DNV annual report 2007

Acting now for a sustainable future

Det Norske Veritas

MANAGING RISK DNV

Content

OUR VISION IS TO ENSURE A GLOBAL IMPACT FOR A SAFE AND SUSTAINABLE FUTURE FOR OUR CUSTOMERS AND, ULTIMATELY, SOCIETY AT LARGE.

DNV IN BRIEF

- DNV was established in 1864 and is an independent, autonomous foundation with the purpose of safeguarding life, property and the environment. With 300 offices in 100 countries, DNV serves customers in the maritime and oil and gas industries worldwide, as well as other business segments such as the food and beverage industry, automotive and IT and telecoms sector
- DNV is an international organisation, and more than 70% of its revenue arises from activities outside Norway. DNV's total income in 2007 was approximately 8 billion NOK. Considerable growth was registered, particularly in Asia; total operating profit for 2007 was satisfactory and above the level for the previous year
- Staff: 7 691 employees of 98 nationalities
- Investment in research and development in 2007: 550 million NOK
- DNV secured 19% of the world order book in 2007, equal to 741 ships. A total of 5 400 trading vessels, representing 121 million gross tons, were classed by DNV at year-end – an all-time high for DNV
- 177 mobile offshore units to DNV class
- Projects completed or under way at more than 40 refineries around the world
- More than 70 000 certificates issued worldwide
- DNV's system for safety rating (ISRS) is being used by 65 corporations in 20 countries covering 93 000 employees
- Over 100 000 samples of ships' bunker fuel analysed by DNV Petroleum Services in 2007

DNV is focused on enhancing the positive impacts our core business activities have on society. This is manifested both in how we conduct our business and how the company is managed

DNV has strengthened its position in all its main areas of activity in 2007. Considerable growth in the number of employees, turnover and profitability ensures a sound financial foundation, which is required to secure the independence and integrity of DNV's operations.

KEY FIGURES

(figures in mill. NOK)

	2007	2006	2005	2004	2003
Operating revenue	8 126	7 297	6 683	5 945	5 753
Net profit	536	546	528	223	402
Equity	4 492	3 895	3 239	2 699	2 169
Equity ratio (%)	64.9%	61.0%	59.3%	62.5%	50.8%
Return on assets (%)	14.4%	15.3%	16.4%	11.9%	15.2%
Cash flow	749	710	678	397	485
Employees as at 31 Dec	7 691	6 765	6 095	6 236	5 989

MAIN SERVICES

CLASSIFICATION

- DNV Classification Rules including IMO Regulations
  - Ships of all types
  - Mobile and fixed offshore units
  - Submarine pipelines
- Classification/certification of materials, equipment and marine systems
- Safety Management Certification
- Fuel testing

CERTIFICATION

- Certification of offshore installations
- Accredited quality management system certification to ISO standards and industry sector specific quality standards such as ISO/TS 16949 (automotive), TL 9000 (telecom), ISO 13485 (medical devices), AS 9100 (aerospace), ISO 22000 (food) and others
- Accredited environmental management system certification (ISO 14001 and EMAS), occupational health and safety (OHSAS 18001) and information security (ISO 27001)
- Product Certification
- Personnel Certification
- Climate change
- Corporate responsibility

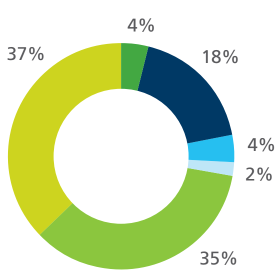
CONSULTING SERVICES

- Enterprise risk management
- Information and communication technology
- Safety, health and environmental risk management
- Operations excellence
- Verification, inspection and testing
- Emergency response services
- Loss control management
- Performance measurement
- Training and competence building

DNV performs its services in a truly independent manner. As a self-owned foundation, there are no shareholders or government representatives in any of its decision making bodies. All profit is reinvested in the foundation.

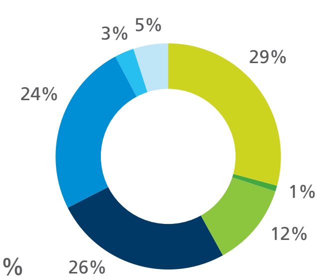
EMPLOYEES

- Master **37%**
- Bachelor **35%**
- Doctorate **4%**
- Technical **2%**
- 2-year college **4%**
- Other **18%**



WORLDWIDE PRESENCE

- Norway **29%**
- Americas **12%**
- Africa **1%**
- Asia and Oceania **26%**
- Europe **24%**
- Middle East **3%**
- Nordic and Baltic countries **5%**



BUSINESS AREAS

DNV operates in a wide range of industries internationally and is organised into four business areas:

DNV MARITIME
DNV is one of the world's leading classification societies. We help the maritime industry manage risk in all phases of a ship's life, through ship classification, statutory certification, fuel testing and a range of technical, business risk and competency-related services.

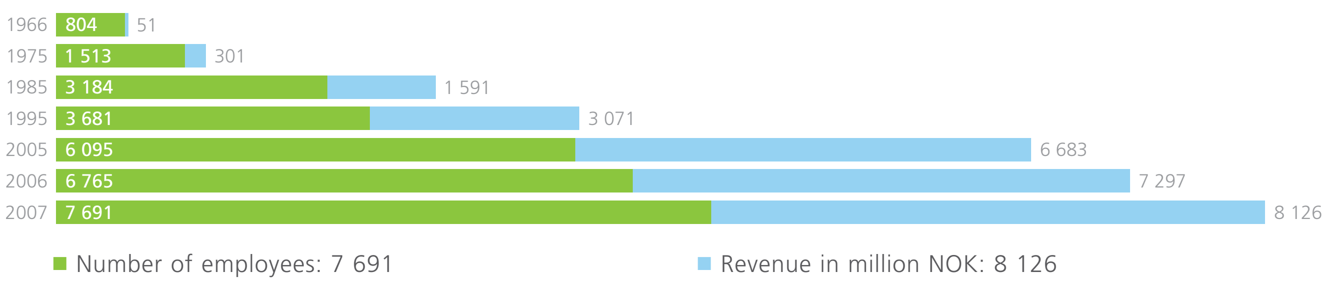
DNV INDUSTRY
DNV is a world-leading certification body and a global provider of solutions for managing risk. We work to create trust and confidence and help our customers achieve and maintain sustainable performance.

DNV ENERGY
DNV provides advanced cross-disciplinary competence within technology, operations, management and risk for companies across the energy sector. We deliver cutting-edge solutions for managing business risks, enhancing business performance and improving safety and environmental performance.

DNV IT GLOBAL SERVICES
DNV helps finance, telecommunications, government, defence, aerospace and automotive sector organisations to achieve more effective IT risk management, encompassing greater efficiency and predictability of IT-dependent processes and software.

INDEPENDENT BUSINESS UNITS
In addition to our four business areas, DNV has two independent business units: DNV Research and Innovation ensures the development of knowledge, technology and prototypes of future tools and services. DNV Software develops innovative software solutions for the maritime, offshore and process industries.

DNV GROWTH



Our purpose
→ To safeguard life, property, and the environment

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

Our vision
→ Global impact for a safe and sustainable future

Concern for the environment

DNV's environmental principles are marked by:

- ➔ Environmental awareness and commitment throughout the organisation
- ➔ Exercising environmental leadership and goal-setting beyond compliance with laws, regulations and requirements
- ➔ Emphasis on research and development to improve environmental aspects of our products and services
- ➔ Environmentally friendly operation of all DNV offices and laboratories, on a level corresponding to ISO 14000 standards. DNV will give preference to environmentally friendly products, promote energy conservation, minimise waste generation and strive for the reduction of pollution and green house gas emissions.

Making a difference

Long trusted for our competence and integrity, DNV works to have a positive global impact on some of the world's most pressing concerns, such as safeguarding the environment and balancing the needs of business and society.

Indeed, we are publishing this report at a time of intense debate about the role of business in tomorrow's society, particularly in relation to climate change. There has been an emergence of new economies. Media interest in sustainable development has never been so high. The financial markets are beginning to act on and reflect this. The world's population is growing and people in emerging economies are rightfully demanding their lives to improve. All in all, there is a growing sense of urgency.

However, the general consensus seems to be that we are not moving fast enough. So the big question is: how are we going to respond?

As a member of the World Business Council for Sustainable Development, DNV agrees with the view that companies must address this major issue as part of their business strategies, not least because it makes business sense. A business's long-term competitiveness will increasingly depend on how it embraces societal challenges.

In terms of DNV's role in this critical, global issue, we have over the past 10 years developed a range of services that assist companies, organisations and governments in their efforts to fight, mitigate and adapt to climate change. We have established an industry position in this field, and believe that our services will become even more important in the future as companies push to become climate neutral or even aim to be climate positive.

However, in spite of increasing evidence that more and more companies are adhering to responsible environmental practices, challenges still remain. If globalisation has taught us anything over the past few decades, it should be that we are all inextricably linked and that our actions all impact upon one another. Nowhere is this truer than for climate change.

Rising to the challenge will therefore require coordinated efforts. This will be a huge task, but we remain committed to making a positive difference. Strong growth in the global economy throughout the year helped strengthen our position in all our core areas in 2007. The high level of activity, sharp rise in the number of employees and considerable increase in revenues and profits ensure we have a sound financial basis for the future. Our focus, as ever, is on building a sustainable future for our customers and, ultimately, society at large.

I hope you find our 2007 report both interesting and informative. We are all on a sustainability journey. There is a long way to go, but we hope that our customers and business partners will read this report and feel secure that our vision to ensure a 'global impact for a safe and sustainable future' remains at the centre of everything we do.

HENRIK O. MADSEN
PRESIDENT AND CHIEF EXECUTIVE OFFICER

THE DNV MANAGEMENT TEAM:

1. President and Chief Executive Officer **Henrik O. Madsen**

2. COO DNV Energy **Remi Eriksen**

3. Director of Corporate HR and Competence **Cecilie B. Heuch**

4. Chief Financial Officer **Jostein Furnes**

5. COO DNV Industry **Peter Bjerager**

6. COO DNV Maritime **Tor E. Svensen**

7. COO DNV IT Global Services **Annie Combelles**

Report of the Board of Directors 2007

Strong growth in the world economy throughout 2007, combined with an increasingly complex risk environment, makes it vital to manage technical, societal and business risks. Society is adopting a zero tolerance for failure, and companies are expected to run safe, reliable and sustainable operations. DNV is in a unique position to meet these demands. The growth in the company's turnover of 11% in 2007 demonstrates the need for services to identify, assess and manage risk.

DNV has strengthened its position in all its main areas of activity in 2007. Considerable growth in the number of employees, turnover and profitability ensures a sound financial foundation. This is required to secure the competence, independence and integrity of DNV's operations.

Close to 19% of all contracted ship newbuildings worldwide in 2007, measured in gross tons, have been ordered to DNV class. This represents a strong position in a period of unprecedented newbuilding activity. DNV's focus on quality and its relentless fight against substandard vessels and operations have attracted leading shipping companies to DNV, both in the newbuilding phase and for the follow-up of their fleets during operation.

Risk-based technology and management services are in great demand in the oil and gas industry, ensuring a high level of activity for DNV in the energy sector. High oil prices have made it more sustainable to develop front-end technologies in pursuit of new resources. The qualification of new technologies is a stronghold for DNV. Brazil, China, India and North America represent important areas of growth, while the North Sea is still DNV's largest single market for services to the oil and gas industry.

Accredited management system certification in the fields of quality, environment, safety and health represents close to 25% of DNV's total revenue. As DNV is one of the three leading certification bodies worldwide, management system certification is a key element in the global DNV brand.

The increased international focus on climate change has led to strong growth in DNV's services supporting the quota trading mechanisms under the Kyoto Protocol and other regional and local schemes.

TRULY INDEPENDENT

DNV produced strong financial results in 2007, with a total revenue growth of 11% and a net profit of NOK 536 million. At year-end 2007, DNV's equity ratio reached 65%. A sound financial basis is a prerequisite for the independence and integrity required to serve the purpose of "Safeguarding Life, Property and the Environment." The number of employees increased by net 926 to a total of 7 691.

DNV is committed to reporting on environmental and social aspects in addition to its financial accounts. The Global Reporting Initiative (GRI) forms the basis for the triple-bottom-line reporting. DNV's main environmental contribution is through the improvement of customers' environmental footprints by using DNV's environmental services.

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DNV'S BOARD OF DIRECTORS:

1. AXEL C. EITZEN Member of the Board since 2004. Chairman of the Board, Gard AS. Chairman of the Board of the Executive Committee, Gard P&I Club. Chairman of the Board, Eitzen Chemical ASA. Chairman of the Board, Eitzen Maritime Services ASA

2. YAN MA Member of the Board since 2007. Elected by the employees of DNV. Senior Surveyor, Site & Project Manager, newbuilding management in DNV North China. Joined DNV in 1996.

3. ATLE BERGSHAVEN Chairman of the Board of Directors. Member of the Board since 2003. Chairman and CEO of the Bergshav Group. Chairman of the Board of Sea4 AS and Member of the Boards of the Norwegian Hull Club, North of England P&I Club and Fosen Mekaniske Verksteder. Council member of Intertanko.

4. C. MAURY DEVINE Member of the Board since 2000. Former President and Managing Director, Mobil Exploration Norway, Inc. Former Fellow of Harvard University. Member of the Board of FMC Technologies Inc. and the National Foreign Language Center. Member of the Council on Foreign Relations.

5. AUDUN BRANDSÆTER Member of the Board since 2002. Elected by the employees of DNV. Principal Engineer/ Head of Section, Information Quality Management. Joined DNV in 1982.

6. MARY GRACE ANDERSON Member of the Board since 2005. Location Manager – Europe, Shell Exploration and Production International B.V. Member of the Board of A/S Norske Shell. Former Member of the Board of Shell UK Ltd. Former Member of the Board of Enterprise Oil Ltd.

7. JOHN H. WIIK Member of the Board since 2003. Managing Director of the Norwegian Hull Club. Chairman of the Board of Fana Sparebank.

8. TOM RUUD Member of the Board since 2002. Group Executive Vice President of Nordea Bank AB (publ), Stockholm and member of the Group Executive Management. Chairman of the Board of NCSD AB, Stockholm. Member of the Board of Total E&P Norge AS, Stavanger. Member of the Supervisory Board of Norske Skog ASA, Oslo.

9. NIKSA PADOVAN Member of the Board since 2007. Elected by the European employees of DNV. Principal Surveyor/ Project Manager, Marseille station, DNV France. Joined DNV in 1982.

10. SILLE GRJOTHEIM Member of the Board since 2007. Elected by the employees of DNV. Principal Engineer, International Affairs, Maritime. Joined DNV in 1993.

Corporate responsibility is high on the public agenda and a growing concern for businesses. DNV has developed a concept for Ethical Behaviour, which represents a valuable tool for companies to improve their ability to perform responsibly. DNV has used the tool in own operations, and the Profile identified improvement areas, enabling DNV to further reduce its exposure to possible misconduct.

The Board of Directors regards DNV's market position as strong and financial status as satisfactory. This gives the company a robust platform on which to base its efforts to achieve the newly formulated vision of "Global impact for a safe and sustainable future".

CORPORATE GOVERNANCE

Changes to the Norwegian Foundation Act have led to the transfer of approval of the annual accounts from the Council to the Board of Directors.

The Board of Directors has been extended by one member, from nine to ten. This extension represents a strengthening of the employee representation from three to four board members. The employees' representatives now truly represent the diversity of the DNV staff. Two of the employee representatives are elected from the staff in Norway, one is elected from the rest of Europe and one from the rest of the world, i.e. Asia and the Americas.

STRATEGY

The strategy approved in June 2006 was reviewed by the Board in 2007, leading to only minor adjustments. The increased focus on industry sectors lies firm. DNV concentrates on capital intensive and high risk industry sectors where the company has, or intends to develop, an in-depth industry knowledge, and thus have an impact. The two most important industry sectors are the maritime industry and the energy sector. In June 2007, the food and beverage industry was added as a priority sector for DNV. Risk-based services have been developed to enhance food safety and help global companies in this industry to manage their demanding international supply chains. Certification schemes are also important elements in managing risk in the food and beverage industry. DNV's ambition is to develop a position in this industry, where trust and confidence among consumers is paramount.

Society and business are increasingly vulnerable to failures in software and IT systems. DNV spends considerable resources building an organisation to help customers manage risks related to business and safety-critical software systems. This expertise is relevant to all industries and organised as a separate business area in DNV. However, one of DNV's major objectives is to introduce these new services to customers in the maritime and energy sectors.

Risk and safety are the overriding features of the various research programmes run by the strategic research unit, DNV Research and Innovation. Technology qualification for carbon capture and storage and cleaner and renewable energies are among the prioritised areas in the energy sector. There is also a special focus on fuel cell technology and the production and storage of hydrogen. New challenges in the Arctic include evacuation methodology and the need for more knowledge about ice loading and icing. Multifunctional materials and surfaces represent another field of research, where the use of nanotechnology has resulted in improved coatings.

MARITIME INDUSTRY

DNV Maritime's strategic objective is to be the leading classification society in terms of quality, profitability and size. Regulatory bodies and the public at large expect classification societies to represent an effective safety net in the shipping industry. A strong focus on quality has helped to maintain DNV's position as one of the classification societies with the lowest ratio of detentions in the Port State Control regimes worldwide. This is one of the main elements in DNV Maritime's quality index, and represents an important means of measuring the results of efforts to eradicate substandard shipping.

The maritime industry is facing a major challenge to maintain its safety level as capacity is being fully stretched both at shipyards and in many shipping companies. At the same time, new players are entering the shipping scene. The lack of experience at some shipyards, on board vessels and in organisations onshore represents a risk that might lead to an increase in the number of accidents.

Attracting and retaining people with the right competence is a great challenge for all organisations in the maritime industry, including classification societies. Due to society's zero tolerance for failure, all the international maritime industry's stakeholders need to play their part in the process of continuously improving operations.

Deputy CEO and Head of DNV Maritime, Mr Tor E. Svensen, is serving as chairman of the International Association of Classification Societies (IACS) for one year as from July 2007. This gives DNV a strong influence on the development of the class concept of the self-regulatory regime in international shipping. The role of class and an increased focus on the environmental performance of the maritime industry are topics that are high on IACS' agenda.

DNV and IACS both strongly support the IMO as the regulator of the international maritime industry. The development of Goal Based Standards by the IMO represents an important basis for the class rules. Decisions on detailed technical standards need to reside with the classification societies and not the IMO, which has a higher level responsibility to set policy and safety goals and to verify that class rules meet these goals.

In late January, 2008, the EFTA Surveillance Agency (ESA) carried out an unannounced inspection at DNV's headquarters outside Oslo. According to ESA, the inspection was initiated to provide facts related to information given to the EU Commission of activity among members of IACS, sought to reduce the level of competition in the classification industry. A similar inspection was made at the headquarters of Lloyd's Register, Germanischer Lloyd, RINA, Bureau Veritas and at the IACS secretariat in London. If the inspections reveal IACS practices that are in conflict with EU competition regulations, DNV will work to change IACS practices to bring them in line with EU expectations.

The DNV-classed share of the world fleet, measured in gross tons, is approximately 16%. Of the newbuildings contracted during 2007, DNV's share of the world market was 19%. This represents 741 ships. A total of 5 400 trading vessels, representing 121 million gross tons, were classed by DNV at year-end, which is an all-time high for DNV.

ENERGY SECTOR

DNV Energy's strategic objective is to become a leading provider of solutions that integrate business risk management and technology expertise. The aim is to help customers safely and responsibly improve their business performance.

Continued high oil prices and a growing demand for energy are reasons for the high level of activity in the oil and gas sector. This is also reflected in the high level of activity in DNV Energy, demonstrating the need for risk-based services and qualification of new technologies. DNV's turnover related to upstream and downstream activities, pipeline transport, utilities and cleaner and renewable energies have shown an unprecedented growth of 15%. The financial performance has been sound. A limiting factor for further growth is the availability of competent and experienced people.

