temporary, fixed assets are written down to recoverable amount. Fixed assets with a limited useful economic life are depreciated in accordance with a linear depreciation plan. Long-term debt is recognised at nominal value at time of establishment. Direct transaction costs are capitalised over the loan period.

DEBTORS. Trade receivables and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful debts. Provisions for doubtful debts are calculated on the basis of individual assessments. In addition, for the remainder of accounts receivables outstanding balances, a general provision is made to cover expected losses.

FOREIGN CURRENCY. Monetary items denominated in a foreign currency are translated at the exchange rate at the balance sheet date. Financial instruments, mainly forward exchange contracts and currency swaps, are used to hedge all significant items denominated in the most common foreign currencies. These hedges are included at market value at 31 December.

Realised and unrealised currency effects are included on a net basis in either other financial income or other financial expenses.

Premiums paid for currency and interest rate options are capitalised and amortised over the life of the contract.

FINANCIAL INVESTMENTS. Short-term financial investments, which are defined as part of a trading portfolio, are valued at market value at the balance sheet date. Dividends and other distributions are recognised as financial income.

Long-term shareholdings where DNV does not exercise significant influence are recognised at cost. Each investment is written down to net realisable value if lower than cost.

PROPERTY, PLANT AND EQUIPMENT. Property, plant and equipment are capitalised and depreciated over the estimated useful economic life. Maintenance costs are expensed as incurred, whereas improvement and upgrading are assigned to the acquisition cost and depreciated along with the asset. If carrying value of a non-current asset exceeds the estimated recoverable amount, the asset is written down to the recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value.

INTANGIBLE ASSETS. Intangible assets acquired separately are carried at cost. The costs of intangible assets acquired through an acquisition are recognised at their fair value in the Group's opening balance sheet. Capitalised intangible assets are recognised at cost less any amortisation and impairment losses.

Internally generated intangible assets are not capitalised but are expensed as occurred.

The economic life is either definite or indefinite. Intangible assets with a definite economic life are amortised over their economic life and tested for impairment if there are any indications. The amortisation method and period are assessed at least once a year. Changes to the amortisation method and/or period are accounted for as a change in estimate.

Intangible assets with an indefinite economic life are tested for impairment at least once a year, either individually or as a part of a cash-generating unit.

GOODWILL. The difference between the cost of an acquisition of business and the fair value of net identifiable assets on the acquisition date is recognised as goodwill. For investment in associates, goodwill is included in the investment's carrying amount.

Goodwill is recognised at cost in the balance sheet, minus any accumulated depreciation. Goodwill is amortised linearly through the income statement over its expected useful economic lifetime.

RESEARCH AND DEVELOPMENT. Research and development costs are expensed when incurred. Cost incurred related to development projects entering into a commercial product or service phase are capitalized.

PENSIONS. Pension costs and pension liabilities for the defined benefit plans are estimated on the basis of linear earnings and assumptions of: discount rate, projected annual salary adjustments, pension and other payments from the national insurance fund, expected annual return on plan assets and actuarial assumptions of deaths, voluntary resignations etc. Plan assets are valued at fair value and deducted from net pension liabilities in the balance sheet. Actuarial gains and losses are recognised directly in the equity.

TAX. The tax expense in the income statement includes taxes payable and change in deferred taxes. Deferred taxes are calculated based on the temporary differences existing between book values and tax values, together with tax loss carry-forwards at the end of the accounting period. Tax increasing and tax reducing temporary differences expected to reverse in the same period are offset and calculated on a net basis. Deferred tax assets are recognised to the extent utilisation of these assets can be justified.

PROVISIONS. A provision is recognised when the Group has an obligation (legal or self-imposed) as a result of a previous event, it is probable (more likely than not) that a financial settlement will take place as a result of this obligation and the size of the amount can be measured reliably. If the effect is considerable, the provision is calculated by discounting estimated future cash flows using a discount rate before tax that reflects the market's pricing of the time value of money and, if relevant, risks specifically linked to the obligation.

If Det Norske Veritas Group is involved in litigation, and a claim has been made, then provisions for these claims are made in the accounts based on a best estimate of the validity and amount of the claim.

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

02

SUBSIDIARIES OF STIFTELSEN DET NORSKE VERITAS

COMPANY	BUSINESS OFFICE	SHARE CAPITAL	OWNER-SHIP	BOOK VALUE
Det Norske Veritas Holding AS (dormant)	Bærum	0.1	100%	0.1
Det Norske Veritas Group AS	Bærum	10.1	100%	10.1
Total investments in subsidiaries				10.2

Det Norske Veritas Group AS (changed name from Det Norske Veritas Holding AS in 2012) has six subsidiaries, Det Norske Veritas AS (100% owned, 86 subsidiaries), DNV Business Assurance Group AS (100% owned, 30 subsidiaries) N.V. KEMA (74.3% owned, 33 subsidiaries), DNV Petroleum Services AS (100% owned, 3 subsidiaries) and the two real estate companies Det Norske Veritas Eiendom AS (100% owned) and Rosenberggata 101 AS (100% owned). With the exception of some financial transactions, Det Norske Veritas operates through the subsidiaries of Det Norske Veritas Group AS.

On 20 December 2012, Stiftelsen Det Norske Veritas and Mayfair signed an agreement to merge the GL group of companies into Det Norske Veritas Group AS to form the DNV GL Group AS. Stiftelsen Det Norske Veritas will own 63.5% of the shares in DNV GL Group AS and Mayfair, the private owner of GL, 36.5%. The closing will take place in 2013, as soon as the clearances from the competition authorities are received. Transaction costs incurred in 2012, NOK 15.7 mill have been capitalised as it will be part of the acquisition cost.

03 OPERATING REVENUE

GEOGRAPHICAL AREA	DET NORSKE VERITAS – GROUP		
	2012	2011	2010
Nordic countries	3 858.0	3 508.4	3 343.9
Europe and Africa	3 121.4	2 113.6	2 146.7
Asia Pacific	3 255.2	2 972.1	2 804.3
North and South America	2 615.1	1 562.3	1 496.8
Total operating revenue	12 849.7	10 156.4	9 791.7

04 PAYROLL EXPENSES

STIFTELSEN DET NORSKE VERITAS			DET NORSKE VERITAS – GROUP			
2012	2011	2010	2012	2011	2010	
0.0	0.0	0.0	Salaries	5 657.5	4 295.5	4 310.2
0.0	0.0	0.0	Payroll tax	740.8	591.9	572.7
0.0	0.0	0.0	Pension costs	509.0	392.8	398.8
0.0	0.0	0.0	Other contributions	332.0	297.4	332.0
0.0	0.0	0.0	Total payroll expenses	7 239.3	5 577.6	5 613.7
0.0	0.0	0.0	Man years	10 348	8 284	8 303
0.0	0.0	0.0	Total bonus expenses	348.0	100.0	90.0

05 OTHER OPERATING EXPENSES

STIFTELSEN DET NORSKE VERITAS			DET NORSKE VERITAS – GROUP			
2012	2011	2010	2012	2011	2010	
0.0	0.0	0.0	Travel expenses	758.8	657.4	637.9
0.0	0.0	0.0	Hired assistance	583.2	507.9	458.8
0.0	0.0	0.0	ICT and communication expenses	329.3	319.4	356.4
0.0	0.0	0.0	Office and real estate expenses	425.2	331.7	391.2
0.0	0.0	0.0	Loss on accounts receivable	36.1	16.3	65.9
0.0	0.0	0.0	Other expenses	2 020.3	1 474.5	1 257.7
0.0	0.0	0.0	Total other operating expenses	4 152.8	3 307.2	3 167.9

06

REMUNERATIONS AND LOANS TO CEO, EXECUTIVE COMMITTEE, BOARD OF DIRECTORS ETC.

Chief Executive Officer Henrik O. Madsen has a pensionable annual base salary of NOK 3 021 000 and a functional allowance including free housing of NOK 1 399 000.

Madsen has a right to retire at 62 years with a yearly pension equal to 66% of his pensionable annual base salary at date of retirement.

In case of resignation before the age of 62, CEO is entitled, given certain circumstances, to a severance pay of maximum 2 years of base salary.

The CEO and the Executive Committee have no separate bonus schemes other than those applicable for the employees.

REMUNERATIONS TO THE EXECUTIVE COMMITTEE FOR 2012	SALARY & FUNCTIONAL ALLOWANCE	OTHER BENEFITS	BONUS PAID ³	PENSION BENEFIT EARNED / COST TO DNV
Henrik O. Madsen	4 463 610	363 538	62 394	2 321 218
Tor E. Svensen	2 867 493	171 776	51 339	1 191 683
Remi Eriksen ¹	2 141 046	1 048 199	38 205	584 624
Bjørn K. Haugland	1 680 176	184 231	33 705	490 014
Thomas Vogth-Eriksen ¹	1 748 732	162 039	45 296	452 131
Cecilie B. Heuch	1 704 437	157 941	33 705	76 931
Luca Crisciotti ¹	1 716 014	468 230	15 506	388 865
David Walker ²	1 047 798	195 147	50 284	0

LOANS TO THE EXECUTIVE COMMITTEE AT 31 DEC. 2012	LOAN AMOUNT	INTEREST RATE	REPAYMENT PERIOD	SECURITY
Henrik O. Madsen	2 045 706	1.1 %	Nov. 2018	Mortgage
Tor E. Svensen	493 000	1.1 %	Mar. 2028	Mortgage
Bjørn K. Haugland	2 217 600	1.1 %	Dec. 2034	Mortgage
Thomas Vogth-Eriksen ¹	2 056 716	1.1 %	Apr. 2024	Mortgage

1) Expatriate assignments part of 2012 2) David Walker was appointed CEO of DNV KEMA with effect from July 2012. In addition the former CEO in DNV KEMA has received a total compensation of NOK 5 737 840 including severance pay 3) Paid in 2012 earned in 2011

REMUNERATION PAID OUT IN 2012 TO:

BOARD OF DIRECTORS	BOARD REMUNERATION	COMP. TRAVEL TIME	CONTROL COMMITTEE	REMUNERATION
Leif-Arne Langøy	420 000	0	Erling Øverland	110 000
Morten Ulstein	295 000	0	Arne Thorsen	73 000
Hilde Tonne	210 000	30 000	Terje Overvik ¹	30 417
John H. Wiik	210 000	0	Georg Scheel ¹	42 583
C. Thomas Rehder	210 000	0		
Frances Morris-Jones	210 000	0		
Odd Sund	210 000	0		
Sille Grjotheim	210 000	0		
Chen Wei	210 000	0		
Mette Bandholtz	210 000	0		
			COMPENSATION COMMITTEE	REMUNERATION
			Leif-Arne Langøy	24 000
			Morten Ulstein	16 000
			John H. Wiik	16 000

1) Georg Scheel replaced Terje Overvik from June 2012

COUNCIL	REMUNERATION	ELECTION COMMITTEE	REMUNERATION
Walter Qvam	87 500	Helle Hammer	36 000
Sturla Henriksen	52 500	Karl Erik Kjelstad	28 000
		Gunn Wærsted	28 000

FEES TO THE AUDITORS FOR 2012 (EXCLUDING VAT)	STATUTORY AUDIT	TAX CONSULTING SERVICES	OTHER ATTEST SERVICES	NON-AUDIT SERVICES
Stiftelsen Det Norske Veritas	300 000	0	0	0
Group auditor other Norwegian entities	2 604 649	500 080	186 043	1 165 903
Group auditor non-Norwegian entities	12 491 000	6 020 528	121 655	1 181 806
Other auditors	1 446 053	783 726	637 990	4 404 836
Total	16 841 702	7 304 334	945 688	6 752 545