DNV has achieved an increased number of projects with national oil companies as a result of a strategic shift in focus from primarily serving the international oil majors to more dedicated efforts aimed also at national oil companies in countries with significant oil and gas resources. Much of the future oil and gas developments are expected to take place in regions with more unstable political conditions and demanding business environments. This requires a strong focus on business ethics from all levels in the DNV organisation.

Extraordinary efforts have been made to build an organisation to serve the offshore classification segment for mobile offshore units. These efforts have led to a sharp increase in DNV's share of the classification market for FPSOs and mobile rigs. DNV has a market share of well above 40% of the new generation of advanced drilling semis and -ships now under construction, including most units intended for operation in harsh environment like the North Sea and offshore Canada.

DNV has also strengthened its leading position in the certification of offshore wind farms and in qualification of technologies to enable carbon capture and storage.

KEY INDUSTRY SECTORS

Services to industries other than the maritime and energy industries are organised in DNV Industry. Its operations are based on DNV's global position as a leading provider of certification services and strong expertise in risk management. Extensive related training is provided worldwide. DNV's increased focus on industry sectors has led to priority being given to the food and beverage, automotive, IT and telecom, transportation and healthcare industries.

The food and beverage industry has been selected as an industry where DNV intends to build a global position as a provider of risk management services. The leading companies in the food and beverage industry are truly international and are all challenged by complex supply chain risks. They are dependent on credibility in the consumer markets, and DNV's services aim at building trust and confidence in the sensitive food sector.

The market for accredited management system certification, where DNV enjoys a position as one of the world's three largest certification bodies, is gradually maturing. One clear trend in management system certification is the development of industry-specific certification schemes. This requires an in-depth knowledge and understanding of the individual industries. >

DNV is heavily engaged in making the emission trading mechanism of the Kyoto Protocol and other regional and local schemes operational and credible. Quota trading has become an important way of fighting climate change by facilitating investments being made where the emission reductions can be achieved most cost-effectively and in a sustainable manner. This also contributes to sharing of relevant environmental technology worldwide. Services where DNV has a strong international position within validation of emission reduction projects and verification of actual emission reductions in specific projects, carbon inventory assessments and has furthermore an emerging position within voluntary schemes.

Corporate responsibility has become an aspect of most companies' increasingly complex risk reality. The verification of sustainability reports is part of DNV's portfolio of services in this area. Other services are within ethical supply chain management, corporate governance assessment, and fraud and corruption resistance.

DNV Industry deployed a worldwide customer and production management system ConCert during 2007 covering key business processes. The system represents the single, largest IT investment in DNV outside the maritime and energy areas.

IMPROVING IT PROCESSES

2007 was a year of integration for the four acquired companies which make up the new business area DNV IT Global Services. Its aim is to help large organisations improve the efficiency of their IT-related processes and systems by assuring the safety and integrity of business critical operations as well as maximising returns on IT investments.

This is achieved through an in-depth knowledge of the software and systems disciplines, business environment and IT-leading technologies. An ability to effectively help customers to improve competences and introduce robust solutions to business- and safety-critical issues is crucial.

DNV IT Global Services targets specific market sectors, such as the finance, telecom, automotive, aerospace, maritime and energy industries. DNV IT Global Services started to develop business in cooperation with DNV Maritime and DNV Energy in early 2007 and has completed its first successful projects and gained experience. The revised strategy has a special focus on global customers where DNV's competence portfolio is a key differentiator to bring value to the business.

ORGANISATION

Changes to the DNV organisation were introduced at the beginning of 2007 as a consequence of the new strategy. The business area structure was changed, introducing DNV Energy, DNV Industry and DNV IT Global Services as separate organisational entities with new management teams. In this period of change, DNV has seen a growth in revenue of 11% while maintaining a satisfactory level of profitability. The Board appreciates the dedicated and hard work carried out by all the employees to achieve these results.

At year-end 2007, DNV had 7 691 employees, compared to 6 765 the previous year. The total number of employees includes 7 245 permanent staff and 446 employees on long-term contracts. 98 nationalities are represented in the staff.

The turnover of personnel during 2007 was 9.7%, compared to 9.4% in 2006, and the sickness absence rate was 2.0%. An international Attraction and Retention project has contributed to an increase in systematic recruitment efforts worldwide, leading to the achievement of ambitious growth targets in most parts of DNV. The Board has encouraged an active and targeted recruitment policy, and realises that talented new staff needs efficient induction programmes and continuous competence development opportunities.

DNV makes great efforts to improve diversity in the organisation and has an equal opportunity policy for all employees, irrespective of their nationality, gender or age. 67% of the managers are from countries outside Scandinavia. The number of women in management training programmes is rising, and the ratio of female managers is now at 16%, an all-time high.

CORPORATE FOCUS AREAS

DNV's most substantial contribution to environmental improvement is the improvements achieved by customers when using DNV's environmental services. Projects have been initiated to map the environmental impact DNV's services have on the customers' environmental footprints. As part of its environmental commitment, DNV is further developing its environmental management system based on the ISO 14001 standard. An environmental initiative has been established which makes NOK 40 million available for DNV employees in 2008 to introduce initiatives that can improve their and their families' environmental footprint.

DNV's own activities do not have significant negative impact on the environment. Procedures for waste handling and energy savings have been introduced in the international network of offices as part of DNV's Environmental Management System. A survey has been initiated to identify in further detail and subsequently improve DNV's own environmental performance with regard to areas such as emissions, energy consumption and waste handling.

Procedures have been further developed for a country analysis to enable decision support when establishing presence in countries with difficult political conditions and business environments, including widespread corruption. A training scheme has been introduced as part of raising employees' awareness of ethical business conduct. "Dealing with dilemmas" is an interactive workshop programme that introduces dilemmas from well-known work environments and has dialogue training and recommends conduct. In addition, DNV has developed guidelines "Crossing the line", which displays practical cases where ethical dilemmas need decisions based on international law and supported by the company's value system.

FINANCIAL PERFORMANCE

The continued and strong growth in the world economy, with a high level of activity in most industries, has also resulted in good financial performance and a solid and long-term order reserve for DNV. DNV achieved operating revenue of NOK 8 126 million in 2007, NOK 829 million or 11% higher than in 2006. All the business areas achieved growth in 2007, with the strongest growth coming from DNV Maritime and DNV Energy.

The operating profit increased from NOK 794 million in 2006 to NOK 873 million in 2007, representing an operating margin of 11%. The improvement in operating profit from 2006 to 2007 is NOK 79 million or 10%, reflecting a sound underlying financial performance in the business areas.

DNV does business in 70 currencies, and has subsidiaries and branch offices in close to 100 countries. During 2007, the NOK has strengthened more than 7% compared to DNV's basket of currencies, and the USD has weakened substantially, adversely affecting the 2007 financial performance. The negative currency effects are partly offset by the return on short-term financial investments and a positive development of the hedging costs, leading to net financial expenses of NOK 1 million in 2007.

The tax cost in 2007 of NOK 336 million gives an average tax cost of 38%, an increase from 34% in 2006, mainly caused by non tax-deductible goodwill depreciations. The net profit after tax for 2007 is NOK 536 million, which can be compared to NOK 546 million in 2006 and NOK 528 million in 2005.

DNV has a sound cash flow and no interest-bearing debt. Short-term financial investments in equity funds and in the money market amount to NOK 1 529 million, and by year-end the unused available credit lines were NOK 750 million. DNV has a strong balance sheet with a total equity of NOK 4 492 million, or 65% of its total assets.

The accounts for the parent company, Stiftelsen Det Norske Veritas, show a profit after tax of NOK 494 million, of which NOK 500 million is dividend paid from Det Norske Veritas Holding AS. The profit after tax has been allocated to Other Equity. The Board of Directors confirms that the going concern assumption applies and that the financial statement has been prepared under this assumption.

OUTLOOK

DNV believes that the demand for its services will continue to be high in 2008. This is based on the assumption of a continued growth of the world economy, high energy prices and a high level of activity in all our main markets.

The financial risks are primarily related to currency fluctuations, and in particular related to a potential further strengthening of the NOK against the US Dollar. More volatile bond and stock markets can also have negative effects.

DNV is in a strong financial position with a 65% equity ratio and no interest bearing debt. This represents a unique strength and gives DNV a considerable freedom to pursue new future opportunities.

The order reserve is satisfactory at the start of 2008 for all business areas, and DNV expects a sound growth in revenue throughout 2008.

THE BOARD OF DIRECTORS OF STIFTELSEN DET NORSKE VERITAS
Høvik, 17. April 2008

ATLE BERGSHAVEN

NIKSA PADOVAN | C. MAURY DEVINE | TOM RUUD

AUDUN BRANDSÆTER | AXEL C. EITZEN | YAN MA

MARY GRACE ANDERSON | JOHN H. WIIK | SILLE GRJOTHEIM

HENRIK O. MADSEN
President and Chief Executive Officer

“AN INCREASING NUMBER OF COMPANIES
SEE OPPORTUNITIES IN DEVELOPING PRODUCTS AND SERVICES
TO BOTH MITIGATE AND ADAPT TO CLIMATE CHANGE
BECAUSE ULTIMATELY IT MAKES GOOD BUSINESS SENSE.”

Björn Stigson,
President of the World Business Council for Sustainable Development

The degradation of ecosystems and the services they provide is already having a seriously detrimental impact on human well-being and the economies of both nations and businesses.

The climate challenge

Climate change is currently one of the most pressing environmental issues facing the international community, the business world and individual citizens. Responding to this challenge requires efforts on many fronts.

There is a broad scientific consensus on the gravity of climate change caused by global warming: the majority of the world's research community predicts that the global mean temperature will rise by 1.4 to 5.8 degrees Celsius over the next 100 years. Even the lower figure will have dramatic effects: melting glaciers, increased precipitation, more frequent and stronger hurricanes, rising sea levels and desertification. Severe disruptions to land usage and food and water supplies, the spread of diseases and migration of people and animals will inevitably follow.

Researchers agree that human activities are the main cause of global warming, as we annually release billions of tonnes of carbon dioxide (CO_2) and other greenhouse gases through burning huge volumes of oil, natural gas and coal and venting industrial gases. In order to stabilise the concentration of CO_2 in the atmosphere and prevent accelerated temperature increase, global CO_2 emissions need to be cut by 70–80%.

Our activities not only have an impact on environmental and social aspects. Economic growth will also be damaged if the climate challenge is ignored. The latest research concludes that 'Climate change presents a unique challenge for economics; it is the greatest and widest-ranging market failure ever seen.' Reducing emissions can be seen as an investment and must be viewed with economies of risk in mind. Acting now instead of waiting for the problem to escalate will, in the long run, reduce the total costs and also provide a number of opportunities for innovation, growth and development as we move towards a carbon-constrained future.

Responding to the challenge requires efforts on many fronts. Based on its independent status, technology competence, risk management expertise and industry knowledge, DNV provides climate change services within three main areas: clean energy, emission reductions and adaptation.

CLEAN ENERGY

The urgent need for a clean, low CO_2 energy future creates a unique challenge for everybody. However, most clean energy solutions suffer from a lack of maturity in terms of technology, economy, infrastructure and common acceptance criteria.

EMISSION REDUCTIONS

Switching to clean energy sources will not happen overnight. The energy supply will depend heavily on oil, gas and coal for many years to come. Emission reduction activities will therefore be important to mitigate climate change.

> “ INDEPENDENT VERIFICATION SERVICES WILL BECOME EVEN MORE IMPORTANT IN THE FUTURE BECAUSE THERE IS A GROWING UNDERSTANDING AMONG COMPANIES THAT THEY HAVE TO BE RECOGNISED AS BEING ENVIRONMENTALLY FRIENDLY IF THEY WANT TO OPERATE. ”
>
> Björn Stigson

This includes oil and gas production with minimum emissions. It also includes efforts to make electricity production from gas and coal cleaner through energy efficiency measures, new power plant technology and carbon capture and storage.

MITIGATION AND ADAPTATION

Due to past emissions, certain impacts of climate change are unavoidable, calling for adaptation measures in addition to emission reductions.

In DNV we have initiated efforts to help our customers adapt to the challenges caused by global warming. The expected increase in extreme weather events has, for example, made us focus on a possible revision of design and operational criteria for marine structures that will lead to less structural damage and loss. The frequency of severe sea state conditions for ship traffic and marine structures is likely to grow in the future.

Present-day technology allows worldwide monitoring of wind, wave, current and seawater levels. Data collected during the past decade by satellites and more traditional instruments indicate that extremely severe sea states occur more often than commonly assumed. New surveys show that extreme waves have become even higher – especially in the North Atlantic. At the same time we also know that, for example, the seabed under the Ekofisk field is sinking due to petroleum activities. This is not a good combination with higher extreme waves than those for which the engineers designed the structures more than 30 years ago. Global warming will certainly affect the design of, and operational criteria for, offshore installations in the future.

RISKS AND OPPORTUNITIES

The implications of climate change for different business sectors are multi-faceted, and both business risks and opportunities have been indentified by, among others, the World Business Council for Sustainable Development. While the effects of climate change will alter existing business models and change current risk structures, there are also opportunities for businesses to introduce new processes, products and services to respond to the changing climate and to protect their existing assets. With our risk-based approach and technology base, we aim to help businesses and society to focus on the critical need for change due to global warming.

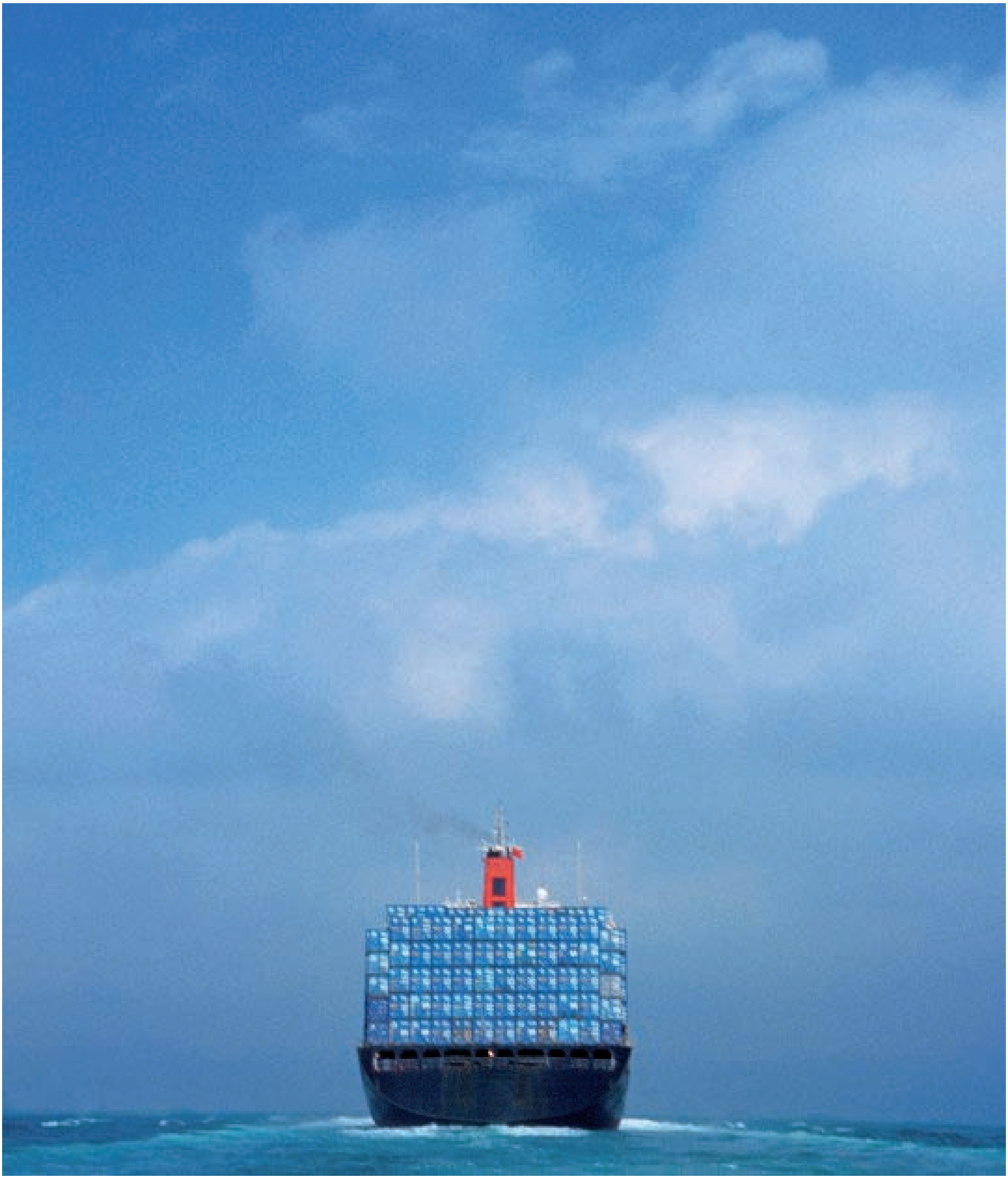
DNV’s key climate change related services

DNV’s climate change services can assist companies, organisations and governments in their efforts to mitigate emissions. They range from those associated with the Kyoto Protocol mechanisms and voluntary emission reduction efforts to other related services that can help interested parties face the climate challenge. Key services include:

- CDM PROJECTS
  The Clean Development Mechanism (CDM) allows greenhouse gas emissions to be reduced cost-efficiently.
- JOINT IMPLEMENTATION (JI) PROJECTS
  Emission reduction initiatives carried out jointly by industrialised countries that have signed the Kyoto Protocol.
- EMISSIONS TRADING
  Emissions trading is a means for industrialised countries to fulfil their emission reduction commitments.
- VOLUNTARY EMISSION REDUCTION
  Voluntary programmes and efforts outside the Kyoto Protocol are emerging to offset corporate and individual carbon footprints.
- ENERGY MANAGEMENT
  A process to minimise fuel consumption by improving operational procedures.
- CARBON CAPTURE & STORAGE
  Carbon capture, transport and long-term storage (CCS) is one of the technologies that could bring the world into a decarbonised energy future.
- WIND, WAVE AND TIDAL ENERGY
  DNV is helping the industry manage the risk involved throughout the entire lifecycle of wind, wave and tidal energy projects.

➔ MAIN INDUSTRIES

DNV's increased focus on industry sectors lies firm. It is concentrating on capital-intensive and high risk industry sectors where the company has, or intends to develop, an in-depth industry knowledge, and thus help companies and organisations manage their risks in a sustainable way.



Enhancing maritime safety

Rapid expansion in global shipbuilding and shipping activities, springing from sustained economic growth, is providing new opportunities and challenges for DNV. As always, quality is key to the continuation of DNV's strong market growth and our efforts to further enhance maritime safety.

The growth in the world economy in 2007 led to international shipping reaching unprecedented heights. While the average annual growth of the world tonnage in previous years was less than 2.5%, it was more than 6% in 2007.

With growth like this, quality in all parts of the shipping industry is the key to ensuring safety at sea. This is in line with DNV's focus on quality and technology throughout the shipping industry – including the people onboard and ashore. As a measure of this continued focus, we are proud to once again in 2007 be the classification society whose client portfolio has the best port state control performance.

2007 was a year in which society intensified the spotlight on the environment and in particular on global warming. Maritime transport is very efficient compared to other transport modes, but we are all expected to reduce our environmental impact. Shipping is no exception to this, and DNV has taken action to support the industry in its actions.

FOCUSING ON THE ENVIRONMENT

Statistics show that the focus in recent years on discharges to sea, both accidental and operational, has produced positive results. The shipping industry now faces the challenge of reducing air emissions – and particularly CO_2 emissions. Proactive steps to curb CO_2 emissions and other greenhouse gases must now be taken by the industry itself or we risk being overtaken by outside legislation.

In future newbuilding designs, it is feasible to reduce the energy consumption by 30–40%, for example by optimising the hull design, introducing new coating systems, installing heat recovery systems and improving the operational logistics, thereby allowing speeds to be reduced. More efficient transportation using larger vessels will also reduce the emissions per ton-mile.