07

PENSION COSTS, PLAN ASSETS AND DEFINED BENEFIT PENSION LIABILITIES

Det Norske Veritas has both defined benefit pension plans and defined contribution pension plans. The defined benefit pension plans are covered through separate pension funds or through arrangements with insurance companies. The future pension benefits are based on the employee's salary level at the time of retirement and on the number of years of membership. This is the basis for calculating the pension cost and the pension liabilities as included in the accounts and in this note. Contribution to the Group's pension plans are made in accordance with common actuarial methods in the country where the pension plan is administered. Total pension costs for 2012 are NOK 509.0 million, of which NOK 225.6 million are related to the

defined benefit pension plans and NOK 283.4 million are related to the contribution pension plans.

The Norwegian companies in the Group are subject to the Norwegian Pension Act. The companies' pension schemes fulfill 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 organised in one Norwegian pension fund (employees employed before 1 January 2005) and in one unfunded pension plan. The pension assets in the Norwegian pension fund are invested as follows:

MARKET VALUE OF PLAN ASSETS IN NORWAY

	31 DEC 12	31 DEC 11	31 DEC 10
Buildings and property	273.1	253.2	220.7
Mutual equity funds and hedge funds	1 776.3	1 597.9	1 827.3
Norwegian bonds and bond funds	733.6	583.7	431.0
Non-Norwegian bonds and bond funds	619.1	613.0	669.3
Money market, bank accounts, other assets and liabilities	1 366.9	1 141.5	1 032.7
Total market value of plan assets	4 769.0	4 189.3	4 181.0
Actual return on plan assets	395.2	(88.2)	358.8

NET PENSION COST	NORWEGIAN DEFINED BENEFIT PENSION PLANS			OTHER DEFINED BENEFIT PENSION PLANS OUTSIDE NORWAY		
	2012	2011	2010	2012	2011	2010
Net present value of this year's pension contribution	190.9	150.8	147.9	32.2	29.4	38.4
Interest expense on pension liabilities	147.9	157.7	165.2	54.6	54.6	55.3
Expected return on plan assets	(167.6)	(188.1)	(186.6)	(56.5)	(56.4)	(58.1)
Payroll tax	24.1	17.0	17.8	0.0	0.0	0.0
Curtailed/pension plan changes	0.0	0.0	0.0	0.0	0.0	(10.2)
Net pension cost	195.4	137.3	144.3	30.3	27.7	25.4

PLAN ASSETS AND PENSION LIABILITIES

Market value of plan assets	4 769.0	4 189.3	4 181.0	1 125.9	1 078.1	931.0
Actuarial present value of pension liabilities	(4 661.5)	(4 996.8)	(4 006.7)	(1 312.1)	(1 160.1)	(1 072.7)
Payroll tax	(57.6)	(186.6)	(48.2)	0.0	0.0	0.0
Net prepaid pension (liabilities)	50.0	(994.2)	126.1	(186.2)	(82.0)	(141.7)
Hereof recorded as plan assets in balance sheet	50.0	0.0	126.1	0.0	0.0	0.0
Hereof recorded as pension liabilities in balance sheet	0.0	(994.2)	0.0	(186.2)	(82.0)	(141.7)

The assumptions for calculation of the pension liabilities in Norway have been changed. The discount rate is based on the interest rates for covered bonds, as the market for covered bonds is considered sufficiently deep and the pricing reliable. The consequence in 2012 is reduced pension liabilities of NOK 683 million. The calculated pension liability includes NOK 125 million to meet the

best estimate of expected increase in the calculated pension liability when the new mortality table K2013 for Norway is introduced.

End of service benefit schemes, in some countries outside Norway, considered to be defined benefit schemes, have been actuarially calculated in accordance with NGAAP. The total liability at year-end is NOK 53 million (NOK 52 million in 2011).

THE CALCULATION OF THE DEFINED BENEFIT PENSION LIABILITIES IS BASED ON THE FOLLOWING ASSUMPTIONS:	NORWEGIAN SCHEMES			OTHER SCHEMES OUTSIDE NORWAY		
	2012	2011	2010	2012	2011	2010
Discount rate	3.8%	3.0%	4.0%	3.3–4.5%	4.6–5.5%	4.7–5.4%
Projected annual salary adjustment	4.0%	4.0%	4.0%	2.0–3.0%	2.0–4.0%	2.0–4.4%
Projected annual increase in pension benefit	2.0%	2.0%	2.0%	0.0–3.0%	0.0–3.0%	0.0–3.3%
Projected annual increase in Norwegian government basis pension	3.0%	3.0%	3.0%	-	-	-
Expected annual return on plan assets	3.8%	4.0%	4.5%	3.6–5.7%	3.5–5.75%	3.8–6.7%

Ordinary retirement age in Det Norske Veritas is 67 years.

Some managers and employees are entitled to retire before the age of 67 with full pension rights earned.

08

FINANCIAL INCOME AND FINANCIAL EXPENSES

STIFTELSEN DET NORSKE VERITAS				DET NORSKE VERITAS – GROUP		
2012	2011	2010		2012	2011	2010
10.5	(17.6)	69.6	Return on financial investments	10.5	(17.6)	69.6
0.0	0.0	0.0	Dividend from subsidiaries	0.0	0.0	0.0
0.0	0.0	0.0	Gain from investment in associates	8.5	0.0	0.0
0.7	0.0	0.0	Net interest received from group companies	0.0	0.0	0.0
45.6	14.4	12.5	Other net interest income (expense)	56.4	53.8	59.1
(0.1)	0.0	0.0	Currency gains (losses)	(21.6)	(10.9)	(15.4)
0.0	0.0	0.0	Other financial items	8.8	4.0	(12.7)
56.7	(3.2)	82.1	Net financial income (expenses)	62.6	29.3	100.7

09

FINANCIAL MARKET RISK

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

LIQUIDITY RISK. The Group monitors its liquidity risk on an ongoing basis. The liquidity planning considers the maturity of both the financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations.

FOREIGN CURRENCY RISK. The Group has revenues and expenses in approx. 50 currencies. Of these, six currencies (NOK, EUR, USD, CNY, KRW and GBP) make up for approximately 80% of the total revenue. In many currencies DNV has a natural hedge through a balance of revenue and expenses. Major imbalances on the balance sheet are hedged through forward exchange contracts. As part of this hedging, DNV has forward exchange contracts in 21 currencies, totalling a net amount of approx. NOK 3 800 million.

The most important contracts are in USD (21%) and EUR (48%).
Unrealized net gain at year end is NOK 171 million.

CREDIT RISK. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is limited. There are no significant concentrations of credit risk within the Group. With respect to credit risk arising from the other financial assets of the Group, which comprises cash and cash equivalents and certain

derivative instruments, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the market value of these instruments.

INTEREST RATE RISK. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's forward exchange contracts.

10 TAX

STIFTELSEN DET NORSKE VERITAS

DET NORSKE VERITAS – GROUP

2012	2011	2010		2012	2011	2010
			Tax expense consists of:			
18.0	18.9	15.0	Norwegian wealth tax	18.0	18.9	15.0
13.9	11.0	6.5	Norwegian income tax	13.4	106.2	31.7
0.0	0.0	0.0	Income tax outside Norway	354.3	236.2	255.3
31.9	29.9	21.5	Total tax payable	385.7	361.3	302.0
0.1	0.0	(0.1)	Change in deferred tax in Norway	17.3	(1.5)	25.7
0.0	0.0	0.0	Change in deferred tax outside Norway	(16.7)	(2.1)	(29.4)
0.1	0.0	(0.1)	Total change in deferred tax	0.6	(3.6)	(3.7)
32.0	29.9	21.4	Tax expense	386.3	357.6	298.3
16.0	15.9	(0.9)	Tax on profit at 28%	309.5	304.6	255.1
			Tax effect of:			
0.0	0.0	0.0	Foreign tax exempt branches	(23.8)	(18.0)	(13.4)
0.5	0.0	(1.2)	Changes to previous years' taxes	29.9	(4.5)	6.9
18.0	18.9	15.0	Norwegian wealth tax	18.0	17.4	15.0
0.0	0.0	0.0	Tax assets not recognised current year	1.2	15.2	24.7
0.0	0.0	0.0	Differences between tax rates in Norway and abroad	(10.0)	(3.6)	(4.4)
(2.5)	11.9	(15.4)	Permanent differences	61.5	46.5	14.4
32.0	46.7	(2.5)	Tax expense	386.3	357.6	298.3
			Effective tax rate	35%	33%	33%
			Net tax-reducing / tax-increasing temporary differences:			
1.0	0.7	0.9	Fixed assets	978.5	144.9	128.5
0.0	0.0	0.0	Current assets	(62.6)	(78.2)	(1.9)
0.0	0.0	0.0	Liabilities including pension liabilities	(1 047.7)	(2 002.4)	(821.6)
0.0	0.0	0.0	Tax loss to be carried forward	(202.7)	0.0	0.0
1.0	0.7	0.9	Basis for deferred tax asset / liability	(334.5)	(1 935.7)	(695.0)
28%	28%	28%	Tax rates applied	17%–42%	10%–42%	10%–43%
0.0	0.0	0.0	Deferred tax asset	(430.1)	(585.1)	(233.3)
0.3	0.2	0.2	Deferred tax liability	226.4	16.5	17.1

11

CHANGES IN THE GROUP STRUCTURE

COMPANY	ACQUIRED	OWNERSHIP	PURCHASE CURRENCY	ACQUISITION COST LOCAL CURRENCY	EXTERNAL REVENUE INCL. IN 2012 ACCT. MILL. NOK
N.V. KEMA Group	28 Feb 2012	74.3%	EUR	208.9	1 815.7
Norwegian Petro Services AS	28 Mar 2012	100%	NOK	12.9	1.5
Coex AS	20 Apr 2012	100%	NOK	8.1	7.2
Two Tomorrows Group Ltd.	30 Apr 2012	100%	GBP	1.7	12.2

The acquisition cost in excess of net book value of the equity has been allocated to goodwill and other intangible assets.

In December 2011, Det Norske Veritas Holding AS (renamed to Det Norske Veritas Group AS in 2012) signed an agreement to acquire 74.3% of the shares in N.V. KEMA. The N.V. KEMA group of companies has a global presence and 1800 employees. The transaction was closed on 28 February 2012 after clearance from the competition authorities. In addition, Det Norske Veritas Group AS has entered into an agreement with the owners of the remaining 25.7% of the shares, where they have a put option and where Det Norske Veritas Group AS has a call option on acquiring the remaining shares after two years.

The option structure is such that it is highly unlikely that an acquisition of the remaining 25.7% of the shares will take place in March 2014, and 100% of KEMA has been included in the DNV consolidated accounts from 1 March 2012 with no minority interest. The net present value of the expected payment for the remaining shares has been reflected as a liability under other provisions with NOK 571 mill.

The Purchase Price has been allocated to the tangible and intangible assets and liabilities in KEMA and reflected in the 2012 accounts for DNV.