There are also more options remaining for the existing fleet. By reducing energy consumption through slow steaming or switching to alternative fuels like distillates and gas, harmful emissions to air will be reduced. On the more long-term horizon, DNV Research's joint industry project involving major fuel cell suppliers is expected to benefit ships in the future.

GREENHOUSE GASES SUCH AS CARBON DIOXIDE AND THEIR CONTRIBUTION TOWARDS CLIMATE CHANGE HAVE BECOME THE PRESSING ISSUE, MEANING THE SHIPPING INDUSTRY NEEDS TO ADDRESS ITS CARBON FOOTPRINT BEFORE OUTSIDE REGULATORS DO SO FOR IT.

CLEANER FUTURE

Cleaner fuels like LNG are available and are being used. An example is the use of LNG to run ferries plying the west coast of Norway and LPG for supply ships in the North Sea. LNG/LPG helps reduce CO_2, SOx and NOx emissions. The first of five new DNV-classed LNG-propulsion ferries, each of which will reduce CO_2 emissions by 20% compared to similar traditional diesel ferries, was delivered in 2007.

DNV was the first classification society to conduct an inventory check to identify potentially hazardous materials onboard a vessel. In 2007, this service was used by various shipping companies, such as Odfjell, which had inventories prepared for its vessels. This service is expected to grow when the new IMO Convention on Ship Recycling is finalised in 2009. In line with its objective of safeguarding life, property and the environment, DNV has actively participated in developing this convention.

HOLISTIC APPROACH

In 2007, with a growth of 12%, DNV Petroleum Services (DNVPS) breached the one-million mark in its accumulated volume of tested fuel samples from contracted business.

DNVPS also intensified its involvement in marine fuel management consulting, which is based on the Total Fuel Management (TFM) model. This service delivers optimised fuel consumption efficiency, cost savings and improved environmental performance to ship operators.

A very important key to success in shipping is the quality of the people working onboard the ships. DNV is continuing its SeaSkill initiative, which defines competence requirements linked to specific trades and operations and certifies training that complies with these requirements. Major ship owners are now establishing their own competence management

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ECMU


BULKHANDLING

systems in accordance with the SeaSkill requirements.

In the Spring of 2007, the Maersk Training Centre in Denmark was the first recipient of the DNV SeaSkill award for excellent performance. Based on valuable co-operation between Maersk and DNV, the centre has attained a high standard of performance in all the functions of a training centre.

RECORD ORDERS

2007 proved to be a successful year in terms of newbuilding orders, with 740 vessels (corresponding to almost 30 million gross tons) ordered to DNV class – an all-time high.

In particular, the high oil price created a boom market for offshore support and service vessels. Due to the state-of-the-art, costly equipment onboard, these are among the most advanced and expensive vessels in operation. Over the past two years, more than 300 new offshore supply vessels have been contracted to DNV class – maintaining our leading position with regard to all types of offshore support vessels.

DNV also holds a leading position when it comes to classifying tankers. Some 30% of the record high order book for oil tankers are to be classed by DNV. Most of the large crude oil tankers are still going to be built in Korea, but in 2007 more and larger oil tankers were ordered in China.

But 2007 will first of all be remembered as the 'bulker year'. Every third ship and almost every second gross ton that was contracted to DNV class in 2007 was a bulk carrier. In addition, the size of the ships is increasing. In the summer, DNV announced it will class the world's largest ore carriers, the four 388 000 dwt ships being built for Bergesen Worldwide by Bohai Shipyard in China.

OUTLOOK

The trend to build larger and more advanced vessels of all types is expected to continue. In addition to the environmental and technical challenges this will bring, the shipping industry must prepare for continuous strong growth without compromising on quality.

According to reports from the shipbroker Clarkson, 2 500 new ships will be delivered in 2008, while the average number of annual deliveries over the past ten years has been 1 500. This has triggered a boom in demand for officers and seafarers, leading to increased personnel costs, steeper career paths and widespread "contract shopping". The consequences are reduced experience, more fatigued crew and problems recruiting people. The result, as DNV has previously shared with the maritime press, is a doubling of serious navigational accidents (collisions, groundings and contact incidents) over the past five years.

The growth within the shipping industry will also initiate a fight for talent in related technical areas. Shipowners, shipyards, the supply industry and class societies will all face challenging times when it comes to attracting and retaining competent staff.

In 2007, DNV Maritime recruited some 650 new employees. Although our staff turnover rate is low, we have expanded our internal training programme to ensure we have qualified and well trained staff to meet future challenges.

trends towards 2015

- Stricter environmental regulations are pushing the shipping industry towards more environmentally-friendly designs, machinery, cleaner fuel types and operations.
- The relatively lower cost of reducing emissions from ships, as compared with incremental abatement measures in other sectors, will strengthen the authorities' focus on ship emissions.
- Incentives to reduce emissions from shipping, including emission trading schemes and tax mechanisms, will increasingly be deployed. A CO_2 Emission Indexing Scheme is under preparation by the IMO and planned for completion by 2008/2009.
- Growth in bunker oil prices will force the shipping industry to focus on achieving cost- and energy-effective operations.
- Alternative fuels and new auxiliary and propulsion systems will contribute to lowering fuel consumption and emissions per ton-mile.
- Ballast water management will be stricter, with new international requirements from 2009.
- Scrapping will continue to predominate in Asia, mainly India, with superior recycling efficiency. An international convention regulating scrapping is under preparation.
- Corporate Social Responsibility (CSR) aspects, including environmental performance, will increasingly come into focus.

For more information: www.dnv.com/research/technology

Making the industry more sustainable

Energy, and in particular oil and gas, has never been as high on the public agenda as it was in 2007. The reduction in the world's known oil and gas reserves, security of supply issues and increased climate change concerns have spurred investments in cleaner energy concepts. Consequently, the energy future is challenging and the solutions are not obvious, since conflicting goals must be balanced diligently.

Energy is the 'fuel' for growth – an essential requirement for economic and social development. During the next forty years, the world's energy demand could double or even triple as developing countries expand their economies and try to overcome poverty. The International Energy Agency estimates that in 2030 the primary energies' relative shares will remain almost unchanged. Oil, gas and coal will continue to be the dominant energy sources, with gas replacing part of the oil share.

SURGING ENERGY DEMAND

The surging energy demand and tight global supply have pushed oil prices to record heights, with no downturn in sight. The competition for untapped energy deposits is fiercer than ever and national oil companies, which are instruments used by nations to provide secure, reliable and affordable energy for their populations, are increasing their control over the world's remaining oil and gas resources. China and India, anxious to secure sufficient fuel for their growing economies, are investing large sums domestically and internationally in oil and natural gas sources.

Many of the world's remaining potential new sources of oil and natural gas are located in countries with relatively high levels of political risk or in technically challenging regions, such as the Arctic, or in ultra-deep waters. Securing new supplies of oil and natural gas is therefore a difficult and often risky venture.

Meanwhile, the refining capacity is currently at its limit, and we will see significant investment in existing refineries in Europe and the USA, as well as in new refineries in China, India and the Middle East. It is nonetheless predicted that new refinery additions will struggle to keep pace with the growth in demand. As a result, utilisation rates will remain high and may even increase. Furthermore, recent events have focused public and industry attention on process safety, which is an area where DNV offers its customers considerable expertise.

IN ORDER TO FACE THE ENERGY GROWTH CHALLENGE, MAJOR CHANGES TO OUR ENERGY INFRASTRUCTURE WILL BE NEEDED – POTENTIALLY SIMILAR TO THOSE WHICH HAVE TAKEN PLACE OVER THE PAST 100 YEARS. AT THE SAME TIME, WE FACE THE MAJOR ENVIRONMENTAL THREAT OF CLIMATE CHANGE, WHICH MAKES THE WAY FORWARD LESS CERTAIN.

HOLISTIC APPROACH

No single solution will deliver the necessary changes. We need a mix of options which focus on developing more energy sources, using energy more efficiently and reducing carbon intensity. Evidently, the global energy market's opportunities belong to those who employ expertise in a concerted manner across geographical boundaries and throughout the operation's life cycle.

Business strength in the energy industry has many dimensions. It is now about how a company identifies and seizes opportunities, pushes technology boundaries safely and cost-efficiently, and meets or exceeds increasing environmental requirements and expectations, all this while balancing risk and returns in a highly competitive global arena.

That is why DNV, with its global presence, technical know-how and holistic approach, is highly valued in the energy sector. Our vision is to contribute to a safe and sustainable future by offering assistance in developing new hydrocarbon-based energy supplies more efficiently, cleaner fossil energy and renewable energy.

GROWING COMPLEXITY

A key challenge facing the oil and gas industry is therefore how to manage risk in the face of this growing complexity. There is a wide range of political, commercial, technical, human and environmental risks involved, requiring skills in many disciplines. In addition to qualification, classification and verification services, DNV offers distinctive risk consulting services related to the total enterprise as well as to specific areas, such as Health, Safety and the Environment (HSE), Asset Integrity, and Information Technology. By integrating these services across the value chain and throughout an asset's life, we create a comprehensive approach designed to manage complex challenges safely and responsibly. >

For example, during the past two years, DNV has helped bring StatoilHydro closer to its vision of achieving world-class operating and maintenance practices. DNV is also heading up the work of harmonising industry HSE standards for the Barents Sea, supported by the Norwegian and Russian governments and industries.

Our Offshore Classification services experienced substantial growth in 2007, with a long list of new drilling semi-submersibles, drillships, jack-ups and FPSOs orders to DNV class, many aimed at deep-water exploration and production in key developing hydrocarbon provinces. Our production capacity has been greatly increased by establishing Service Centres at key locations, enabling local approval and extending survey capacity. The market has responded positively to this initiative, and the Resource Centre in Singapore, among others, has been very successful. Here, DNV was contracted to classify the largest drilling jack-ups ever to be built at Singaporean yards.

DNV's involvement in the evolving LNG industry has continued. More than 40% of the current receiving terminals have obtained guidance from DNV in order to identify and manage both HSE and business risks. Services range from the verification of floating offshore LNG facilities in Brazil and the USA to the incorporation of business risks induced by multiple users of import terminals in Europe.

China National Petroleum Corporation is now a world-leading integrated energy corporation, and is China's largest producer and provider of crude oil and natural gas. DNV is involved in several projects with this company, including the provision of ISRS7 baseline assessments and asset integrity management solutions.

FRONTIER CHALLENGES

New hydrocarbon discoveries have not compensated for the reduction in the world's known oil and gas reserves resulting from current production. As we have seen, future exploration and production activities will take place in deeper, colder and harsher areas – and the reservoirs will be more complex. The industry therefore needs to make sure its solutions represent best practices and the highest standards at all times.

DNV assists in tackling frontier challenges, from concept feasibility to the qualification of new technology and certification of detailed designs, helping to break barriers with confidence. We manage a vast number of joint industry projects aimed at solving frontier challenges. Also, we are involved in several deep and ultra-deep water projects in Brazil, the Gulf of Mexico, West Africa, the North Sea and Asia, involving the use of novel technologies for subsea processing, pumping, compression and pipeline transportation.

OUTLOOK

DNV aims to grow with the wider energy industry and develop a truly global business with a significant presence in all the major markets in which it operates. We will cover industry-wide segments ranging from upstream, midstream and downstream to pipeline transportation, power generation and renewable energy, including contractors and suppliers to these segments as well as authorities and investors.

Significant efforts will be made to grow in China, North America, Brazil, India and Russia. DNV will also target selected national oil companies due to their increasing importance to the world's future energy supply.

trends towards 2015

- Life extension of mature fields enabled by Enhanced Oil Recovery (EOR) and new ways of managing assets.
- Capital spending will shift towards more technically challenging projects in ultra-deep waters and Arctic regions.
- Globalisation of the LNG market, with diversification of transportation technologies.
- Canadian oil sands production will increase rapidly and could be as high as four million barrels/day by 2015.
- Commercial large-scale Carbon, Capture and Storage (CCS) projects will be operational in the USA, Canada and Norway.
- Wind power will be established in many countries, with North America and Asia accounting for the highest proportion of new capacity installed.
- Partnering between national oil companies and international players.
- Development will be restricted due to lack of competent people.
- Significant local and regional environmental concerns.
- Increasing stakeholder efforts to understand and manage risk and uncertainty.

For more information: www.dnv.com/research/technology

Managing clean energy risks

The world's need for a clean energy future is creating a unique challenge for politicians, industries and the public at large. DNV's in-depth experience of renewable energies has shown that a number of mitigating efforts need to be decided upon and implemented. To reach this new paradigm as soon as possible, the risks involved must be understood and managed.

The world is experiencing growing environmental concern and increasing acknowledgement of the threat of climate change. This has led both industry and the authorities to act faster than ever, and renewable energy has been assigned an important role in reducing CO_2 emissions and the need for fossil fuels.

TODAY, GOOD ENVIRONMENTAL PERFORMANCE IS INCREASINGLY VIEWED AS A BUSINESS IMPERATIVE. THIS TREND IS EVIDENT ACROSS THE ENERGY SECTOR AND IS REFLECTED IN EFFORTS TO REDUCE THE ENVIRONMENTAL IMPACT OF TRADITIONAL OIL AND GAS RELATED ACTIVITIES.

Significant investments in renewable energies will continue at a rate that depends on the price of competing energy sources, global warming threats and available incentive schemes. Hydropower, bio-fuels, heat generation from bio-mass and wind energy are the most promising alternative energy sources. The next generation of nuclear power plants is also being considered. Acknowledging that fossil fuels are needed to meet the world's energy demand, carbon capture and storage from coal- and gas-fired plants is another important tool for a cleaner energy future. The key to success is a united global effort, including governmental policies, financing mechanisms and technological innovation. Energy-reduction measures will also be key to reducing greenhouse gas emissions relating to energy production, industrial and private consumption and transportation.

RISK MANAGEMENT SPEEDS UP THE CLIMATE BATTLE

The development of renewable or low-emission energy projects is associated with significant risks which may lead to long decision-making times or a lack of decisions. It is also a known fact that most of the climate change efforts are suffering from a lack of maturity in terms of technology, economy, industry frame conditions, infrastructure and common acceptance criteria. Despite this extremely complex reality, important and long-term decisions must be taken now and on an uncertain basis. The question is how to make intelligent choices for the time ahead and how to manage the opportunities and risks? This is what DNV's competencies support.

The application of methods such as DNV's systematic risk assessments and technology qualification will help to prevent costly mistakes and ensure transparent and efficient decision-making processes. This is also achieved through the certification of components, power plants and energy systems, documenting that agreed requirements have been met and that the systems will continue to operate with sufficient safety and reliability.

COOPERATION PROJECTS

Due to our risk management approach, global independence and in-depth expertise, DNV has been an important player in a number of renewable energy and Carbon Capture and Storage (CCS) projects. These involve both industries and the authorities in the US, Norway, UK, EU and China. For example, the North Sea Basin Task Force will reveal how and where carbon can be stored under the North Sea, and Aker Kvaerner is being helped to ensure that its new CCS technology actually works as intended. DNV also has a major share of the wind turbine certification market and performs risk assessments of wind energy projects in a number of countries.

Also, DNV is recognised as the leading globally operating independent greenhouse-gas verifier, and was the first company to be accredited by the UN to verify all major Clean Development Mechanism projects.

Looking ahead, DNV will continue to assist the global renewable energy and CCS market with its services, and will increase its focus to mirror the market's introduction of new cleaner technologies. The aim is to grow tenfold by 2012, with a corresponding increase in market impact and new services, technologies and methodologies. The main focus areas will be wind, CCS, nuclear, hydro, wave and tidal power. Energy efficiency, clean coal and alternate fuel are also predicted to be major areas of opportunity in the future.

People, plants and processes

Today, as never before, the refining and chemical processing industries are being challenged to improve their competitiveness while also improving their safety and environmental performance. Margins remain tight, assets are ageing, and a number of well publicised accidents have reduced the confidence of various stakeholders in the industry. New projects, whilst opening up additional opportunities, may also introduce unexpected risks.

In broad terms, 33% of current global refinery investment is related to environmental and quality compliance matters, while 33% is spent on upgrading facilities. The remaining 33% is split between existing crude capacity and developing new crude capacity. This investment has to be carried out against an expectation of improved environmental performance relating to both products and production processes.

POTENTIAL RISKS

Under these circumstances, management of the risks associated with people, plants and processes through the application of effective risk management solutions and the adoption of global best practices is crucial. Everyone working in the downstream industry is well aware of the potential risks to health, safety and the environment. But businesses face a range of risks that includes far more than just accidents and incidents that may cause physical harm.

Risk encompasses anything that will adversely affect the performance of the business. That could be a project which falls behind schedule, a problem that causes unplanned expensive downtime, or external events that may take place in the business environment and which the company has not identified or planned adequately for.

DNV has been working with a number of clients around the world to help them manage these risks and build trust and confidence with their stakeholders. Examples of such projects include the development of a new process safety management system for a major refining company in Europe. Furthermore, DNV has analysed the safety and production risks associated with a major North American refinery which was being reconfigured to process Canadian oil sands output. Also, DNV has performed a security of supply analysis for one of the largest American refining and shipping companies, and independently verified the quality of materials and components used in the construction of a new refinery in South East Asia.

trends towards 2015

- Consumer and retailers are trend setters: retailers are the first responders to consumer concerns and set the standards that food suppliers must meet.
- Increasing global and long-distance food trade: increased vertical integration of the value chain, and year-round consumer demand for fresh produce and exotic products, will sustain the trend towards increasingly global food trading.
- Traceability and transparency: consumers and authorities want to know how food is produced, and food vendors maintain a focus on preventing food fraud and food safety scandals.
- Concerns about production methods in the developed world: sustainably produced, ethical, socially-responsible, animal-friendly, organic, low-mileage food will be in great demand.

For more information: www.dnv.com/research/technology

Food for thought

As the food and beverage sector becomes more and more competitive and heavily scrutinised, companies are faced with new challenges in providing safe, quality products, as well as meeting consumer and societal trends.

Globalisation and the development of new markets and suppliers, as well as the global sourcing of raw materials, have led to extended and more complex supply chains which affect the way global food players operate. This causes consumers to become more cautious when choosing food products. In addition to increased consumer awareness, national and international food-related incidents have created difficulties for many players in the food and beverage industry. Guaranteeing quality and safety at every step in the production chain has consequently become essential in order to have a competitive advantage in the global marketplace.

In response to globalisation, cost-effective production and reliable supply chain management have become increasingly important criteria for market success. Today's mergers, acquisitions and alliances have clear motives – the main ones being to increase cost efficiency through synergies, to gain new market opportunities, and to obtain and strengthen brands. Increasingly, these consolidation activities are cross-border and even cross-continental. Managing risk has become a central requirement for those operating along the food production chain, from farmers, fishermen and growers to food processors, retailers, distributors, storage and transport companies, as well as brand owners.

INCREASED CONSUMER AWARENESS

Consumers are increasingly aware of the quality, hygiene and safety issues surrounding what they eat or drink. While the knowledge of food risks is increasing, people are also becoming more aware of the relationship between food and well-being. Self-gratification, nutritional value and safety are all quality labels that consumers focus on. This awareness covers the whole range of issues surrounding food and beverages – from the raw materials and the conditions in which they are grown or raised to the reliability of the technologies used during manufacturing and processing and the storage and transport systems.

BUILDING AND MAINTAINING EFFICIENT AND SUSTAINABLE SUPPLY CHAINS IS A MUST IN ORDER TO MAINTAIN A COMPETITIVE PRESENCE IN THE MARKET.

CORPORATE REPUTATION AN EMERGING ISSUE

A key issue for food and beverage companies is branding. A strong brand generates added value and strengthens the market position. However, building and sustaining a brand takes enormous investment without any promise of guaranteed success. In today's market, the complex supply chains and outsourcing of the manufacturing of branded products mean less control over sourcing and processing. With thousands of ingredients as well as thousands of suppliers/manufacturers in a production chain, it is evident that managing risk has become a central requirement for food and beverage industry players.