	ACQUISITION COST	OF WHICH:						
		TRADEMARKS	CUSTOMER RELATIONS	GENERATORS	LIABILITIES	DEFERRED TAX	NET ASSETS	GOODWILL
Purchase Price allocation	1 534.0	97.4	306.6	440.6	(617.6)	(234.4)	569.1	972.3

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GOODWILL

COMPANY / BUSINESS ACTIVITY	GOODWILL COST AT 1 JAN.	ACCUM. AMORT. 1 JAN.	REVAL. EFFECTS	THIS YEAR'S ADDITIONS	THIS YEAR'S AMORT.	IMPAIRMENT	GOODWILL 31 DEC.	AMORT. PERIOD
Global Energy Concepts Inc	133.6	(113.7)	(0.6)		(13.6)	(5.7)	0.0	5 years
Jardine Technology Ltd	11.6	(7.9)	(0.1)		(2.3)		1.3	5 years
SOF Conseil SAS	15.1	(6.3)	(0.4)		(2.9)		5.5	5 years
BE&W Engineering Inc	32.5	(8.1)	(0.7)		(6.3)	(17.4)	0.0	5 years
Synergi Solutions AS	36.2	(4.3)			(7.2)		24.7	5 years
N.V. KEMA Group			1.8	972.3	(84.1)		890.1	10 years
Norwegian Petro Services AS				12.3	(1.7)		10.7	5 years
Coex AS				6.3	(1.0)		5.4	5 years
Two Tomorrows Group Ltd.			0.1	16.8	(2.3)		14.6	5 years
Total	229.1	(140.4)	0.2	1 007.8	(121.5)	(23.1)	952.1	

Goodwill is amortized linearly over the expected economic lifetime.

Goodwill is written down if the net present value of the future expected cash flows are not defending the values in the balance sheet. Key assumptions in these calculations are expected future growth, expected future cash flows and discount rate.

Due to weaker financial performance from DNV Renewables Inc. (former Global Energy Concepts Inc.) and BE&W Engineering Inc. than anticipated at the time of acquisition, the goodwill value on the balance sheet has been written down by NOK 23 mill in 2012.

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OTHER INTANGIBLE ASSETS

COMPANY / INTANGIBLE ASSETS	COST AT 1 JAN.	ACCUM. AMORT. 1 JAN.	REVAL. EFFECTS	THIS YEAR'S ADDITIONS	THIS YEAR'S AMORT.	IMPAIRMENT	BOOK VALUE 31 DEC.	AMORT. PERIOD
Norwegian Maritime Advisors – Technology	2.0	(1.8)			(0.2)		0.0	5 years
Global Energy Concepts Inc – Customer relations	21.1	(15.1)	(0.2)		(4.1)	(1.7)	0.0	5 years
Synergi Solutions AS – Customer relations, Technology	11.1	(1.3)			(2.2)		7.5	5 years
N.V. KEMA Group – Customer relations, Trademarks			0.6	404.0	(26.5)		378.1	10 years
Total	34.2	(18.3)	0.4	404.0	(33.0)	(1.7)	385.6	

Other intangible assets are amortized linearly, based on evaluation of economic lifetime.

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FIXED ASSETS

	LAND, BUILDINGS AND OTHER PROPERTY	OFFICE EQUIPMENT, FIXTURES AND FITTINGS
Cost at 1 January 2012	1 635.1	2 142.8
Revaluation effects	(0.8)	(9.9)
Additions from acquisitions in 2012	567.7	249.8
Other additions in 2012	16.4	133.9
Disposals in 2012	(2.8)	(20.3)
Accumulated depreciation at 31 December 2012	(605.6)	(1 984.2)
Book value at 31 December 2012	1 610.0	512.2
Depreciation 2012	75.1	160.6
Economic life	20–100 years	3–10 years
Depreciation plan	Linear	Linear

Det Norske Veritas Eiendom AS has a tenancy agreement with Det Norske Veritas Pension Fund for an office building in Stavanger. In 2012, the rent amounted to NOK 7.7 million. The tenancy agreement is nonterminable for 30 years starting in 1984.

Det Norske Veritas Pension Fund has an option to sell the property to Det Norske Veritas for NOK 147.0 million at the end of the period (year 2014). The market value of the property as per 31 December 2012 is NOK 273 million.

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LONG-TERM SHAREHOLDINGS

COMPANY	OWNERSHIP	BOOK VALUE	COMPANY	OWNERSHIP	BOOK VALUE
Ship Manoeuvring Simulator Center AS	34.6%	1.8	CCS-DNV Technology Institute	50.0%	5.4
Vité Inc.	15.1%	0.0	STRI AB	12.5 %	9.7
TT Holding AS	11.1%	0.0	Synteo Holding AB	10.0%	11.2
Marintek AS	9.0%	0.0	Halfwave AS	59.7%	0.2
ECA International	2.7%	0.0	Blade Test Centre AS	25.0%	4.6
Kapnord Fond AS	6.0%	3.8	Total long-term shareholdings		36.8

16 INVESTMENT IN ASSOCIATES

1 Jan 2012, DNV and Nemko merged the medical certification and EX services from DNV Certification AS (10 employees) and Nemko AS into a joint venture company, DNV Nemko Presafe AS. After the merger DNV Business Assurance Group AS owns 50%

of DNV Nemko Presafe AS, and the investment is considered to be a joint venture. The demerger is treated as a transaction and the investment is recognised in accordance with the equity method in the accounts of Det Norske Veritas Group.

Opening balance 1 January 2012 of the shares in DNV Nemko Presafe AS	5.6
Gain from demerger	13.3
50% of loss after tax in DNV Nemko Presafe AS 2012	-4.8
Investment in associates 31 December 2012	14.1

17 OTHER SHORT-TERM LIABILITIES

DET NORSKE VERITAS – GROUP

	2012	2011	2010
Advances from customers	1 179.2	806.1	717.9
Accrued expenses	496.3	440.4	375.5
Accrued bonus to employees	304.0	100.0	90.0
Accrued holiday allowances	359.1	274.5	271.6
Unrealised loss (gain) and interest related to forward contracts	(171.0)	84.3	(36.3)
Other short-term liabilities	268.1	81.8	57.2
Total other short-term liabilities	2 435.7	1 787.0	1 476.0

18 OTHER LONG-TERM RECEIVABLES

DET NORSKE VERITAS – GROUP

	2012	2011	2010
Loans to employees	59.9	63.4	68.2
Loan to affiliated companies, DNV Nemko Presafe AS	27.0	0.0	0.0
Convertible loan to Storm Geo Holding AS	42.4	0.0	0.0
Other long-term receivables	270.6	257.0	288.3
Total other long-term receivables	399.8	320.4	356.4

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CASH AND BANK DEPOSITS

Det Norske Veritas Group AS has a cash pool system with DNB ASA, in which most of DNV's legal entities participate. This system includes an overdraft facility of NOK 50 million.

DNV's wholly owned subsidiary in China, Det Norske Veritas China Company Ltd has an agreement for a CNY 150 million credit facility with Citibank in China. The facility is guaranteed by Det Norske Veritas AS through a parent company guarantee. The facility is undrawn at year-end 2012.

Det Norske Veritas Group AS has a cash pool system with Handelsbanken, in which all DNV's legal entities in Sweden, Finland, Estonia Latvia and Lithuania participate.

DNV's wholly owned subsidiary in India, DNV Business Assurance India Private Ltd has an agreement for an INR 250 million credit facility with Citibank in India. The facility is guaranteed by Det Norske Veritas Group AS through a parent company guarantee. The facility is undrawn at year-end 2012.

Balances on bank accounts participating in the cash pooling systems are considered as internal assets or liabilities vis-à-vis other DNV participants. For DNV on a consolidated basis, the net total balance of NOK 250 million with DNB ASA and NOK 17 million with Handelsbanken are included in Cash and bank deposits in the balance sheet at 31 December.

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LONG-TERM LOANS

Det Norske Veritas Group AS has an agreement for a NOK 1 600 million multi-currency revolving credit facility with Handelsbanken Norwegian branch of Svenska Handelsbanken AB (publ). The facility expires in December 2016 and is undrawn as per year-end 2012.

The credit agreement supporting this facility has certain covenants, including a negative pledge clause, and also restrict Det Norske

Veritas' ability to freely dispose of main real estate holdings and principal subsidiaries. The credit agreement further requires that DNV on a consolidated basis maintains a certain minimum level of equity and that the net interest bearing debt does not exceed a set level relative to total equity. DNV was well within all covenants at year-end.

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GUARANTEES

STIFTELSEN DET NORSKE VERITAS				DET NORSKE VERITAS – GROUP		
2012	2011	2010		2012	2011	2010
0.0	0.0	0.0	Guarantee commitments not included in the accounts	152.4	75.7	49.1

These guarantees are not secured by mortgage.

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EQUITY

	FOUNDATION CAPITAL	OTHER EQUITY	STIFTELSEN DNV	SUBSIDIARIES OF STIFTELSEN DNV	MINORITY INTEREST	DNV GROUP
Equity 31 December 2011	283.5	904.6	1 188.1	4 903.6	0.0	6 091.7
Unrecognised net gain defined benefit pension plans 2012				487.9		487.9
Foreign currency translation				(158.9)		(158.9)
(Gross) gain on hedge of net investments				117.5		117.5
Tax effect from hedging of net investments in foreign subsidiaries				(24.2)		(24.2)
Minority interest from acquisitions					2.5	2.5
Profit for the year		25.2	25.2	691.8	2.0	719.0
Equity 31 December 2012	283.5	904.6	1 213.3	6 017.7	4.5	7 235.5

AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF STIFTELSEN DET NORSKE VERITAS

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Stiftelsen Det Norske Veritas, comprising the financial statements for the Foundation and the Group. The financial statements for the Foundation and the Group comprise the balance sheet as at December 31, 2012, the statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

THE BOARD OF DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS. The Board of Directors and Chief Executive Officer are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as the Board of Directors and Chief Executive Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable

assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION. In our opinion, the financial statements of Stiftelsen Det Norske Veritas have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Foundation and Group as of December 31, 2012, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINION ON THE BOARD OF DIRECTORS' REPORT.

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Directors' report concerning the financial statements and the going concern assumption, and the proposal for the allocation of result is consistent with the financial statements and complies with the law and regulations.

OPINION ON REGISTRATION AND DOCUMENTATION.

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the Board of Directors and Managing Director have fulfilled their duty to properly record and document the Foundation's accounting information as required by law and generally accepted bookkeeping practice in Norway.

OPINION ON ASSET MANAGEMENT. 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, it is our opinion that the Foundation has been managed in accordance with laws and the Foundation's objectives and articles of association.

Oslo, 18 April 2013
ERNST & YOUNG AS

Finn Ole Edstrøm
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been made for information purposes only.)



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FEEDBACK: Please let us know your views or comments on this report by email to dnv.corporate@dnv.com or write to us at: DNV, Corporate Communications, NO-1322 Hovik, Norway.



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GRI CONTENT INDEX



SCOPE AND BOUNDARY OF THE REPORT

This annual report presents DNV's financial, social and environmental performance. The Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (GRI G3) have been applied in preparing the report. In addition, DNV's vision for a global impact for a safe and sustainable future is reflected throughout the report.

The GRI content index on the inside back cover of the report shows where you can find information on the main reporting elements of the GRI and the UN Global Compact for sustainability reporting. References are also made to more detailed information that can be found on the website www.dnv.com.