A QUESTION OF TRUST

Consumers' and other stakeholders' expectations impose effectiveness, transparency and sustainability through the entire supply chain. The complex food network is why businesses and consumers look to trustworthy companies to meet their demands for guarantees. Companies can earn this trust by being able to demonstrate that they are diligent and vigilant and that they have an effective, rigorously maintained management system covering all their processes. Such companies have a wide-reaching risk management approach and the certification to prove it. Certification to recognised national or international standards ensures the implementation of best practices and communicates this to the business and consumer segment. Building and maintaining efficient and sustainable supply chains is a must in order to maintain a competitive presence in the market and indeed ensure the survival of brands as well as food and beverage players.

Reliability drive in transportation sectors

An increased demand for risk, safety and IT management services within the automotive, aviation, rail, road and space industry sectors has been observed, primarily in Europe. Increasing market competition and stricter safety and environmental regulations are expected to be central for all transportation sectors in the future.

AUTOMOTIVE

The automotive industry has gone through significant changes in recent years. Today's industry is characterised by several factors, including an expanding global market, quality, environmental impact and reliability expectations.

Globalisation and consolidation have led to significant changes in the automotive industry in recent years. Such changes will continue, with manufacturers shifting production to locations worldwide and engaging in far-reaching collaboration and the joint development and production of vehicles.

Cost efficiency and reliability are increasingly important criteria for success in the marketplace. Major corporations will gain an increasing advantage in the years to come. This will in turn lead to further acquisitions, mergers and strategic alliances.

Further, as design and production activities are moved to lower-cost locations and companies continue to acquire and divest, management of the supply chain becomes a challenge of increasing geographic, cultural and organisational diversity.

Software and electronics are essential for automotive progress. Virtually all innovation is based on these technologies, and the ever-growing number of integrated software components in vehicles is one of the largest challenges facing the industry. This software is found increasingly in engine management and vehicle safety systems, and must work reliably and without one system interfering with another.

There is also an increasing focus on reduced emissions. Laws are being established around the world to limit both vehicle emissions and environmental pollution from car manufacturing. The automotive industry will need to address these issues.

DNV has over the years developed a series of specialised skills and resources that represent invaluable assets in the context of the ongoing re-orientation of the automotive industry. In 2008, DNV will strengthen its position as an acknowledged leader in the automotive industry, and help customers improve their supplier capabilities.

AVIATION

The aviation industry is experiencing rapid change and facing significant challenges. Traffic is growing, straining the infrastructure and raising environmental concerns. Competition is fierce, creating pressures to reduce costs. In 2007, DNV assisted aviation customers in achieving sustainable growth and development through managing risk, facilitating improvements in capacity and developing organisational structures.

Airline safety is, amongst other factors, dependent on the ability to assess and prioritise risk factors. In 2007, in cooperation with Avinor and four airline companies, DNV developed a risk assessment model for quantifying the probability of aircraft hull loss during the approach/landing and take-off/departure operations at airports.

RAIL

Pressures on capacity and performance have significant risk and safety implications. The rail industry is facing challenges due to ageing rolling stocks and infrastructure. Schemes for upgrading and developing these elements have been introduced, requiring the careful planning and structured handling of safety issues in order to optimise the technical solutions, comply with safety regulations and address the public's desire for safe transport.

ROAD

In 2007, DNV has provided risk, safety and security services to various customers in the road segment. The development, maintenance and administration of road systems, including bridges, tunnels and motorways, continue to be critical elements in the transportation system. Safety and securety are becoming even more important in this sector.

SPACE

DNV continues to develop and deliver services aimed at the space industry, taking the lead within third-party services such as independent software verification and validation of satellites. Quality, safety and reliability are vital issues for the aerospace industry, which sophisticated manufacturing requires special attention during the production process.

Improving patient safety ...

Patient safety is at the core of DNV's risk management services for the healthcare sector.

Improving quality and patient safety is key to reducing medical errors. The hospital environment is inherently risky, with a continuous need to prevent contamination and infectious diseases, and to maintain the often very precarious health of patients while also ensuring the safety of staff and visitors.

Given the numerous highly publicised cases of unnecessary deaths due to erroneous procedures, operations on wrong organs and medication errors, the healthcare sector is increasingly engaged globally in the pursuit of improved quality, patient safety and care, with a heightened understanding of risk management concepts.

While this pursuit is global, its execution is with very few exceptions local, affected by the local healthcare governance model. The various levels of maturity of the healthcare sector worldwide present an additional obstacle on the road to providing a uniform and consistent transfer of knowledge and best practices.

DNV delivers the risk management tools that hospitals and healthcare institutions need to reduce the risk of malpractice in particular and improve management in general.

THE HEALTHCARE SECTOR IS BECOMING INCREASINGLY ENGAGED GLOBALLY IN THE PURSUIT OF IMPROVED QUALITY, PATIENT SAFETY AND CARE, WITH A HEIGHTENED UNDERSTANDING OF RISK MANAGEMENT CONCEPTS.

HEALTHCARE ROLE

DNV is in the process of attaining the role of a recognised healthcare Accreditation Organisation (AO), starting with the crucial hospital sector. This increasingly recognised role involves conducting a formal, independent review, in accordance with national regulations, that carries with it a monetary return to the accredited organisations, usually in the form of an insurance refund or insurance rate reduction. DNV has taken steps to position itself in this role in the USA, by seeking government approval as an AO, and in the UK, where DNV has been contracted by the National Health Service (NHS) as a 'risk partner', by assessing hundreds of hospitals controlled by the NHS, developing standards and training hospital staff to enhance patient care.

INTEGRATING ACCREDITATION TO STANDARDS

When seeking approval as an Accreditation Organisation, DNV has applied its own Healthcare Standard. DNV has responded by developing and implementing its unique National Integrated Accreditation for Healthcare Organisations programme. This hospital accreditation programme provides hospitals that are seeking accreditation with a survey process that integrates accreditation to standards that comply with the Conditions of Participation with ISO 9001 certification, the universally accepted international standard for a quality management system.

DNV's global presence enables hospitals or related healthcare organisations to benefit from the use of best practices and benchmarking. This allows them to excel in their quest for quality improvement and patient safety while utilising the local resources that are well versed in the local healthcare governance requirements.

IMPROVING QUALITY AND SAFETY

DNV has been involved in improving quality and patient safety in hospitals and healthcare institutions through various means:

- Hospital accreditation
- Hospital evaluation and rating
- Hospital management system certification in accordance with national voluntary schemes
- Hospital management system certification to international standards
- Risk management tools/methodology
- Corporate Responsibility/sustainability/fraud prevention profiles.

DNV carries out assessments and benchmarking, and recommends the most effective programmes. These are run in support of the existing management teams to enable professional resources and a wide breadth of knowledge to be delivered as effectively as possible.

... and IT processes and systems

DNV works with large organisations in the IT and telecoms industry to ensure sustainable performance and operational excellence. This helps them to manage risk and maximise business opportunities in this fast-growing sector.

The IT and telecoms industry has proven to be very turbulent. A period of explosive growth in the 1990s was followed by recession and consolidation in the industry, leading to a smaller number of truly global players. Over the past few years, the industry has been revitalised. The growth initially took place in Europe and North America, but there is now a shift towards emerging markets. Indian companies, which have demonstrated aggressive growth due to outsourcing from North America and Europe, are now entering these markets directly.

MORE COMPLEX VALUE CHAIN

The boundaries between the IT, telecoms and media sectors are disappearing, and these three industries are gradually converging to form one huge industry sector. This makes for a market where the only constant is change. Organisations are struggling to find their place in an increasingly complex value chain. More global and cross-industry competition in the communications market, including new devices which have alternative uses beyond phone calls, makes flexibility and efficient processes essential to decrease the time to market.

While the extensive use of IT-dependent processes has undoubtedly improved organisations' business efficiency, it has also increased those processes' overall complexity and potential to be a source of vulnerability within organisations.

Furthermore, the continued trend towards outsourcing is changing the face of system integrators and IT service providers. In order to meet customer expectations, they need to offer outsourcing and BPO (Business Process Outsourcing) solutions on an increasing scale. This requires more mature internal processes and a further increase in personnel capabilities.

TAILOR-MADE SOLUTIONS

DNV's objective in the IT and telecoms sector is to help customers achieve sustainable performance through services centred around process performance. Basically, we provide three main types of services. Our expertise related to corporate responsibility, risk management and operational excellence can be incorporated into tailor-made effective solutions that cover customer-specific needs. DNV can help to bridge the gap between corporate governance and practical implementation in the engineering department and on the factory floor worldwide. DNV provides solutions within four delivery modes: assessment, consulting, certification and training.

OUTLOOK

More demanding customers and other stakeholders, more software in increasingly sophisticated products, a shorter time to market, a more complex and continuously changing value chain and greater outsourcing and globalisation will heighten the business risks in the IT and telecoms sector. This, combined with higher accountability for company directors, will increase the need for professional service providers with world-class expertise.

Managing risks in the financial services sector

Cost control, software quality and reliability, time to market, compliance and knowledge management are often viewed as risks – and opportunities – in the financial services sector. DNV provides independent advice and services to manage these risks and exploit these opportunities.

The financial services industry is one of the industries most affected by globalisation. The continued trend towards mergers and acquisitions in the market, and especially the rapid consolidation in the European financial industry, has resulted in a global market.

IT spending in the financial services industry is expected to continue to grow over the years to come. Regulatory requirements continue to be a major driver for IT spending. Changes in these requirements force financial institutions to alter their processes and IT systems in order to achieve compliance.

Partly driven by the merger and acquisition trend, there is a continued interest in achieving cost efficiencies. Back office integration and the outsourcing of application development are key strategies, and call for increased attention to be paid to the standardisation of work processes and systems. These standardised work processes and systems need to be flexible in order to facilitate the increased customer focus which is evident in both private and retail market segments.

FOCUS ON PROCESS PERFORMANCE

In the European marketplace, DNV is one of the main providers of software process improvement services. These services focus on increasing the quality, efficiency and predictability of IT-related processes. Given the focus on cost efficiency and standardisation and the continued outsourcing trend, the demand for these services is expected to remain high.

Our services in the area of IT architecture and information management offer customers the means to get a grip on their IT landscape. We have successfully worked with numerous world-class customers in the finance industry, including BNP Paribas, Fortis Group and AXA.

DNV is BNP Paribas' strategic partner in the definition and deployment of a large process improvement programme throughout the group's main IT entities. DNV is in charge of assessing the capability and maturity of these entities, of defining the improvement action plan and of supporting the deployment of new processes and/or enhancements.

Our consultants work with BNP Paribas at different maturity levels in various business areas, including Insurance, System Information Group, Retail Banking, Lease Group, Securities, and Corporate and Investment Banking.

➔ CROSS INDUSTRY SERVICES

One of DNV's most important diversifiers is the provision of its diverse range of services, including certification, software, research, consulting and training. With the objective to deliver services with impact, DNV works to provide a service offering that creates value in today's rapid business environment.

Transcending boundaries

Globalisation and sustainability issues impose new demands on companies. Markets may expand but so does the responsibility, not to mention stakeholder security. But critical risks can lead to opportunities if responsible solutions are successfully applied to mitigate risks, provide transparency and build trust across the boundaries.

Stakeholders are increasingly concerned about requiring companies to show compliance with, and even go beyond, standard rules and regulations and a commitment to act as a responsible party. In turn, companies are cascading this demand for compliance down throughout the supply chain. DNV continues to deliver and develop its certification services to meet customer needs. Examples of current services are:

STAKEHOLDERS ARE INCREASINGLY CONCERNED ABOUT REQUIRING COMPANIES TO SHOW COMPLIANCE WITH STANDARD RULES AND REGULATIONS AND A COMMITMENT TO ACT AS A RESPONSIBLE PARTY.

MANAGEMENT SYSTEM CERTIFICATION

The management systems address internal processes related to individual areas, like quality, environment, health and safety, information security and others. Many of our customers are looking for management system certification, and companies are increasingly looking to create one management system to ensure quality across the whole enterprise. This underscores the importance of systematically managing and improving internal processes to reach strategic goals and operate responsibly in relation to customers, employees and other stake-holders.

Through Risk Based Certification™, DNV is able to combine an assessment of compliance with standards with an evaluation of company-critical processes that are key to business success.

PRODUCT CERTIFICATION

Most countries have rules and regulations related to safety for almost all products. The focus on environmental aspects is growing, ranging from the use of hazardous substances to energy efficiency and recycling.

DNV has a long tradition of providing product certification services, such as CE- marking and certification according to national regulatory schemes. Due to the growing integration of economies and globalisation of consumer preferences, global trade increased considerably in 2007. We see a need for both voluntary and regulatory certification regimes in 2008, especially in the developing markets.

CLIMATE CHANGE

DNV has specialised in delivering independent, third party services for climate change activities, and has over the past few years been engaged in a number of diverse validation, verification and certification activities. DNV has developed methodologies to ensure transparent, reliable and credible audit results, and we are accredited under the most important international schemes for verification of carbon inventories and offset projects, such as the Clean Development Mechanism and Joint Implementation under the Kyoto protocol, the EU Emissions Trading Scheme, the Californian Climate Action Registry, and the Chicago Climate Exchange.

CORPORATE RESPONSIBILITY

There is an increasing demand for Corporate Responsibility (CR) services, reflecting the emphasis on issues such as supply chain management, ethical behaviour, and the implementation of codes of conduct and principles such as the Global Compact in business and society worldwide. Rating, the verification of sustainability reports and supply chain management are important parts of DNV's service portfolio for providing complete solutions to customers.

Acknowledging the importance of CR to managing risk as well as managing business opportunities is vital for adding value to our customers. DNV will make strong efforts to meet market needs and stand out when delivering CR solutions to more customers in more countries in 2008.

Matching solutions to customers' needs

Today's competitive business environment requires companies to become more and more agile. The ability to act and change rapidly constitutes a huge business advantage. DNV Software offers solutions for good business and environmental performance, quality control and continuous learning within an organisation.

DNV Software is an independent business unit within DNV that develops innovative software solutions for the maritime, offshore and process industries. It has developed a strategy for the next five years, with main focus on strengthening its core areas and stimulating progress. An important challenge is to make sure that the unit's development is market-driven, enabling customers to be even more efficient in their daily operations.

Traditionally, DNV Software's portfolio has dealt with strength assessment and risk management. During 2007, DNV Software revamped its strategy. The 2008–2012 strategy aims at building profitability by shifting the focus from extensive development activities to the strengthening of existing products and solutions and by capitalising on existing strongholds when moving into the asset integrity software markets. DNV Software will build its new strategy on six industry positions:

- **Yards** – become a supplier with a global impact on integrated design and work process solutions for the early design phase of shipbuilding.
- **Offshore engineering** – become the world's leading provider of strength assessment software to the offshore industry.
- **Process risk** – become the world's leading provider of integrated process risk analysis and assessment tools for the design and operation of process plants.
- **Ship owners** – deliver software for ship operation management focusing on hull integrity and environmental accounting systems.
- **Offshore integrity** – deliver software for the integrity management of offshore pipeline systems and fixed and floating offshore structures.
- **Plant integrity** – deliver software for the integrity management of refineries, petrochemical plants and onshore pipelines.

DNV is committed to enhancing its software offerings for environmental and sustainable operations design. As an example, in order to meet the rising demand for integrated software solutions in the shipping and energy industries and be positioned to accommodate China's ambitious plans for technology development and innovation, a new DNV Software production centre has been established in Shanghai. This centre will mainly focus on two areas: general project delivery capacity and environmental performance systems.

The Environmental Performance System (EPS) strengthens DNV's overall offering to its customers and helps them put their environmental commitments into practice. The solution, offered to DNV customers as a web service, will help companies to measure environmental performance through a web-based reporting tool that supports the Global Reporting Initiative guidelines and ISO 14001. When resource usage data from company records are entered, the EPS can calculate emissions to the environment using formulas verified by DNV. By benchmarking the EPS results against the prevailing acceptance criteria, organisations may obtain new insight into their biggest areas for improvement.

Shaping the future

Every year, DNV brings a wealth of technology and innovation to customers worldwide through its global organisation. DNV Research and Innovation is the unit within DNV that ensures the development of knowledge, technology and prototypes of future tools and services for the benefit of DNV customers and society at large.

International business is undergoing dramatic changes due to the powerful mix of globalisation and advances in information and communication technology. Companies must manage their product and service lines under conditions that increasingly often disrupt 'business as usual'. Understanding the accelerating pace of technology development and leveraging the right technology at the right time are becoming crucial for commercial success. Current examples of important research topics in DNV are:

- **Maritime transport** – where environmental concerns are balanced against cost benefit considerations.
- **Energy** – with attention focused on security of energy supply, sustainability and risk management.
- **Materials and surfaces** – targeting corrosion protection, risks posed by nanotechnology, and water quality issues.
- **Information processes and technology** – at the interface between technology and organisations.
- **Biorisk management** – with the focus on developing methodologies to effectively manage the hazards posed by biological agents.

UNDERSTANDING THE ACCELERATING PACE OF TECHNOLOGY DEVELOPMENT AND LEVERAGING THE RIGHT TECHNOLOGY AT THE RIGHT TIME ARE BECOMING CRUCIAL FOR COMMERCIAL SUCCESS.

COOPERATION AGREEMENTS

Building a strong network and cooperation with selected research clusters around the world is becoming increasingly important as extensive harvesting from universities and institutes and cooperation on joint industry projects in key markets contribute to the faster development of high-quality knowledge and services.

During 2007, DNV's cooperation with NTNU (the Norwegian University of Science and Technology) was considerably extended, a cooperation agreement was signed with Ohio State University in the USA, and DNV established its own research unit in Ohio. A cooperation agreement was also signed with NTUA, the Technical University of Athens, in Greece. DNV plans to establish its own research unit in Athens in 2008.

SCIENCE TO SERVICE

In order to smooth the difficult transition phase from a research result into a successful service in the market, we have designed a piloting process in which the researchers work closely with a DNV business area to test out the service in the market, further improve it and develop the right expertise and delivery processes before moving to global delivery.

As an example, in the biorisk (biosafety and biosecurity) area, DNV has developed a comprehensive set of assessment methods, tools and training materials to help laboratories around the world responsibly handle and store pathogens that could represent a considerable risk to society. These services underwent a piloting stage in 2007 and will be further complemented in 2008. Two other major initiatives under way are the Arctic programme, which focuses on knowledge and techniques relevant for industrial activities in the Arctic, and a project related to next generation computational tools.

TECHNOLOGY OUTLOOK

Looking further ahead, which global trends will be most important for the industry sectors served by DNV? And how will these trends relate to technology adaptation and development in these sectors? Our publication 'Technology Outlook 2015 – DNV Research and Innovation's assessment of developing trends' describes and analyses important social and technological trends.

Much of the technology that will have been adopted in 2015 is already being developed, but we believe that the strength of the trends mentioned in Technology Outlook will spur the development of many new and disruptive technologies.

For more information:
www.dnv.com/research

Reconciling people, systems and risk

DNV provides services to safely and responsibly improve business performance. Our key differentiation factor is advanced cross-disciplinary competence within management and technology.

Drawing on decades of experience from high-risk and capital-intensive industries, DNV provides integrated risk management solutions relating to oil and gas installations, transportation systems, process facilities, information and communication technology (ICT), food safety and patient safety. Examples of current cross-disciplinary consulting services are:

ENTERPRISE RISK MANAGEMENT

Complexity, uncertainty and change are prevalent within all business functions. DNV's Enterprise Risk Management (ERM) service supports sustainability and increases the value of enterprises by supporting decision-making, reducing the likelihood of surprises and improving the ability to meet objectives.

With DNV's ERM service, customers are helped to identify, understand and manage risks within a project, a part of the organisation or a particular subject area. Also, it is possible to achieve a complete overview of an organisation's total risk exposure.

SAFETY, HEALTH AND ENVIRONMENTAL RISK MANAGEMENT

Compliance only with legal requirements for SHE performance is no longer sufficient for forward-thinking organisations. DNV's approach balances economical, social and environmental objectives. The traditional idea of 'value creation' is redefined from purely maximising shareholders economic returns, to the wider agenda of honouring the interests of society at large.

By applying risk-based methods, in-depth industry insight and advanced software tools, we ensure that threats are identified and risks are managed in a cost-effective manner. DNV works with customers to develop, implement, maintain and continually improve best practices in managing safety, health and environmental risks.

OPERATIONS EXCELLENCE

Maximum value is achieved from facilities, equipment and people in a safe and responsible manner that does not compromise safety or the environment. DNV applies a wide range of methodologies, tools and techniques to consistently build solutions which ensure that specific production goals are met at the lowest possible cost and in compliance with safety and environmental requirements. Our services range from assessment and benchmarking, through management and implementation to advanced materials technology investigations.

CONSULTING

The failure of IT-dependent systems may lead to catastrophic events with critical business consequences, putting trust and credibility at risk. Organisations need to mitigate IT risk; when they invest in IT, they want safe and cost-transparent solutions which are specific to their individual needs and compliant with regulatory constraints. Potential issues and vulnerabilities must be identified at an early stage and controlled using rigorous risk management processes. DNV's services portfolio addresses these needs, with a focus on getting a grip on the IT landscape and improving IT processes and systems and knowledge management.

Training with impact

One of DNV's most important diversifiers is the competence level of our employees. Not only do over 75% of them hold a university degree but, by putting their knowledge into practice each and every day and learning from these experiences, they provide DNV with an extraordinary amount of expertise.

That high level of expertise is what enables us to deliver real added value to our customers in our core businesses. We want to develop knowledge and competence and share these with our customers: not only in technical or consulting assignments but also in professional training.

DNV professionals deliver high-end training in over 35 countries, including Korea, China and Vietnam, and this has attracted positive customer response. On average every workday over twenty classrooms are filled with students taking part in training developed and provided by a DNV trainer. Our courses vary in content and cover:

- **Quality systems and standards**
  Courses in the areas of quality systems, environment, safety, project management, automotive, IT compliance and risk management.
- **High level IT training**
  Training that provides state-of the-art knowledge and fundamental insights into strategic IT topics such as IT architecture, business intelligence, security and IT management.
- **Knowledge management**
  One-day introduction courses and intensive five-day Master classes to help organisations manage their information, knowledge and competences effectively.
- **Technical training**
  A variety of technical courses with a special focus on helping customers use DNV's software products and customised solutions for the maritime, offshore and process industries.

DNV ACADEMY

In late 2006, the Executive Board decided that all DNV's commercial training activities should be placed under one label: the DNV Academy. This would create visibility and a firm basis for becoming a renowned global provider of high-value professional training.

In 2007, this initiative started with the appointment of a steering committee consisting of representatives of all DNV's business areas. Together they developed a joint idea of what the DNV Academy could and should be. They also initiated a pilot to start off the DNV Academy in The Netherlands. All four business areas provide training in The Netherlands, making it a good place to start the experiment. Joint marketing materials were developed, and support is in the process of being organised across the business areas. In 2008, the DNV Academy will present itself as a real provider of high-end professional training in The Netherlands.

Based on these experiences and a plan developed by the steering committee, the Executive Board decided in the autumn of 2007 to pursue this idea. A DNV Academy manager will be appointed; he or she will initiate and support local initiatives to start working together under one label in ten countries around the world. To support this, marketing materials and quality standards will be developed and made available to the industries we serve. The aim is to ensure that DNV is recognised as one of the leading providers of professional training through the DNV Academy.

➔ CORPORATE FOCUS AREAS

DNV introduced a new organisational structure at the beginning of 2007 to gear up for the growth required to meet the targets in the strategy. From a corporate perspective, the goal is to ensure that DNV has an organisation that facilitates such growth, and is able to capitalise on internal resources and expertise, and to create new business opportunities in a proactive, sustainable manner.

Living our values

Ensuring the competence of our employees and their commitment to our vision and values has been and will remain a priority for DNV.

In February 2007, DNV's new vision, 'Global impact for a safe and sustainable future' was announced. The new vision was developed in parallel with the strategy for 2006–2010. The process of defining it involved the Executive Board and management groups, as well as thorough tests with employees in locations around the world.

The vision outlines the ambition – global impact – and direction – for a safe and sustainable future – for DNV for years to come, and gives the energy and motivation to move the organisation forward. The change is rooted in the belief that in addition to its long-term focus on safety and quality, DNV must prioritise addressing two of the world's most pressing concerns: safeguarding the environment and balancing the needs of business and society.

DNV's values have also been reformulated and refocused to provide a clearer description of what has brought DNV its worldwide credibility and recognition, and what is necessary to strive for in the future. DNV's purpose, 'To safeguard life, property and the environment', remains the same.

DNV's values are:
- We build trust and confidence
- We never compromise on quality or integrity
- We are committed to teamwork and innovation
- We care for our customers and each other

The vision shall be embraced and implemented throughout the organisation, both on a business unit and individual level. The vision shall be used to develop business opportunities, to plan and prioritise resources, and to guide discussions in regular meetings. Understanding the vision shall help employees understand who the people in DNV are, what they do and why they do it. Therefore, all employees have been encouraged to think about how what they do on a daily basis contributes to DNV making a global impact.

STRONG PERSONNEL GROWTH

At the end of 2007, DNV reached a total of 7 691 employees, a net growth of 14% for the year. The budget is to increase the number of staff by 15% in 2008. At the same time, the DNV-wide turnover rate of 10% is still higher than desired, though it varies widely among the business areas.

This strong growth presents other challenges for the organisation. Much effort is directed toward recruiting and hiring, as well as to ensure that the number of 'early leavers' is minimised by welcoming newcomers in a proper way and bringing them up to speed more quickly.

DIVERSITY

New DNV employees are more diverse in terms of age and nationality. In total, 98 nationalities are represented among DNV employees, with 57 nationalities among managers. The percentage of female staff remained the same as in 2006 at 31%, but the percentage of female managers continued to increase to 16%. At year-end, 12% of all staff – and 9% of managers (an increase from only 3% in 2006) – reported to a female manager. The number of women in the Senior Management Group also increased to 7 of 67 (from 5 in 2006).

FOCUS ON INTRODUCTION PHASE

One of Corporate Human Resources' initiatives to help retain DNV's talented workforce is the development of a better introduction process for employees' first year with DNV. The improved process includes an overview of activities to be carried out, a revamped version of the DNV-wide introduction course and hands-on tools and material for line managers and Human Resources to use locally.

The new DNV-wide course is called 'We in DNV – Introduction Course'. It was piloted in November and December 2007 in Houston and Høvik. The course takes an organisational perspective with the anchoring point being DNV's purpose, values and vision. The goal is for new employees to understand the organisation as a whole, think across business areas, and understand the synergies between DNV's many activities and services. The intent is to ensure that DNV has one corporate culture and that employees share the same values. Every new employee should attend the course within a year of starting work at DNV.

NEW EXPECTATIONS TO LEADERS

The quality of management also plays a key role in whether or not employees stay with an organisation. Therefore, DNV has begun a comprehensive and coordinated effort to further develop leadership performance. 'New Expectations to Leaders', which will be used in the assessment and development of managers, as well as succession planning, were presented at the Senior Management Group meeting in 2007.

THE INTERNATIONAL EMPLOYEE PARTICIPATION IN DNV'S GOVERNING BODIES IS UNPRECEDENTED FOR A NORWEGIAN COMPANY. DNV EMPHASISES THAT EMPLOYEES FROM ALL OVER THE WORLD ARE HEARD AND REPRESENTED. THE BOARD OF DIRECTORS CONTAINS EMPLOYEE REPRESENTATIVES WHO ARE BASED IN NORWAY, FRANCE AND CHINA, AND THE COUNCIL HAS EMPLOYEE REPRESENTATIVES WHO WORK IN ITALY, INDIA, CHINA AND NORWAY.

The expectations to leaders are:
- Respect and care
- Foresight
- Customer focus
- Result orientation

For each expectation, a set of desired behaviours has been defined. A tailor-made DNV 360-degree assessment tool has been made available and rolled out in the organisation for use in the development of managers.

EMPLOYEE RELATIONS

DNV employees worldwide are a key stakeholder group for DNV, so it is important that they participate actively in DNV's governing bodies. Therefore, the Board of Directors was extended in 2007 to include four employee representatives elected by and amongst employees around the world to ensure a broad representation. After the first worldwide elections, the Board of Directors now has employee representatives from Norway (two), Europe (one, from France) and the Worldwide constituency (one, from China). The DNV Council has six employee representatives who work in Italy, India, China and Norway.

Employee participation in the strategy development process also increased in 2007. For the first time ever, four employee-elected representatives attended the annual Senior Management Group (SMG) meeting. The representatives were invited to challenge the working groups and take part in the discussions. Before the meeting, each representative had participated in regional meetings with members of the Executive Board to discuss DNV strategy.

The plan is for this type of communication across DNV to continue. It is useful for the employee representatives to listen to and understand managers' views, as well as for Executive Board members to get input directly from employee representatives.

2007 PEOPLE SATISFACTION SURVEY

DNV conducted a worldwide People Satisfaction Survey in the third quarter of 2007. The overall response rate was remarkably high at 89%.

The overall results in 2007 were positive and show an improvement compared to 2004 in spite of the strong growth, high workload and the reorganisation in 2006. New employees, those who have been with DNV for less than two years, make up a large percentage of respondents that are very satisfied.

Strengths shown are:
- Commitment to DNV's Purpose, Values and Vision
- Competence development on the job and meaningful work
- Immediate managers respect their employees
- DNV strives to maintain a safe workplace
- DNV cares about its customers

Improvement areas include:
- Access to job related internal information
- Expectation setting and performance feedback from immediate managers
- Compensation system
- Focus on continuous quality improvement

Employees at all levels of the organisation are involved in identifying improvement areas specific to their local issues – and in making the improvements. Most improvement actions based on the results will be carried out through the business areas, independent business units and corporate units. The Executive Board will ensure that information about the survey results are shared throughout DNV and that actions are identified and implemented.

Some of the areas for improvement highlighted by the 2007 People Satisfaction Survey were already being addressed in 2007, such as the development of leadership and management. In addition, 80% of DNV employees receive regular performance and career development reviews. Meanwhile, the work being done in the business areas to promote competence development in a more structured way gave positive results in the survey.

DNV WORK FORCE BY EMPLOYMENT CONTRACT

	Number of employees
Full time, permanent DNV employees (Class A)*	7 245
DNV Employees – long-term contract (Class C)	446
Subcontractors, non-DNV employees	2 777
Extra personnel, non-DNV employees	571

* Approximately 30% of DNV employees (Class A) are covered by collective bargaining agreements. DNV's management has taken active steps to allow employees to participate in DNV's governing bodies and strategy development process.

DNV full-time and part-time employees (Class A) generally have the same benefits per salary grade per country. Some benefits vary between permanent and temporary employees, e.g. eligibility for bonus.

DNV IN THE WORLD

Region	Number of employees[1]	Females %[2]	Turnover %[3]	Expatriate %[4]	Local management %[5]
Africa	76	25.0	16.7	11.8	36.4
Americas	906	33.6	15.3	2.9	74.8
Asia/Oceania	1 977	28.5	8.2	10.5	62.6
Europe	1 892	36.5	10.7	2.7	88.7
Middle East	218	23.9	10.6	12.4	12.0
Nordic/Baltic countries	375	33.6	6.4	1.1	90.7
Norway	2 247	30.4	6.3	1.1	92.5

[1] Number of Class A and C employees
[2] Percentage of females
[3] Percentage turnover (calculated from Class A employees)
[4] Percentage of expatriates
[5] Local managers – managers who are native to country

DNV WORKFORCE BY AGE AND TURNOVER

Age groups *	Number of employees[1]	Turnover %[2]
Under 30	1 596	13.0
31–40	2 665	11.0
41–50	1 936	7.8
51–60	1 116	4.7
over 60	378	2.8

[1] Number of Class A and C employees

[2] Percentage turnover (calculated from Class A employees). Turnover by gender is 9.4% females and 9% males

Managing our own risks

DNV's purpose – to safeguard life, property and the environment – brings with it the responsibility to pay extra attention to the safety and health of our employees.

In 2007, DNV performed a gap analysis of the safety and health elements of the management system against OHSAS 18001. Processes and activities to close the identified gaps were designed and will be implemented throughout the organisation in 2008.

The People Satisfaction Survey showed that 95% of employees believe DNV strives to maintain a safe work place. There are differences in how safety issues are perceived in different parts of the world, and DNV is taking these differences into consideration when developing local safety improvement programmes.

In 2007, DNV Maritime launched a new safety improvement programme in China. Safety specialists visit the yards to assess local conditions and discuss daily safety challenges with surveyors. Together with the surveyors, the main hazards are identified at each site and preventive and corrective actions are agreed on and implemented.

Car driving is the most common cause of work-related accidents in DNV. Consequently, numerous initiatives have been taken to reduce this risk.

Visits to customer sites and offices are an important part of the execution of DNV's services and sometimes require travel to challenging destinations. Risks related to employee safety are closely monitored in geographical areas suffering from war, terrorist threats, high crime rates, serious epidemics or natural disasters, and this information is shared throughout the organisation. DNV has entered into an agreement which ensures that employees will be evacuated in situations that are critical due to either a medical condition or civil unrest.

DNV supplies malaria self-test kits to employees when they travel to affected areas. The key issue with malaria, however, is not only treatment but also prevention. As part of DNV Angola's SHE programme, Malaria Awareness Training was given to employees and their family members in June.

2007 was a very busy year in DNV, and employees often felt the pressure. As a people business, DNV depends on the well-being of its employees and is strengthening its processes for protecting them.

Approximately one third of all long-term sick leave in Norway is stress-related. Stress scanning, with the opportunity for individual consultations for employees with high stress scores, has produced positive results. Stress scanning will be implemented for all employees in Norway, and similar programmes are being run in several other countries where stress has been identified as significant challenge.

In 2007, 394 incidents were reported, 352 of which were work-related. Most accidents were caused by employees slipping, tripping or falling, and 40% of the occupational health issues were stress-related. The sickness absence rate has been unchanged over the past two years and is considered to be satisfactory. Of the 394 incidents, 306 have been followed up and closed while 88 are being reviewed.

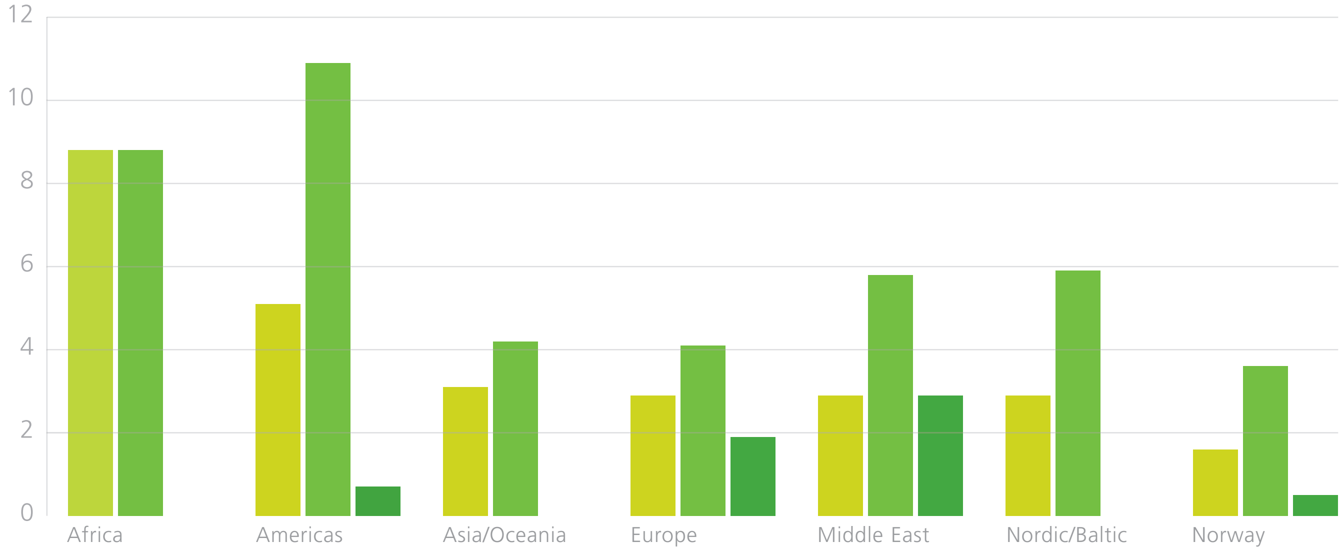
The number of incident reports per employee is expected to continue growing as the process is embraced throughout the organisation. The number of incidents per million hours worked varies for each region. To some extent, these differences are assumed to reflect differences in reporting culture.

SAFETY AND HEALTH STATISTICS

		2003	2004	2005	2006	2007
Fatal Accidents		0	0	0	0	1*
Accident	Lost time accident (Harm to people,absence >8hrs)	39	31	27	32	41
	Injury accident (Harm to people, absence <8hrs)	58	41	48	61	66
Occupational health issue, with absence		-	0	10	10	14
LTA		3.7	2.8	2.3	2.8	3.1
SAI		65.4	37.6	32.8	24.3	50.8
Sickness Absence Rate (%)		**2.5**	**2.3**	**2.3**	**2.0**	**2.0**

Occupational Health Issue: work environment conditions (including psychosocial work environment and ergonomics) where exposure may result in illness
LTA (Lost Time Accident) frequency: number of Lost Time Accidents/million hours worked
SAI (Severity Accident Index): number of days absence due to Lost Time Accidents/million hours worked
Sickness Absence Rate (%): (sickness absence/number of hours worked)*100
***A DNV Petroleum Services surveyor died in a road accident on the motorway between Singapore and Kuala Lumpur.

NUMBER OF INCIDENTS PER REGION/MILLION WORKED HOURS



Lost time accidents, Injury accidents and Occupational health issues per million hours worked, by region

Enhancing environmental awareness

DNV's approach to safeguarding the environment is threefold; a focus on a positive global impact on the environment through our services, continuously improving the environmental footprint of our operations, and helping our employees improve their personal environmental footprint.

In 2007, DNV launched 'WE do', an initiative designed to increase environmental awareness among employees and help them act in a more environmentally friendly manner in their daily lives. DNV has allocated NOK 40 million in 2008 to partially finance environmental measures initiated by DNV employees. 'WE do' will finance up to two thirds of the cost of private environmental measures, with the maximum grant per employee limited to NOK 10 000. This initiative will be reported on in 2008.

During the past year, DNV has continued to join businesses, NGOs and other stakeholders in putting the environment on the agenda. At the Global Compact Leaders Summit in July 2007, DNV signed the statement headed "Caring for Climate: The Business Leadership Platform" and thereby expressed the urgent need for businesses, governments and citizens to take steps to address climate change.

The launch of DNV's 'WE do' initiative, our focus on providing environmental services that address climate change, and our work to ensure continuous improvements through our environmental management system show DNV's commitment to action to address climate change and other environmental issues.

ENVIRONMENTAL MANAGEMENT SYSTEM

In 2007, the focus was on implementing an Environmental Management System in compliance with ISO 14001. Energy consumption and waste handling are important areas of attention, but in many countries targets have also been set to reduce business travel. DNV aims to improve environmental awareness in general throughout the organisation. Al Gore's film *An Inconvenient Truth* has therefore been shown in most of the company's offices around the world, and in some countries the employees' family members have also been invited to watch. In addition, several other awareness activities have been initiated in many countries.

A pilot for monitoring and reporting environmental performance has been started in Norway using DNV's own software, the Environmental Performance System (EPS). The environmental

performance indicators established are based on an environmental aspect assessment, environmental objectives, legal requirements and the GRI reporting requirements.