The sectioning of the report, and prioritisation of reporting parameters, are based on a materiality assessment conducted in 2009–2010, and surveys of a broad range of key internal and external stakeholders in 2008 and 2011. The assessment highlighted business ethics, corruption and bribery, quality, occupational health and safety, as the most material issues to DNV. These results have laid the ground for DNV's corporate responsibility work in recent years (see section 3 How We Work), as well as guided our reporting focus. In 2012, a new comprehensive stakeholder consultation and materiality assessment was conducted (see page 32–33 in the report for details about this assessment) to produce and update DNV's sustainability materiality matrix. Stakeholders were identified based on broad internal consultation, to ensure a good spread both from different stakeholder categories and geographies. Close to 100 stakeholders, with a previous relationship with DNV, were consulted both through in-depth interviews and an online

survey. The results from the analysis will be finalised in Q2 2013, and will feed into new reporting parameters to be developed for the 2013 Annual Report where we aim to move towards a GRI A level.

We also use feedback given by the Farmand-prisen (Norwegian Annual Report Reward) jury to improve the report year by year.

DNV engage with all our key stakeholders frequently and on a regular basis on a broad range of issues. Employees are represented in DNV governing bodies, including the Board of Directors, the Council and the DNV CR Board (read more about how DNV engages with employees here: dnv.com/moreondnv/people/employee_management_relation). After the completion of every major project, a survey is sent out to the customer to measure satisfaction. We also conduct large scale annual customer surveys of thousands of customers, and engage stakeholders through a wide range of committees. Read more here: dnv.com/moreondnv/profile/committees. We partner and have a close dialogue with a number of civil society organisations (see page 35) and actively seek their input on how we work, through meetings and surveys. And we regularly meet with government representatives around the world to discuss issues of relevance to DNV.

DNV performs reviews of its operations and offices to reveal corporate responsibility related risks on an ongoing basis. To update DNV's country risk map and to review risks related to significant locations of operation, DNV plans to assess selected operations in 2013 with a focus on a broad range of human and labour rights, and corruption indicators. No human rights review or assessment of operations was conducted in 2012.

To further enhance transparency, the emphasis in 2012 has been on improving the quality of data rather than increase the number of indicators. The indicators that are not reported on are listed at the end of the index. The financial statements are the only elements of this report that have been externally assured. DNV aims to reach a GRI reporting level A for the 2013 Annual Report and an externally assured GRI A+ report in 2014.

The financial review has been prepared pursuant to the Norwegian Accounting Act and accounting standards and principles generally accepted in Norway. Information on the accounting principles applied to the subsidiaries is given in the notes to the financial statement. The annual report covers all of DNV's global operations and subsidiaries. The acquisition of the Dutch energy company KEMA in March 2012 means that some indicators may not cover legacy KEMA operations. Where this is the case, this is indicated. Moreover, the environmental reporting is limited to all DNV locations with more than 40 employees and to all DNVPS laboratories. This represents 64% of all employees (including legacy KEMA).

DNV has not identified any non-compliance with regulations or voluntary codes in 2012.

Application Level. Following an internal assessment of this report by DNV's own experienced sustainability report verifiers against the GRI Application Level criteria, we are confident that this report meets the requirements for Level B. This application level has been checked by GRI. The annual financial statements have been audited by Ernst & Young.

Please see the GRI Application Level Check Statement: dnv.com/resources/publications/annual_reports/dnv_annual_report_2012.asp.

EC 1

Revenues	12 947 MNOK
Operating costs	4 152 MNOK (page 57)
Employee wages and benefits	7 239 MNOK (page 61)
Payments to providers of capital	No dividends paid to shareholders as DNV is a self-owned foundation. Interest cost: 13 MNOK
Payments to governments	386 MNOK (page 61)
Community investments*	5 MNOK
Net value retained	804 MNOK

* This item is only reported for our four global partnerships and collaborations to promote sustainable development (Danish Red Cross, Sustainia, the World Wildlife Fund and the World Business Council for Sustainable Development).

EC 4

Total governmental funds received:	40.5 MNOK
Total tax relief:	25.4 MNOK

STRATEGY AND PROFILE

UNGC9

<p>1.1 CEO statement page 6-7</p> <p>1.2 Description of risks and impacts page 8-11, 32-33 (partial)¹ dnv.com/moreondnv/cr</p> <p>2.1 - 2.10 Organisational profile</p> <p>2.1 page 2</p> <p>2.2 page 5</p> <p>2.3 page 13</p> <p>2.4 worldwide presence map (inside front cover)</p> <p>2.5 worldwide presence map (inside front cover)</p> <p>2.6 page 2, 9-10</p> <p>2.7 worldwide presence map (inside front cover), page 5</p> <p>2.8 worldwide presence map (inside front cover), page 9, 50-54 (partial)¹</p> <p>2.9 page 8-10, 64</p> <p>2.10 One, page 27</p> <p>3.1 Reporting period 1 Jan to 31 Dec 2012</p> <p>3.2 Date of most recent previous report May 2012</p> <p>3.3 Reporting cycle Annual</p> <p>3.4 Contact point for questions regarding the report or its content Back cover</p> <p>3.5 - 3.11, 3.13 Scope and boundary of the report</p> <p>3.5 page 32-33, 67</p> <p>3.6 page 67</p> <p>3.7 page 67</p> <p>3.8 page 67</p> <p>3.9 page 40-41 (partial)¹</p> <p>3.10 page 67</p> <p>3.11 page 67</p> <p>3.13 page 67</p> <p>3.12 Table identifying the location of the Standard Disclosures in the report this table</p> <p>4.1 - 4.4</p>	<p>Governance, commitments and engagement</p> <p>4.1 page 13, 33 dnv.com/moreondnv/profile/governing_bodies</p> <p>4.2 page 12-13</p> <p>4.3 page 10, 12 dnv.com/moreondnv/people/employee_management_relations</p> <p>4.4 page 12 dnv.com/moreondnv/people/employee_management_relations</p> <p>4.5-4.7, 4.9 Governance, commitments and engagement – procedures and processes</p> <p>4.5 page 58 (partial)¹ dnv.com/moreondnv/profile/governing_bodies</p> <p>4.6 page 10</p> <p>4.7 dnv.com/moreondnv/profile/governing_bodies/nomination_committee</p> <p>4.9 dnv.com/moreondnv/profile/governing_bodies/board_directors</p> <p>4.8 Statement of mission or values, codes of conduct, and principles page 33 dnv.com/moreondnv/profile/pvv dnv.com/moreondnv/cr/business_ethics</p> <p>4.10 Processes for evaluating the highest governance body's own performance dnv.com/moreondnv/profile/governing_bodies/board_directors (partial)¹</p> <p>4.11-4.13 Principles, initiatives and associations supported by DNV</p> <p>4.11 throughout the report page 34-35, 40-41 dnv.com/moreondnv/profile</p> <p>4.12 page 34-35 dnv.com/moreondnv/cr/collaboration</p> <p>4.13 dnv.com/moreondnv/profile/committees</p> <p>4.14-4.17 Engagement of stakeholder groups and key topics raised</p> <p>4.14 page 33</p> <p>4.15 page 32-33, 67</p> <p>4.16 page 32-33, 67</p> <p>4.17 page 32-33, 67</p>
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ECONOMIC PERFORMANCE INDICATORS