ENERGY CONSUMPTION

A survey of five DNV offices (Høvik, Rio de Janeiro, London, Singapore and Houston), covering approximately 32% of DNV's employees, has been conducted in order to map energy consumption.

The average energy consumption per person in the selected offices was 12 115 kWh in 2007, (a decrease from 14 040 kWh in 2006). Of this, 13% was renewable energy produced largely by a heat pump at Høvik (12% in 2006). When hydropower is included, renewable energy constitutes 82% of consumption (77% in 2006).

EMISSIONS

The emissions from energy use per person per year at the selected offices were 2 300 kg CO_2 , 3.8 kg NO_2 and 5.5 kg SO_2.

The large decrease in specific emissions in Norway is due to a shift to renewable energy. The increase in specific emissions in Singapore is due to a shift from gas to oil. The increase in specific emissions in Houston is due to higher electricity consumption and updated emission factors specific to Houston.

DNV TAKES ITS OWN ENVIRONMENTAL PERFORMANCE SERIOUSLY
AND PLANS TO BE READY FOR ENVIRONMENTAL CERTIFICATION BY THE END OF 2008.

WASTE HANDLING

DNV Petroleum Services (DNVPS) laboratories reported the disposal of 117 tonnes of hazardous waste in 2007 (an increase from 112 tonnes in 2006), of which 97% was delivered to licensed waste-handling facilities, 2% consisted of oil that was burned off to the air, and 1% was diluted and disposed of in the sewage system.

A survey of waste handling at DNV's offices at Høvik has also been conducted. The waste per employee was measured to be 0.3 tonnes per year over the past three years.

ENERGY CONSUMPTION

	Energy consumption (kWh/person)			Non-renewable 2007	Renewable 2007 ex. hydropower	Hydropower 2007
	2005	2006	2007			
Høvik	16 283	15 919	14 197	3%	15%	82%
London	9 778	10 593	7 687	59%	14%	27%
Singapore	13 793	14 212	10 502	100%	0%	0%
Rio de Janeiro	1 407	1 812	1 095	50%	0%	50%
Houston	15 789	7 521	8 394	94%	6%	0%
Average five locations	**14 923**	**14 040**	**12 115**	**18%**	**13%**	**69%**

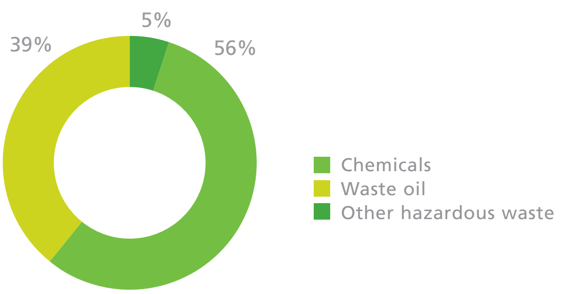
EMISSIONS TO AIR PER LOCATION

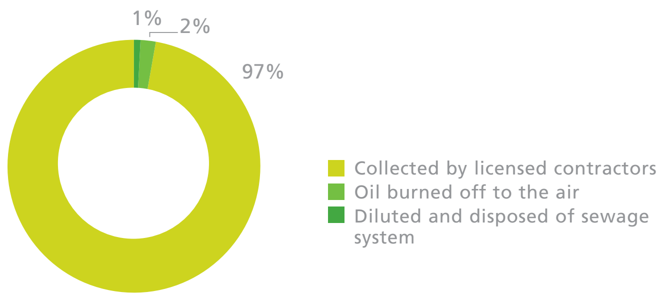
	kg CO_2/ person/year			kg NO_2/ person/year			kg SO_2/ person/year		
	2005	2006	2007	2005	2006	2007	2005	2006	2007
Høvik	252	252	145	0.24	0.24	0.14	0.40	0.40	0.23
London	1 890	1 890	977	2.39	2.39	2.14	7.62	7.62	2.55
Singapore	4 712	4 712	5 881	4.46	4.46	6.30	7.43	7.43	13.65
Rio de Janeiro	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00
Houston	3 547	3 337	4 566	1.29	1.21	10.49	0.13	0.12	11.21
Total average emission	**2 080.15**	**2 038.01**	**2 313.82**	**1.67**	**1.66**	**3.81**	**3.12**	**3.11**	**5.53**

The total average emissions for 2006 have been corrected compared to those previously reported due to improved reporting practices.

WASTE HANDLING

Chemical, oil and other hazardous waste from DNVPS laboratories in 2007





WASTE PER EMPLOYEES AT DNV´S HEAD OFFICE IN OSLO

Type of waste	Quantity tonnes/year	Description of separation and handling
Low classified paper	0.00	Recycled
High classified paper	119.00	Heat recovered
Cardboard	46.00	Recycled
Electronic equipment	5.00	Separated and delivered to waste handling approved by the authorities
Furniture	0.00	All furniture disposed of in 2007 has been sold to external subcontractor. Nothing was sent to waste disposal
Organic disposal	32.00	
Metal	42.00	
Bricks, concrete, special building materials	185.00	
Oil	2.50	Separated and delivered to approved waste handling
Oil rags (inflammable)	0.00	
Glass	3.00	
Rest disposal	202.00	
Total waste	636.50	
Total waste per person	**0.30**	

Beyond business

DNV considers corporate social responsibility (CSR) to be a continous commitment and critical element in its work – one that we take as seriously as our financial bottom line.

DNV's vision for a sustainable future is translated into action when working with our customers and in our own operations. DNV's CSR Board uses a risk assessment approach to identify, prioritise and implement actions for important CSR issues in areas such as corporate governance, ethical business practices, the environment, transparency and accountability.

As highlighted in the next section, special efforts have been made in 2007 to manage risks connected to fraud and corruption. DNV's Ombudsman represents a safety valve for employees reporting those ethics cases that are not handled through the normal line management route. Many of the approaches made to the Ombudsman are still to Human Resource management and have been passed on accordingly. Other approaches have concerned ethical dilemmas on which the Ombudsman has given advice. A growing number of approaches relate to challenges associated with entering or withdrawing from business in certain countries where the safety of employees is at stake or where corrupt business practices are common.

DNV actively supports several national and international initiatives and associations that focus on sustainable development and the role of business in society; principally:

- The UN Global Compact
- Transparency International
- The Global Reporting Initiative
- The World Business Council for Sustainable Development (WBCSD).

DNV's commitment to the UN Global Compact principles is shown throughout this report and DNV complies with Transparency International's guidelines in its work to combat corruption. DNV is an organisational stakeholder of the GRI and continuously works to meet the transparency promoted by the GRI guidelines. DNV's membership of the WBCSD provides an excellent platform for contributing to work and dialogues on sustainable development and the role of business in society.

PARTNERSHIP WITH THE RED CROSS

In January 2007, DNV's partnership with the Red Cross was extended for a new period of three years. The partnership's focus is on providing safe drinking water and improved sanitation to vulnerable people. The aim is also to develop expertise in both organisations through the exchange of knowledge in areas of common interest.

In 2007, DNV continued to support water and sanitation projects in China and Kenya. New in 2007 was the support given to a water and sanitation project in Belize, extending our reach into Latin America. As a result of these programmes, approximately 7 400 people have gained access to clean water and improved sanitation. Competence has been exchanged in new areas. DNV has assisted the Red Cross contingency measures for rescue operations at sea. The Red Cross has shared its expertise in employee safety. DNV has carried out an audit of water projects in China and continued to provide assistance on IT management to an ambulance centre in Serbia.

Preventing fraud and corruption

Fraud and corruption cases can have a direct impact on profit and costs and a negative impact on society at large. In addition, such cases can influence brand value and customer and employee loyalty.

Recognising this challenge, DNV has developed a Fraud & Corruption Resistance assessment approach that is based upon the following initiatives and guidelines for best practice.

- The **UN Global Compact** Principles regarding Anti-corruption
- **OECD** Business Approaches to Combating Corrupt Practices
- **Transparency International's** Business Principles for Countering Bribery
- The **COSO** Internal Control Framework
- The **Sarbanes-Oxley Act** of 2002, section 404.

The requirements and recommendations have been translated into elements of a management system. The assessment tool is structured around the ISO improvement loop and consists of five key activities: strategy and policy setting; planning; implementation and operation; measuring and monitoring; management review.

The assessment generates a profile and a snapshot of how resistant an organisation, corporation or entity is to the effects and impact of fraud and corruption and benchmarks these against widely accepted conventions, principles and guidelines in the field of fraud and corruption prevention.

DNV ASSESSMENT

At the beginning of 2007, DNV assessed the ability of its own management systems to resist fraud and corruption using this tool. The assessment team conducted 33 interviews with 51 participants at DNV's head office in Norway (Oslo), in DNV Brazil (Rio de Janeiro and Sao Paulo) and DNV Singapore. The assessment covered all levels of the organisation and business areas.

The tool provided an impression of how well developed the DNV management system is with regard to fraud and corruption prevention and established a basis for further improvements. The assessment showed a high score for elements such as management of incidents. It indicated, however, that DNV could be more proactive with regard to risk assessment and the implementation of controls and training and awareness programmes to combat fraud and corruption.

In 2007, a significant focus was put on improving the awareness of and training to prevent internal fraud and corruption. New guidelines that support DNV's anti-corruption instructions have been developed. These describe the Best Practices and include practical examples of what is considered acceptable or unacceptable in business relationships with customers and suppliers. The guidelines are based on a survey among DNV Country Chairs, best practices as described by the Confederation of Norwegian Enterprise (NHO), Transparency International's Business Principles for Countering Bribery, and the ICC Commission on Anti-Corruption.

DEALING WITH DILEMMAS

The anti-corruption instructions and guidelines deal with several difficult topics that require personal judgement which may be influenced by local business practices and culture. As these documents cannot cover all workplace situations, a workshop programme has also been developed to provide further guidance to employees when dealing with dilemmas. The objective of the dilemma training programme is to encourage transparency and increase the interest in and awareness of picking up, reflecting and deciding on operational dilemmas that employees are faced with in the organisation. The programme is based on workshops and a short e-primer that presents some dilemmas in order to trigger discussions. The programme is planned to be rolled out in 2008.

KEY CORPORATE RISKS IDENTIFIED BY DNV

- Attracting and retaining qualified staff
- Serious accident involving DNV-classed ship or drilling unit
- Staff security/safety in hostile environments
- Ethical cases
- Currency fluctuations and volatility of financial investments
- Data security
- Acquisition failures.

➔ DNV'S GOVERNANCE STRUCTURE

DNV is a private foundation and there are no governmental representatives in any of its decision-making bodies. All DNV governing bodies are structured in such a way that no individual group of clients or other parties has controlling influence on the decision-making process.

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Financial review

KEY FIGURES

(Amounts in NOK million)

	2007	2006	2005	2004	2003
Income statement:					
Operating revenue	**8 126**	7 297	6 683	5 945	5 753
Depreciation	**166**	140	136	116	116
Operating profit	**873**	794	750	483	582
Net financial income (expenses)	**(1)**	31	49	(52)	0
Profit before tax	**872**	826	799	432	582
Profit for the year	**536**	546	528	223	402
Balance sheet:					
Fixed assets	**2 120**	2 027	2 026	1 637	1 888
Current assets	**4 803**	4 362	3 435	2 684	2 381
Total assets	**6 922**	6 389	5 461	4 321	4 269
Equity	**4 492**	3 895	3 239	2 699	2 169
Provisions and long-term liabilities	**409**	536	634	517	980
Current liabilities	**2 021**	1 958	1 588	1 105	1 120
Cash flow items, working capital and investments:					
Purchase of tangible fixed assets	**176**	112	139	126	130
Working capital	**2 781**	2 403	1 847	1 579	1 261
Cash flow	**749**	710	678	397	485
Number of employees	**7 691**	6 765	6 095	6 236	5 989
FINANCIAL RATIOS:					
Profitability:					
Operating margin	**10.7%**	10.9%	11.2%	8.1%	10.1%
Pre tax profit margin	**10.7%**	11.3%	12.0%	7.3%	10.1%
Net profit margin	**6.6%**	7.5%	7.9%	3.8%	7.0%
Return on total assets	**14.4%**	15.3%	16.4%	11.9%	15.2%
Return on equity	**20.8%**	23.1%	26.9%	17.7%	29.6%
Liquidity:					
Current ratio	**2.4**	2.2	2.2	2.4	2.1
Liquidity reserves	**2 344**	2 032	1 510	999	852
Liquidity cover	**33.1%**	31.9%	26.0%	18.7%	16.9%
Leverage:					
Equity ratio	**64.9%**	61.0%	59.3%	62.5%	50.8%

DEFINITION OF RATIOS:

Profitability:

Operating margin:
Operating profit x 100/
Operating revenue

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

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

Return on total assets:
(Operating profit
+ Financial income) x 100/
Average total assets

Return on equity:
Profit before tax x 100/
Average equity

Liquidity:

Cash flow:
Profit before tax
+ Depreciation
– Taxes payable

Current ratio:
Current assets/
Current liabilities

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

Liquidity cover:
Liquidity reserves x 100/
(Total operating expenses
– Depreciation)

Leverage:

Equity ratio:
Equity x 100/ Total assets

INCOME STATEMENT 1 January–31 December

(Amounts in NOK million)

STIFTELSEN DET NORSKE VERITAS					DET NORSKE VERITAS GROUP		
2007	2006	2005		Note	**2007**	2006	2005
			Operating revenue				
0.4	0.0	0.0	Sales revenue		**8 125.6**	7 297.4	6 474.7
0.0	0.0	0.0	Gain on sale of business activities		**0.0**	0.0	208.5
0.4	0.0	0.0	**Total operating revenue**	**3**	**8 125.6**	7 297.4	6 683.2
			Operating expenses				
0.0	0.0	0.0	Payroll expenses	**4,6,7**	**4 385.0**	3 850.6	3 622.3
0.0	0.0	0.0	Depreciation	**12,13,15**	**150.4**	140.2	136.2
0.0	0.0	0.0	Write down of goodwill	**12**	**15.8**	0.0	0.0
0.0	0.0	0.0	Other operating expenses	**5**	**2 701.6**	2 512.5	2 174.2
0.4	0.0	0.0	**Operating profit**		**872.8**	794.1	750.5
			Financial income and expenses				
508.5	50.1	27.9	Financial income		**86.1**	112.0	54.0
(0.8)	(0.6)	(0.5)	Financial expenses		**(87.1)**	(80.6)	(5.2)
507.7	49.5	27.4	Net financial income (expenses)	**8**	**(1.0)**	31.4	48.8
508.1	49.5	27.4	**Profit before tax**		**871.8**	825.5	799.3
(14.1)	(9.6)	(8.2)	Tax expense	**10**	**(335.6)**	(279.7)	(271.1)
494.0	39.9	19.2	**Profit (loss) for the year**		**536.2**	545.8	528.2
			Of this minority interests		**0.0**	0.2	2.2
			Of this majority interests		**536.2**	545.6	526.0

BALANCE SHEET as per 31 December

(Amounts in NOK million)

STIFTELSEN DET NORSKE VERITAS					DET NORSKE VERITAS GROUP		
2007	2006	2005	ASSETS	Note	**2007**	2006	2005
			Fixed assets				
			Intangible fixed assets				
0.4	3.5	4.4	Deferred tax assets	**10**	**130.4**	198.6	273.9
0.0	0.0	0.0	Goodwill	**12**	**104.6**	159.7	102.8
0.0	0.0	0.0	Other intangible assets	**13**	**8.3**	0.0	0.0
0.4	3.5	4.4	Total intangible fixed assets		**243.3**	358.3	376.7
			Tangible fixed assets				
6.5	6.8	6.7	Land, buildings and other property		**901.7**	884.3	909.2
0.0	0.0	0.0	Office equipment, fixtures and fittings		**277.3**	253.7	253.9
6.5	6.8	6.7	Total tangible fixed assets	**15**	**1 179.0**	1 138.0	1 163.1
			Financial fixed assets				
240.0	240.0	240.0	Investments in subsidiaries	**2**	**0.0**	0.0	0.0
0.0	0.0	0.0	Investments in associates	**14**	**43.7**	27.6	20.0
1.4	1.3	3.2	Long-term shareholdings	**16**	**15.3**	16.2	20.0
0.0	0.0	0.0	Prepaid pension	**7**	**372.9**	234.3	206.2
0.2	0.3	0.3	Other long-term receivables	**18**	**265.3**	252.5	240.2
241.6	241.6	243.5	Total financial fixed assets		**697.2**	530.6	486.4
248.5	251.8	254.6	**Total fixed assets**		**2 119.5**	2 026.9	2 026.2
			Current assets				
			Debtors				
0.0	0.0	0.0	Trade debtors		**1 718.6**	1 525.5	1 364.5
0.0	0.0	0.0	Work in progress		**660.4**	580.6	414.0
0.0	0.0	0.0	Other debtors		**217.4**	225.1	146.6
0.0	0.0	0.0	Total debtors		**2 596.4**	2 331.2	1 925.1
938.6	438.7	390.1	Short-term financial investments		**1 528.7**	1 303.5	632.7
1.5	2.0	5.2	Cash and bank deposits	**19**	**677.5**	727.1	877.0
940.1	440.7	395.3	**Total current assets**		**4 802.6**	4 361.8	3 434.8
1 188.6	692.5	649.9	**TOTAL ASSETS**		**6 922.1**	6 388.7	5 461.0

BALANCE SHEET as per 31 December

(Amounts in NOK million)

STIFTELSEN DET NORSKE VERITAS					DET NORSKE VERITAS GROUP		
2007	2006	2005	**EQUITY AND LIABILITIES**	Note	**2007**	2006	2005
			Equity				
			Paid-in capital				
283.5	283.5	283.5	Foundation capital		**283.5**	283.5	283.5
			Retained earnings				
875.0	381.0	341.1	Other equity		**4 208.5**	3 611.2	2 944.3
0.0	0.0	0.0	Minority interests		**0.0**	0.0	11.4
1 158.5	664.5	624.6	**Total equity**	**22**	**4 492.0**	3 894.7	3 239.2
			Liabilities				
			Provisions				
0.0	0.0	0.0	Pension liabilities	**7**	**233.9**	376.2	495.2
0.0	0.0	0.0	Deferred tax	**10**	**21.1**	8.7	9.6
17.0	16.9	16.8	Other provisions		**153.9**	150.7	129.4
17.0	16.9	16.8	Total provisions		**408.9**	535.6	634.2
			Current liabilities				
0.0	0.0	0.0	Overdrafts		**5.6**	4.5	0.5
0.0	0.0	0.0	Trade creditors		**221.6**	213.4	178.9
11.1	8.7	6.5	Tax payable		**285.8**	220.1	201.3
0.0	0.0	0.0	Public duties payable		**246.3**	204.1	195.4
2.0	2.4	2.0	Other short-term liabilities	**17**	**1 261.9**	1 316.3	1 011.5
13.1	11.1	8.5	Total current liabilities		**2 021.2**	1 958.4	1 587.6
30.1	28.0	25.3	**Total liabilities**		**2 430.1**	2 494.0	2 221.8
1 188.6	692.5	649.9	**TOTAL EQUITY AND LIABILITIES**		**6 922.1**	6 388.7	5 461.0

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Høvik, 17 April 2008

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President
and Chief Executive Officer

STATEMENT OF CASH FLOW 1 January–31 December

(Amounts in NOK million)

STIFTELSEN DET NORSKE VERITAS				DET NORSKE VERITAS GROUP		
2007	2006	2005		**2007**	2006	2005
			CASH FLOW FROM OPERATIONS			
508.1	49.5	27.4	Profit before tax	**871.8**	825.5	799.3
(0.4)	0.0	0.0	Gain/loss on disposal of tangible fixed assets	**(0.4)**	(18.9)	(4.4)
0.0	0.0	0.0	Gain on divestments	**0.0**	0.0	(208.5)
0.0	0.0	0.0	Depreciation	**166.2**	140.2	136.2
(11.1)	(8.7)	(6.5)	Tax payable	**(289.1)**	(256.1)	(256.6)
0.0	0.0	0.0	Change in work in progress, trade debtors and trade creditors	**(264.7)**	(296.0)	(250.6)
2.1	2.8	0.5	Change in other accruals	**(146.0)**	288.6	322.9
498.7	43.6	21.4	**Net cash flow from operations**	**337.8**	683.3	538.3
			CASH FLOW FROM INVESTMENTS			
0.0	0.0	0.0	Acquisitions	**(8.5)**	(109.7)	(121.3)
0.0	0.0	0.0	Divestments	**0.0**	0.0	216.6
0.0	(0.1)	0.0	Investments in tangible fixed assets	**(176.1)**	(111.9)	(139.1)
0.7	0.0	0.0	Sale of tangible fixed assets (sales value)	**9.9**	50.8	28.3
0.0	0.0	0.0	Currency effects on tangible fixed assets	**26.6**	8.2	(6.4)
0.0	1.9	0.6	Change in other investments	**(15.2)**	(3.8)	(6.1)
0.7	1.8	0.6	**Net cash flow from investments**	**(163.3)**	(166.4)	(28.0)
			CASH FLOW FROM CAPITAL TRANSACTIONS			
0.0	0.0	0.0	Change in overdrafts	**1.1**	4.0	0.5
0.0	0.0	0.0	**Net cash flow from capital transactions**	**1.1**	4.0	0.5
			LIQUIDITY			
498.7	43.6	21.4	Net cash flow from operations	**337.8**	683.3	538.3
0.7	1.8	0.6	Net cash flow from investments	**(163.3)**	(166.4)	(28.0)
0.0	0.0	0.0	Net cash flow from capital transactions	**1.1**	4.0	0.5
499.4	45.4	22.0	**Net change in liquidity during the year**	**175.6**	520.9	510.8
440.7	395.3	373.3	Liquidity at 1 January	**2 030.6**	1 509.7	998.9
940.1	440.7	395.3	**Liquidity at 31 December**	**2 206.2**	2 030.6	1 509.7

Notes to the financial statements

1. ACCOUNTING PRINCIPLES

The financial statements have been 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 have been 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.

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.

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. Movement in work in progress is included in 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.

DEBTORS

Trade receivables and other current receivables are recorded in the

NOTES TO THE FINANCIAL STATEMENTS

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

Financial investments not regarded as long-term are classified as current assets in the balance sheet. These short-term financial investments are valued at market value at the balance sheet date based on a portfolio assessment. Dividends and other distributions are recognised as other 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 that have been 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 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 life.

RESEARCH AND DEVELOPMENT

Research and development costs are expensed when incurred.

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.

NOTES TO THE FINANCIAL STATEMENTS

(Amounts in NOK million)

2. SUBSIDIARIES OF STIFTELSEN DET NORSKE VERITAS

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

Company	Business office	Share capital	Ownership	Book value
Det Norske Veritas Holding AS	Bærum	240	100%	**240.0**

Det Norske Veritas Holding AS owns two subsidiaries 100%, Det Norske Veritas AS and Det Norske Veritas Eiendom AS. Det Norske Veritas AS has 95 subsidiaries. With the exception of some financial transactions, Det Norske Veritas is operating through Det Norske Veritas Holding AS and its subsidiaries around the world.

3. OPERATING REVENUE

	DET NORSKE VERITAS GROUP		
	2007	2006	2005
Business area:			
Maritime	**3 686.5**	3 169.0	2 676.4
Energy	**2 045.8**	1 759.8	1 465.2
Industry	**1 908.9**	1 900.0	2 001.4
IT Global Services	**264.0**	246.5	140.1
Other	**220.4**	222.1	400.1
Total operating revenue	**8 125.6**	7 297.4	6 683.2
Geographical area:			
Nordic countries	**2 900.6**	2 572.1	2 653.3
Europe and Africa	**2 191.6**	2 044.5	1 780.1
Asia Pacific	**2 066.9**	1 738.0	1 452.4
North and South America	**966.5**	942.8	797.4
Total operating revenue	**8 125.6**	7 297.4	6 683.2

4. PAYROLL EXPENSES

STIFTELSEN DET NORSKE VERITAS				DET NORSKE VERITAS GROUP		
2007	2006	2005		**2007**	2006	2005
0.0	0.0	0.0	Salaries	**3 276.1**	2 895.5	2 713.4
0.0	0.0	0.0	Payroll tax	**472.7**	402.2	431.0
0.0	0.0	0.0	Pension costs	**316.6**	242.3	265.2
0.0	0.0	0.0	Other contributions	**319.6**	310.6	212.7
0.0	0.0	0.0	**Total payroll expenses**	**4 385.0**	3 850.6	3 622.3
0.0			Man years	**7 085.0**		
0.0			Total incentive pay for 2007	**146.0**		

5. OTHER OPERATING EXPENSES

STIFTELSEN DET NORSKE VERITAS				DET NORSKE VERITAS GROUP		
2007	2006	2005		**2007**	2006	2005
0.0	0.0	0.0	Travel expenses	**640.0**	558.0	497.2
0.0	0.0	0.0	Hired assistance	**465.5**	470.6	377.8
0.0	0.0	0.0	ICT and communication expenses	**243.3**	223.9	208.3
0.0	0.0	0.0	Other expenses	**1 352.8**	1 260.0	1 090.9
0.0	0.0	0.0	**Total other operating expenses**	**2 701.6**	2 512.5	2 174.2

NOTES TO THE FINANCIAL STATEMENTS

(Amounts in NOK)

6. REMUNERATION AND LOANS TO PRESIDENT & CEO, EXECUTIVE BOARD, BOARD OF DIRECTORS ETC.

President & Chief Executive Officer Henrik O. Madsen has an annual base salary of NOK 1 800 000, a functional allowance of NOK 1 100 000, a pension allowance of NOK 110 000, a housing allowance of NOK 180 000, other benefits of NOK 150 000 and an incentive scheme with a maximum payment of 10% of his annual base salary.
Madsen has a right to retire at 62 years with a yearly pension equal to 66% of his annual base salary at date of retirement.

Remuneration to the Executive Board for 2007:

Name	**Remunerations:** Salary & functional allowance	Housing allowance	Other benefits	Incentive pay for 2007	Pension benefit earned/ cost to DNV
Henrik O. Madsen	3 232 098	180 000	262 307	136 728	1 149 545
Tor E. Svensen	2 418 162	0	160 636	160 020	738 517
Remi Eriksen	1 419 070	0	173 795	104 280	226 826
Peter Bjerager	1 918 374	240 000	223 872	46 971	284 422
Annie Combelles	2 107 156	0	98 355	125 123	92 002
Jostein Furnes	1 751 475	0	242 422	107 610	413 428
Cecilie B. Heuch	1 056 474	0	143 869	68 364	43 109

Loans to the Executive Board 31 Dec. 2007:

Name	**Loans at 31 Dec. 2007:** Loan amount	Interest rate	Repayment period	Security
Henrik O. Madsen	3 571 200	2.50%	Nov. 2028	Mortgage
Tor E. Svensen	667 000	2.50%	Mar. 2028	Mortgage
Remi Eriksen	0			
Peter Bjerager	1 961 658	2.50%	Nov. 2025	Mortgage
Annie Combelles	0			
Jostein Furnes	2 641 322	2.50%	Jul. 2031	Mortgage
Cecilie B. Heuch	0			

Remuneration to the Board of Directors for 2007:

Name	Remuneration:	
Atle Bergshaven	275 000	
C. Maury Devine	365 000	*
Mary Grace Anderson	0	**
John H. Wiik	145 000	
Axel C. Eitzen	145 000	
Tom Ruud	145 000	
Audun Brandsæter	145 000	
Knut Vågnes	96 667	
Niksa Padovan	60 417	
Sille Grjotheim	60 417	
Yan Ma	60 417	
David McKay (2 meetings)	30 000	

Remuneration to the Control Committee for 2007:

Name	Remuneration:
Erling Øverland	72 000
Herbjørn Hansson	49 000
Georg Scheel	49 000

* Including compensation for travel time, NOK 150 000

** NOK 235 000 in normal remuneration and compensation for travel time have been donated to charity

Fees to the auditors for 2007:	Statutory audit	Tax consulting services	Other attest services
Stiftelsen Det Norske Veritas	290 000		
Group auditor other Norwegian entities	1 640 000	961 848	68 000
Group auditor non-Norwegian entities	6 535 029	506 102	
Other auditors	3 205 416	467 194	
Total	11 670 445	1 935 144	68 000

NOTES TO THE FINANCIAL STATEMENTS

(Amounts in NOK million)

7. PENSION COSTS, PLAN ASSETS AND DEFINED BENEFIT PENSION LIABILITIES

Det Norske Veritas has both defined benefit pension plans and contribution pension plans. The defined benefit pension plans are covered through separate pension funds or through arrangements with insurance companies. The employees' future pension benefits are based on the employee's salary level at the time of retirement and on the number of years of membership. The basis for calculating the pension cost and the pension liabilities included in the accounts are shown 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 2007 are NOK 316.6 million, of which pension costs related to the defined benefit pension plans are NOK 168.9 million and pension costs related to the contribution pension plans are NOK 147.7 million.

The Norwegian companies in the Group are subject to the Norwegian Pension Act. The companies' pension schemes fulfil the requirements of the law. Norwegian employees are covered either by the Norwegian contribution pension plan (mainly employees employed after 1 January 2005), or the defined benefit pension plan organised in two Norwegian pension funds (employees employed before 1 January 2005). The pension assets in the two Norwegian pension funds are invested as follows:

Market value of plan assets in Norway	**31 Dec. 07**	31 Dec. 06	31 Dec. 05
Buildings and property	**217.8**	203.3	166.2
Mutual equity funds and hedge funds	**1 206.9**	907.8	1 250.5
Norwegian bonds and bond funds	**292.0**	478.3	781.1
Non-Norwegian bonds and bond funds	**151.1**	308.6	473.0
Bank accounts, other assets and liabilities	**1 594.0**	1 409.3	363.7
Total market value of plan assets	**3 461.8**	3 307.3	3 034.5
Actual return on plan assets	**161.4**	303.5	381.9

	Funded Norwegian defined benefit pension plans			**Other defined benefit pension plans**		
	2007	2006	2005	**2007**	2006	2005
Net present value of this year's pension contribution	**130.8**	135.1	141.3	**48.8**	48.8	46.9
Interest expense on pension liabilities	**134.8**	112.9	125.6	**49.4**	44.6	43.8
Expected return on plan assets	**(165.4)**	(136.6)	(157.3)	**(41.2)**	(38.1)	(33.4)
Payroll tax	**14.1**	15.7	15.5	**0.0**	0.0	0.6
Curtailment/pension plan changes	**0.0**	0.0	(15.6)	**(2.4)**	(33.0)	0.0
Net pension cost	**114.3**	127.1	109.5	**54.6**	22.3	57.9

Plan assets and pension liabilities:

	Funded Norwegian defined benefit pension plans			**Other defined benefit pension plans**		
	2007	2006	2005	**2007**	2006	2005
Market value of plan assets	**3 461.8**	3 307.3	3 034.5	**826.0**	686.4	596.6
Actuarial present value of pension liabilities	**(3 071.2)**	(3 038.2)	(2 790.0)	**(1 059.9)**	(1 062.6)	(1 082.3)
Payroll tax	**(17.7)**	(34.8)	(38.3)	**0.0**	0.0	(9.5)
Net prepaid pension (liabilities)	**372.9**	234.3	206.2	**(233.9)**	(376.2)	(495.2)
Hereof recorded as plan assets	**372.9**	234.3	206.2			
Hereof recorded as pension liabilities				**(233.9)**	(376.2)	(495.2)

Effective from 2007, the assumptions for calculation of the pension liabilities in Norway have been changed. The consequence in 2007 is increased pension liabilities of NOK 50 million.

The calculation of the pension liabilities in Norway is based on the following assumptions:

	2007	2006	2005
Discount rate	**5.0%**	4.5%	4.0%
Projected annual salary adjustment	**4.5%**	4.0%	3.5%
Projected annual increase in pension benefit	**2.5%**	2.0%	1.5%
Projected annual increase of Norwegian government basis pension	**3.5%**	3.0%	2.5%
Expected annual return on plan assets	**5.5%**	5.0%	4.5%

Ordinary retirement age in Det Norske Veritas is 67 years. Some managers and employees are entitled to retire before the age of 67.

NOTES TO THE FINANCIAL STATEMENTS

(Amounts in NOK million)

8. FINANCIAL INCOME AND FINANCIAL EXPENSES

STIFTELSEN DET NORSKE VERITAS				DET NORSKE VERITAS GROUP		
2007	2006	2005		**2007**	2006	2005
8.2	49.7	27.9	Return on financial investments	**44.8**	87.7	35.6
500.0	0.0	0.0	Dividend from subsidiaries	**0.0**	0.0	0.0
0.0	0.0	0.0	Profit from investment in associates	**16.1**	7.6	3.9
0.3	0.4	0.0	Net interest received from group companies	**0.0**	0.0	0.0
0.0	0.0	0.0	Other interest received	**23.7**	15.6	13.2
0.0	0.0	0.0	Currency gains (losses)	**(46.9)**	(24.1)	34.8
(0.8)	(0.6)	(0.5)	Other financial items	**(38.7)**	(55.4)	(38.7)
507.7	49.5	27.4	**Net financial income (expenses)**	**(1.0)**	31.4	48.8

9. 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 (eg accounts receivable, other financial assets) and projected cash flows from operations.

Foreign currency risk

The Group has revenue and expenses in 70 currencies. Of these, five currencies (NOK, EUR, USD, KRW and GBP) make up for approximately 75% 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.

DNV has forward exchange contracts in 22 currencies, totalling a net amount of approx. NOK 1 500 mill. The most important contracts are in USD (43%), EUR (13%) and GBP (13%).

Credit risk

Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. 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 comprise cash and cash equivalents, available-for-sale financial investments and certain derivative instruments, the Group's exposure to credit risk arises from default of the counter-party, 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 short term financial investments and forward exchange contracts.

NOTES TO THE FINANCIAL STATEMENTS

(Amounts in NOK million)

10. TAX

STIFTELSEN DET NORSKE VERITAS				DET NORSKE VERITAS GROUP		
2007	2006	2005		**2007**	2006	2005
			Tax expense consists of:			
11.1	8.7	6.5	Norwegian wealth tax	**11.1**	8.7	6.5
0.0	0.0	0.0	Norwegian income tax	**53.1**	48.6	128.9
0.0	0.0	0.0	Income tax outside Norway	**224.9**	198.8	121.1
11.1	8.7	6.5	Total tax payable	**289.1**	256.1	256.5
3.0	0.9	1.7	Change in deferred tax in Norway	**38.4**	7.6	(2.9)
0.0	0.0	0.0	Change in deferred tax outside Norway	**8.1**	16.0	17.5
3.0	0.9	1.7	Total change in deferred tax	**46.5**	23.6	14.6
14.1	9.6	8.2	**Tax expense**	**335.6**	279.7	271.1
			Tax on profit at 28%	**244.1**	231.1	223.8
			Tax effect of:			
			Foreign tax exempt branches	**(12.5)**	(11.1)	(7.0)
			Wealth tax	**11.1**	8.7	6.5
			Tax assets not recognised current year	**17.3**	23.3	18.6
			Differences between tax rates in Norway and abroad	**15.9**	18.6	11.3
			Permanent differences	**59.7**	9.1	17.9
			Tax expense	**335.6**	279.7	271.1
			Net tax-reducing/tax-increasing temporary differences:			
0.2	(0.1)	(0.2)	Fixed assets	**(30.5)**	(181.3)	(217.4)
0.0	0.0	0.0	Current assets	**22.3**	4.2	(3.2)
0.0	0.0	0.0	Liabilities	**(317.3)**	(418.7)	(466.2)
(1.8)	(12.0)	(15.4)	Tax loss to be carried forward	**(1.8)**	(12.0)	(25.3)
(1.6)	(12.1)	(15.6)	**Basis for deferred tax asset/liability**	**(327.3)**	(607.8)	(712.1)
28%	28%	28%	Tax rates applied	**10–43%**	10–43%	10–43%
(0.4)	(3.5)	(4.4)	**Deferred tax asset**	**(130.4)**	(198.6)	(273.9)
0.0	0.0	0.0	**Deferred tax liability**	**21.1**	8.7	9.6

NOTES TO THE FINANCIAL STATEMENTS

(Amounts in NOK million)

11. CHANGES IN THE GROUP STRUCTURE

Company	Acquired	Acquisition Cost	External revenue incl. in 2007 acct.
Norwegian Maritime Advisors AS	June 2007	2.1	0.0
TÜV Healthcare Inc.	July 2007	18.4	1.0

12. GOODWILL

Company/ business activity	Goodwill Cost at 1 Jan.	Accum. depr. 1 Jan.	Reval. effects	This year's additions	This year's depr.	Write down	Goodwill 31 Dec.
Rutherford Holding Ltd (Jardine Group)	26.2	(9.7)	(1.5)		(5.3)		9.7
CC Technologies Inc.	56.6	(24.2)	(3.2)		(9.9)		19.3
Tireno Innovations AG	26.8	(4.9)	(0.6)		(5.4)		15.9
Alpha Miljørådgivning	4.0	(1.6)	0.0		(0.8)		1.6
Primalux Technology	7.9	(3.5)	(0.5)		(1.4)		2.5
CIBIT B.V.	47.5	(6.3)	(1.1)		(9.3)		30.7
Echelon Consulting Ltd.	23.9	(2.8)	(0.7)		(4.6)	(15.8)	0.0
Quality-Laboratories Sweden AB Group	21.5	(1.8)	(1.3)		(4.1)		14.3
TÜV Healthcare Inc.			0.1	11.3	(1.1)		10.3
Total	**214.5**	**(54.8)**	**(8.7)**	**11.3**	**(41.9)**	**(15.8)**	**104.6**

The goodwill is depreciated linearly over a 5 year period, based on an evaluation of the economic life of the intangible assets.
Due to lower financial results from Echelon Consulting Ltd. than assumed at time of the acquisition, the goodwill value on the balance sheet has been written down with NOK 15.8 million in 2007.

13. OTHER INTANGIBLE ASSETS

Company/ intangible assets	Economic life	This year's additions	This year's depr.	Book value
Norwegian Maritime Advisors AS – Technology	5 years	2.0	(0.2)	1.8
TÜV Healthcare Inc. – License	5 years	7.1	(0.6)	6.5
Total		**9.1**	**(0.8)**	**8.3**

14. INVESTMENT IN ASSOCIATES

Det Norske Veritas Holding AS owns 50% of Coor Service Management AS. The investment is recognised in accordance with the equity method in Det Norske Veritas Group accounts.

Opening balance 1 January 2007	**27.6**
Profit from investment in associates	**16.1**
Investment in associates 31 December 2007	**43.7**

NOTES TO THE FINANCIAL STATEMENTS

(Amounts in NOK million)

15. FIXED ASSETS

	Land, buildings and other property	Office equipment, fixtures and fittings
Cost at 1 January 2007	1 295.4	1 527.2
Revaluation effects	(4.6)	(15.3)
Additions in 2007	37.7	138.4
Disposals in 2007	(0.3)	(9.2)
Accumulated depreciation at 31 December 2007	(426.5)	(1 363.8)
Book value at 31 December 2007	**901.7**	**277.3**
Depreciation 2007	15.5	92.3
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 2007 the rent amounted to NOK 9.2 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).