<p>DISCLOSURES ON MANAGEMENT APPROACH worldwide presence map (inside front cover), page 4, 9-11, 50-54</p> <p>EC1 Direct economic value generated and distributed page 67</p> <p>EC2 Risks and opportunities due to climate change page 5 (partial) dnv.com/services/consulting/climate_change</p> <p>EC4 Financial assistance from government page 67</p> <p>EC7 Procedures for local hiring page 10, 39</p>
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UNGC6

UNGC7-8



ENVIRONMENTAL PERFORM. INDICATORS

<p>DISCLOSURES ON MANAGEMENT APPROACH page 8-11, 40-43</p> <p>EN3-EN4 Energy consumption EN3 page 40-42 EN4 page 40-42</p> <p>EN5-EN7 Energy efficiency initiatives EN5 page 40-42 (partial) EN6 page 3, 7, 26-27, 43 (partial) EN7 page 41-42 (partial)</p> <p>EN16-EN17 GHG emissions by weight EN16 page 40-42 EN17 page 40-42</p> <p>EN18 Initiatives for reducing GHG emissions page 40-42 (partial)</p> <p>EN20 NO_x, SO_x, and other significant air emissions by type and weight page 41</p> <p>EN22 Total weight of waste by type and disposal method page 42-43</p> <p>EN23 Number and volume of significant spills None</p> <p>EN28 Significant fines and other sanctions for non-compliance with environmental laws and regulations None</p>

UNGC9



¹ Some of this information does not exist at the moment. Ongoing processes to strengthen these indicators in the 2013 Annual Report. Information to be published on the website once available.

SOCIAL PERFORMANCE INDICATORS

UNGC1-2
UNGC3-6
↓

■ LABOUR PRACTICES

DISCLOSURE ON MANAGEMENT APPROACH
page 9-10, 38-39, 44-47
dnv.com/moreondnv/people

LA1

Total workforce by employment type, employment contract, and region
page 10, 38-39 (partial)
[worldwide presence map \(inside front cover\)](#)

LA2

Total number and rate of employee turnover by age group, gender, and region
page 10, 38-39 (partial)

LA3

Benefits provided to full-time employees
page 39 (partial)

LA4

Percentage of employees covered by collective bargaining agreements
page 39

LA5

Minimum notice periods regarding operational changes
page 39 (partial)

LA7

Rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities by region
page 44-47

LA8

Education, training, counseling, prevention, and risk-control programs
page 44-47

LA10

Average hours of training per year per employee by employee category
page 39

LA11

Programs for skills management and lifelong learning
page 39 (partial)

LA12

Performance and career development reviews
page 38-39

UNGC6
↓

LA13

Composition of governance bodies and diversity breakdown of employees
page 10, 38-39
[worldwide presence map \(inside front cover\)](#)
dnv.com/moreondnv/profile/governing_bodies

LA14

Ratio of basic salary and remuneration of women to men
page 39 (partial)

UNGC1-2
↓

■ HUMAN RIGHTS

DISCLOSURE ON MANAGEMENT APPROACH
page 7, 10, 32-35, 38-39, 67
dnv.com/moreondnv/people

HR2

Human rights screening of suppliers and contractors
Page 34

HR3

Employee training on human rights policies and procedures
Page 37

HR4

Total number of incidents of discrimination
Page 37

HR10

Operations subject to human rights reviews
Page 67

HR11

Number of grievances related to human rights filed
Page 37

UNGC10
↓

■ SOCIETY

DISCLOSURE ON MANAGEMENT APPROACH
page 7, 10, 36-37
dnv.com/moreondnv/cr/business_ethics

SO2

Business units analysed for risks related to corruption
page 36

SO3

Percentage of employees trained in organisation's anti-corruption policies and procedures
page 37

SO4

Actions taken in response to incidents of corruption
page 37

SO8

Significant fines and other sanctions for non-compliance with laws and regulations
None

SO9

Operations with significant negative impacts on local communities
None

■ PRODUCT RESPONSIBILITY

DISCLOSURE ON MANAGEMENT APPROACH
page 5, 7, 8-11, 16

PR2

Incidents of non-compliance concerning health and safety impacts of products and services
None

PR4

Incidents of non-compliance concerning product and service information and labeling
None

PR5

Practices related to customer satisfaction
page 67

PR9

Significant fines for non-compliance with laws and regulations concerning the provision and use of products and services
None

List of indicators not reported:
EC4-6, EC 8-9, EN1-2, EN8-15, EN19, EN21, EN23-27, EN29-30
LA6, LA9, HR1, HR5-10
SO1, SO5-7, PR1, PR3, PR6-8

● G3 disclosures
● UNGC = UN Global Compact reference
● Page / comment