16. LONG-TERM SHAREHOLDINGS

Company	Ownership	Market value	**Book value**
Røisheim Eiendom AS	4.1%		**0.3**
SMB Invest III ASA	4.9%	1.1	**1.1**
Shares owned by Stiftelsen Det Norske Veritas			**1.4**
Hua-Eng-Wei International Testing Co.Ltd.	49.0%		**6.8**
Ship Manoeuvring Simulator Center AS	34.6%		**1.8**
Vité Inc.	15.1%		**0.0**
TT Holding AS	11.3%		**0.0**
SA Isoscope	10.0%		**0.0**
Marintek AS	9.0%		**0.0**
Hytrec AS	22.0%		**0.0**
Kapnord Fond AS	4.7%		**0.7**
Blade Test Centre AS	25.0%		**4.6**
Shares owned by subsidiaries			**13.9**
Total long-term shareholdings			**15.3**

17. OTHER SHORT-TERM LIABILITIES

	DET NORSKE VERITAS GROUP		
	2007	2006	2005
Advances from customers	**543.3**	468.7	291.8
Accrued expenses	**442.0**	597.9	480.1
Accrued holiday allowances	**220.2**	186.9	171.6
Other short-term liabilities	**56.4**	62.8	68.0
Total other short-term liabilities	**1 261.9**	1 316.3	1 011.5

NOTES TO THE FINANCIAL STATEMENTS

(Amounts in NOK million)

18. OTHER LONG-TERM RECEIVABLES

	DET NORSKE VERITAS GROUP		
	2007	2006	2005
Loans to employees	**67.4**	64.0	64.4
Other long-term receivables	**197.9**	188.5	175.8
Total other long-term receivables	**265.3**	252.5	240.2

19. CASH AND BANK DEPOSITS

Det Norske Veritas Holding AS has entered into an agreement for a corporate bank account system with DnB NOR Bank ASA, where most of DNV's legal entities participate. The agreement includes an overdraft facility of NOK 50 million.

Det Norske Veritas AS has entered into an agreement for a cash pool system with ABN Amro, where most of DNV's legal entities in the Euro countries participate. The agreement includes an overdraft facility of EUR 2.75 million, guaranteed by Det Norske Veritas Holding AS.

Det Norske Veritas AS has entered into an agreement for a cash pool system with Handelsbanken, where all legal entities in Sweden participate. The agreement includes an overdraft facility of SEK 10 million.

Balances on bank accounts participating in the corporate bank account system/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 232.5 million with DnB NOR Bank ASA, EUR 0.2 million with ABN Amro and SEK 13.2 million with Handelsbanken are included in Cash and bank deposits in the balance sheet at 31 December.

20. BANK LOANS

Det Norske Veritas Holding AS has an agreement for a NOK 750 million multi-currency revolving credit facility with an international bank syndicate. The facility expires in January 2009. The facility is undrawn as per year-end 2007.

The credit agreement supporting this facility includes a negative pledge clause, and also restricts 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 the equity. DNV was well within these limits at year-end.

21. GUARANTEES

STIFTELSEN DET NORSKE VERITAS				DET NORSKE VERITAS GROUP		
2007	2006	2005		**2007**	2006	2005
0.0	0.0	0.0	Guarantee commitments not included in the accounts	**26.7**	18.2	20.6

22. EQUITY

	Foundation capital	Other equity	**Stiftelsen DNV**	Subsidiaries of Stiftelsen DNV	**DNV Group**
Equity 31 December 2006	283.5	381.0	**664.5**	3 230.2	**3 894.7**
Change in unrecognised net loss defined benefit pension plans 2007				75.2	**75.2**
Tax effect from hedging of net investments in foreign subsidiaries				(14.1)	**(14.1)**
Profit for the year		494.0	**494.0**	42.2	**536.2**
Equity 31 December 2007	283.5	875.0	**1 158.5**	3 333.5	**4 492.0**

Auditor's report

ERNST & YOUNG

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Medlemmer av Den norske Revisorforening

To the Board of Directors of
Stiftelsen Det Norske Veritas

Auditor's report for 2007

We have audited the annual financial statements of Stiftelsen Det Norske Veritas as of 31 December 2007, showing a profit of NOK 494,0 million for the Foundation and a profit of NOK 536,2 million for the Group. We have also audited the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The financial statements comprise the financial statements for the Foundation and the Group. The financial statements of the Foundation and the Group comprise the balance sheet, the statements of income and cash flows, and the accompanying notes. The regulations of the Norwegian Accounting Act and accounting standards, principles and practices generally accepted in Norway have been applied in the preparation of the financial statements of the Foundation and the Group. These financial statements and the Directors' report are the responsibility of the Foundation's Board of Directors and President and Chief Executive Officer. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with laws, regulations and auditing standards and practices generally accepted in Norway, including the auditing standards adopted by the Norwegian Institute of Public Accountants. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and auditing standards, an audit also comprises a review of the management of the Foundation's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the financial statements of the Foundation and the Group are prepared in accordance with laws and regulations and present fairly, in all material respects the financial position of the Foundation and the Group as of 31 December 2007, and the results of the operations and cash flows for the year then ended, in accordance with accounting standards, principles and practices generally accepted in Norway
- the Foundation's management has fulfilled its duty to properly record and document the Foundation's accounting information as required by law and generally accepted bookkeeping practice in Norway
- the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of profit is consistent with the financial statements and complies with law and regulations.

Nothing has come to our attention that causes us to believe that the asset management of the Foundation has not been made in accordance with law, the object of the Foundation and its statutes.

Oslo, 17 April 2008
ERNST & YOUNG AS
Knut Aker
State Authorised Public Accountant (Norway)
(sign.)
Note: The translation to English has been prepared for information purposes only.

A member firm of Ernst & Young Global Limited

Measuring performance

This annual report presents DNV's financial, social and environmental performance in line with the Global Reporting Initiative (GRI) guidelines. Our vision of a global impact for a safe and sustainable future is reflected throughout the report and particular emphasis has been given to the global challenge involved in climate change.

The selection of reporting parameters is based on an assessment of materiality for all GRI indicators. Due regard has been given to their relevance to DNV and DNV stakeholders. The indicators reflect both opportunities and challenges for DNV as a professional service provider with the objective of safeguarding life, property and the environment.

DNV's Corporate Social Responsibility (CSR) work adopts a risk-based approach when prioritising and defining activities to ensure continuous improvement within focus areas such as corporate governance, ethics, transparency, health, safety and the environment. These activities are reported upon. This report also takes into account our reporting commitment to the UN Global Compact and our communication of progress is integrated with the GRI content index.

DNV has applied the GRI guidelines (G3) in preparing this annual report. The financial review has been prepared in accordance with the Norwegian Accounting Act and accounting principles generally accepted in Norway. Information on the accounting principles applied to subsidiaries is given in the notes to the financial statements. Environmental performance indicators are limited to five large sites covering approximately 32% of DNV's employees. DNV is continuously working to extend this environmental reporting to cover more sites.

The GRI content index shows where you can find information on the main reporting elements and indicators of the GRI and the UN Global Compact. In some cases, reference is made to information that may be found on our web site: www.dnv.com.

APPLICATION LEVEL

DNV has assessed this report against the criteria in the GRI Application Levels and rates this report at Level C. This application level has been checked by the GRI. The annual financial statements have been audited by Ernst & Young AS.

GRI content index

UN GLOBAL COMPACT REFERENCE	G3 DISCLOSURES		PAGE/ COMMENT
	STRATEGY AND PROFILE		
GC 9	1.1	Statements from CEO and Board of Directors	pgs. 4–11
	1.2	Description of key impacts, risks, and opportunities	pgs. 4–11, 16–38
	2.1–2.9	Organisational profile	2.1: Front cover 2.2: Fold out cover and pgs. 8–10 2.3: pgs. 65, 69 2.4: Back cover and pg. 64 2.5: Fold out cover and pg. 43 2.6: Fold out cover. 2.7: Fold out cover. 2.8: Fold out cover and pgs. 58–71 2.9: pgs. 69–70
	2.10	Awards received in the reporting period	www.dnv.com/news_events/news/ 2007/dnvwinsbestinclassdouble.asp
	3.1	Reporting period	2007
	3.2	Date of most recent previous report	2006
	3.3	Reporting cycle	Annual
	3.4	Contact point for questions regarding the report or its contents	Back cover
	3.5–3.11, 3.13	Scope and boundary of report	3.5: pg. 74 3.6: pgs. 63 and 65 3.7: pgs. 74–76 3.8: pg. 63 3.9: pg. 63 3.10: pg. 74 3.11: pg. 74 3.13: pg. 74
	3.12	Table identifying the location of the Standard Disclosures in the report	pgs. 75–76
	4.1–4.4	Governance, Commitments & engagement	4.1: pgs. 5, 7, 8, 42, 52–57 4.2: pg. 8 4.3: pg. 8 4.4: pgs. 42 and 51 www.dnv.com/moreondnv/profile/
	4.5–4.7	Governance, Commitments & engagement – procedures and processes	4.5: pg. 66 4.6: www.dnv.com/moreondnv/ profile/ 4.7: see above link
	4.8	Internally developed statements of mission or values, codes of conduct, and principles	pg. 2–3 www.dnv.com/moreondnv/profile/ www.dnv.com/moreondnv/csr/
	4.11–4.13	Principles, initiatives and associations supported by DNV	4.11: www.dnv.com/moreondnv/ profile/about_us/she_policy.asp 4.12: pg. 49 4.13: pg. 49
	4.14–4.15	List of stakeholder groups engaged by the organization	4.14: pgs. 52–56 4.15: www.dnv.com/moreondnv/ profile/
	ECONOMIC PERFORMANCE INDICATORS		
	EC1	Direct economic value generated and distributed	pgs. 58–71
GC 7, GC 9	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	pgs. 13–14
	EC3	Coverage of the organization's defined benefit plan obligations	pg. 67
GC 6	EC7	Procedures for local hiring and proportion of senior management hired from the local community	pgs. 40–43
	EC8	Development and impact of infrastructure investments and services provided primarily for public benefit	pgs. 38, 49

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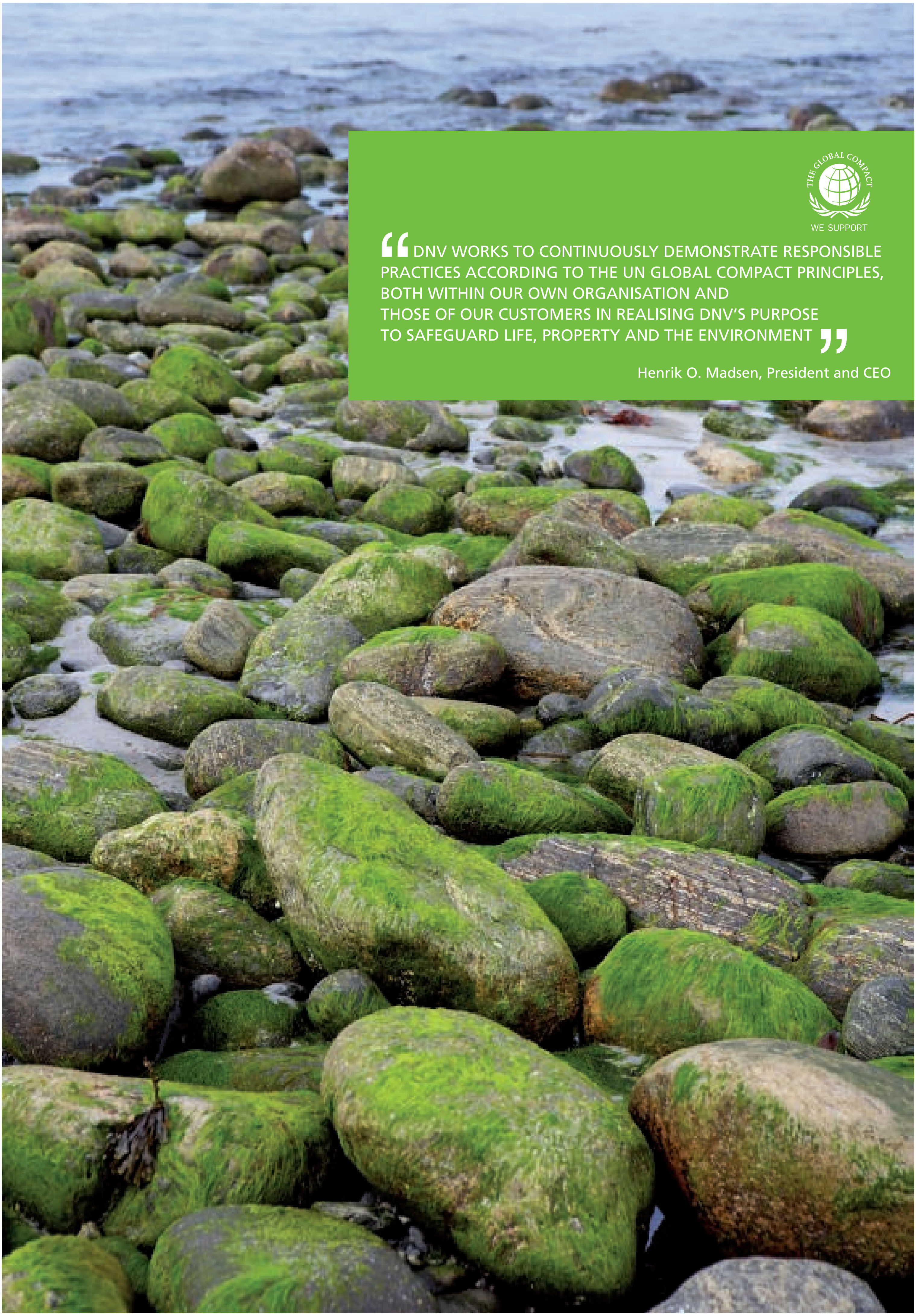
GRI content index continued

UN GLOBAL COMPACT REFERENCE	G3 DISCLOSURES		PAGE/ COMMENT
	ENVIRONMENTAL PERFORMANCE INDICATORS		
GC 8	EN3–EN4	Energy consumption	pgs. 46–48
GC 8	EN16–EN17	Total direct and indirect greenhouse gas emissions by weight	pgs. 46–48
GC 8	EN20	NOx, SOx, and other significant air emissions by type and weight	pgs. 46–48
GC 8	EN22	Total weight of waste by type and disposal method	pgs. 46–48
GC 8	EN23	Total number and volume of significant spills	None
GC 8	EN24	Weight of transported, imported, exported, or treated waste deemed hazardous	pgs. 46–48
GC 8	EN28	Significant fines and non-monetary sanctions	No fines
	SOCIAL PERFORMANCE INDICATORS		
	LA1	Total workforce by employment type, employment contract, and region	pg. 43
GC 6	LA2	Total number and rate of employee turnover by age group, gender, and region	pg. 43
GC 3 GC 6	LA4	Percentage of employees covered by collective bargaining agreements	30%
	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	pgs. 44–45
	LA8	Serious diseases - Education, training, counselling, prevention, and risk-control programs	pg. 44
	LA11	Skills management and lifelong learning	pgs. 41–42
	LA12	Performance and career development reviews	pgs. 41–42
	LA13	Composition of governance bodies and diversity breakdown of employees	pgs. 41–42, 52–57
	HUMAN RIGHTS		
GC 2, GC 3	HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk and actions taken to support these rights	pg. 42
	SOCIETY		
GC 10	SO2	Percentage and total number of business units analyzed for risks related to corruption	pg. 50
	SO5	Public policy positions and participation in public policy development and lobbying	pg. 49
GC 10	SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes	None
	SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	None

- EC4, EC6, EC 9, LA3, LA5, LA6, LA9, LA10, LA14, SO1, SO3, SO4, SO6, HR2, HR3, HR4, EN5, EN6, EN7, EN18, EN29 and EN30: Information not compiled for Annual Report 2007.
- EC5, HR1, HR6 – HR 9: Indicators not relevant to DNVs operations.
- EN1, EN2, EN8–EN15, EN19, EN21 and EN25–EN27: DNV is a professional service provider. These indicators are not considered critical aspects in DNVs Environmental Management System.
- PR1–PR9: DNV is a professional service provider and has not applied the GRI product responsibility indicators to these services.

GRI REPORT
GRI CHECKED



WE SUPPORT

"DNV WORKS TO CONTINUOUSLY DEMONSTRATE RESPONSIBLE PRACTICES ACCORDING TO THE UN GLOBAL COMPACT PRINCIPLES, BOTH WITHIN OUR OWN ORGANISATION AND THOSE OF OUR CUSTOMERS IN REALISING DNV'S PURPOSE TO SAFEGUARD LIFE, PROPERTY AND THE ENVIRONMENT"

Henrik O. Madsen, President and CEO

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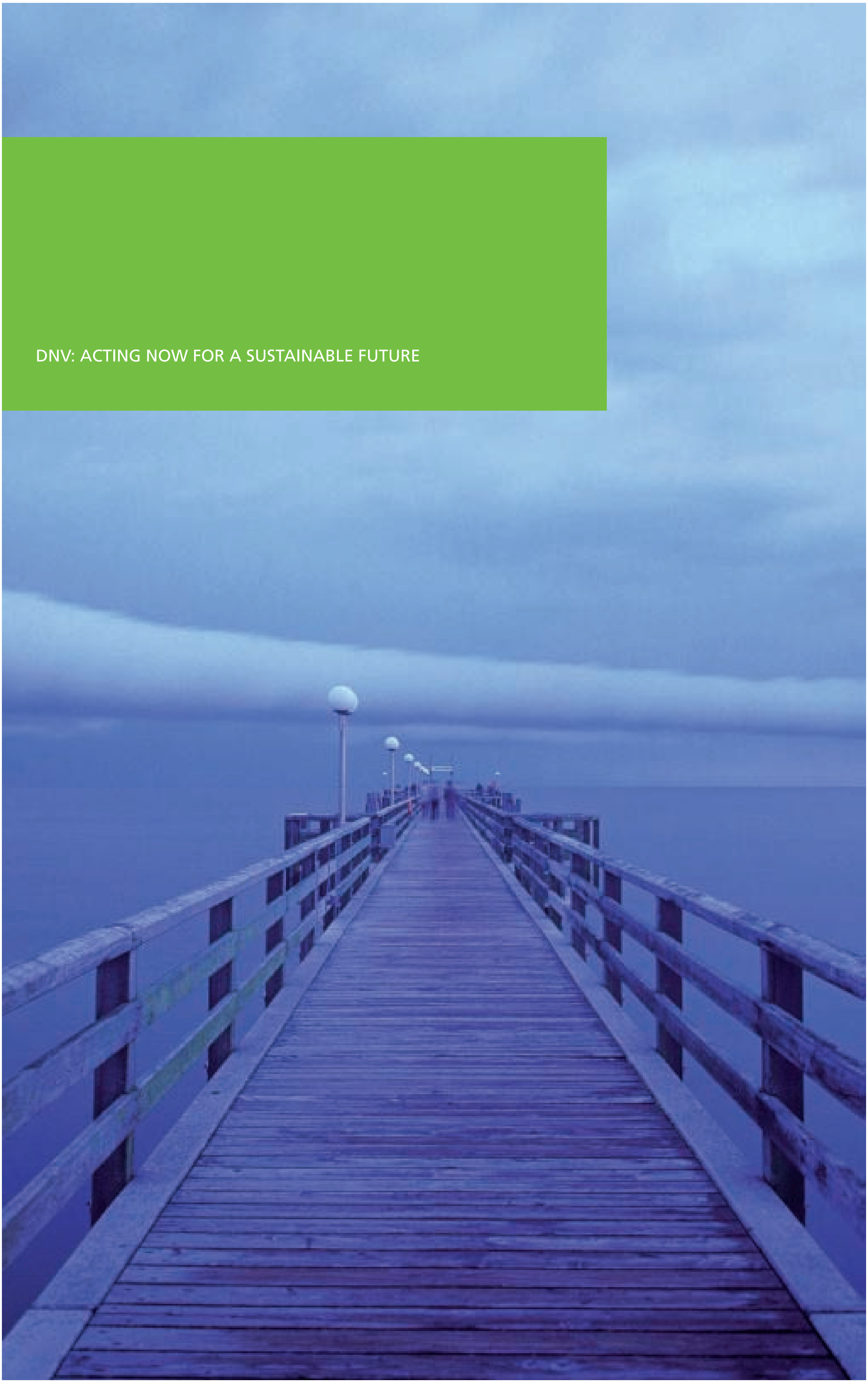

DNV: ACTING NOW FOR A SUSTAINABLE FUTURE

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