WHEN TRUST MATTERS

ANNUAL REPORT 2020

ABOUT DNV

We are the independent expert in risk management and assurance. Driven by our purpose, to safeguard life, property and the environment, we empower our customers and their stakeholders with facts and reliable insights so that critical decisions can be made with confidence. As a trusted voice for many of the world's most successful organizations, we use our knowledge to advance safety and performance, set industry benchmarks, and inspire and invent solutions to tackle global transformations.

Customers

≈100,000

Employees

≈12,000

Established

1864

Countries

100+

Nationalities

115

Employees with higher education

87%

OUR PURPOSE

To safeguard life, property and the environment

OUR VISION

A trusted voice to tackle global transformations

OUR VALUES

We care.
We dare.
We share.

CONTENTS

CEO STATEMENT

A YEAR UNLIKE ANY OTHER

As one of the most challenging years in our 157-year history, the 3% decrease in revenue speaks volumes about the strength and resilience of the company and the extraordinary efforts of our employees.

Strong cost-saving measures, coupled with a switch to digital services at the start of the pandemic, led to a financial result for the year much better than we feared when lockdowns began sweeping across the globe.

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

We set out five years ago to create a more digital, agile and efficient company. We introduced remote surveys and audits, machine learning and blockchain-based tools and services. We brought inspection and certification processes online and introduced digital access to expert advice. During 2020, these services proved their value by enabling us to help customers continue their operations and avoid undue delays to new projects. We delivered on our commitments to customers despite challenging circumstances and generated new business in several areas including the assurance of digital assets and by growing faster than the market in solar power monitoring services.

At the start of last year, we launched our new values – We Care, We Dare, We Share. This past year, our employees have demonstrated what these words mean.

We have dared to rethink customer relationships and how we deliver services, shared encouragement and frustrations in working from home and shown great care for our colleagues, families and wider communities. It is particularly when times are tough that I am reminded how proud I am to work for this company.

We also launched our new vision, committing us to be a trusted voice to our customers to help them tackle global transformations ahead. We will leverage our technical expertise, domain knowledge and understanding of risks to help customers navigate uncertain times and to transition to a more digitalized, decarbonized and sustainable future. Our brand signifies trust. It is a mark of quality that holds strategic value for our customers. By changing our name to DNV in March 2021, we are simplifying our brand name to make sure that it is instantly recognized and remembered in this evermore complex world, but we are retaining all the expertise and embodiment of quality that our history affords us.

Our capabilities across the company have never been more relevant, and the decade ahead will be about both strengthening and renewing our core. As the leading maritime classification society, we will develop more services to tackle digitalization and decarbonization. Our expertise in oil and gas, renewable energy, power grids and energy efficiency is combined in our new Energy Systems business to enable our customers to tackle the energy transition – faster.

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

With this renewed focus, we aim not only to be our customers' preferred choice, but the place for employees to develop their skills and make a difference. We are committed to uphold the ten principles of the UN Global Compact on human rights, labour, environment and anti-corruption.

We will use our technical expertise and continued investment in research and development to accelerate the transformation, in line with the Sustainable Development Goals and the 1.5°C target, to create a better future. DNV will make a positive impact by reaching ambitious goals we have set for our own operations to become climate net positive by 2025 and through the work that we do for our customers that help them decarbonize, become more energy efficient and contribute to the Sustainable Development Goals.

By changing our name to DNV in March 2021, we are simplifying our brand name to make sure that it is instantly recognized and remembered in this evermore complex world, but we are retaining all the expertise and embodiment of quality that our history affords us.

With a strong balance sheet, we are poised for growth and well-positioned to deliver on our ambitious strategic goals and our purpose of safeguarding life, property and the environment.

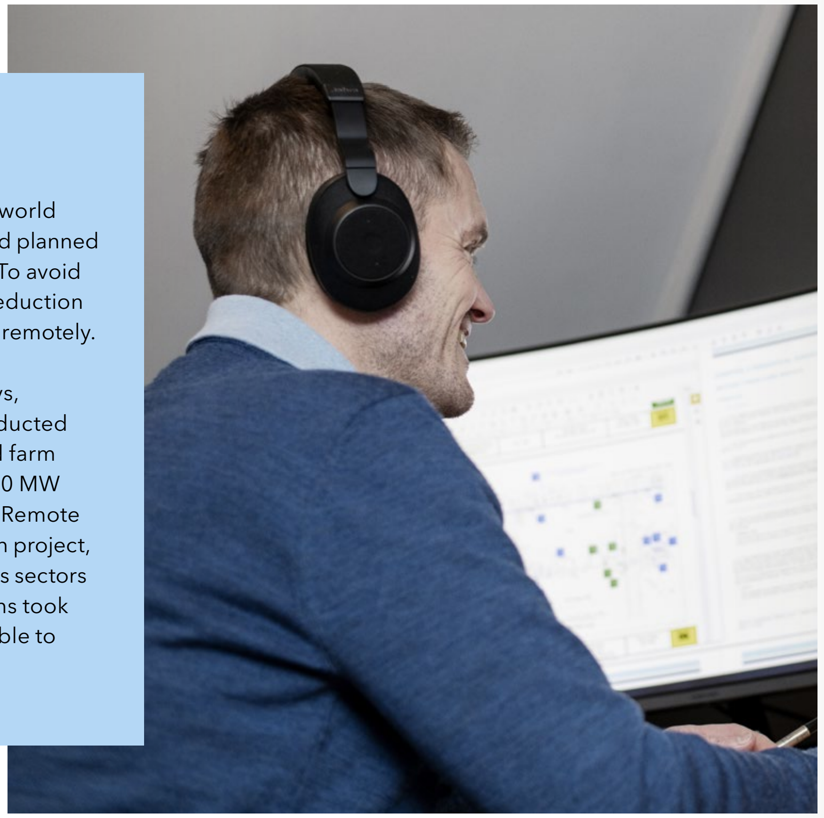
Remi Eriksen, Group President & CEO

HIGHLIGHTS

Remote working

Travel restrictions and lockdowns around the world threatened to derail both newbuild projects and planned inspections of our customers' existing assets. To avoid delays and risk impacting safety and carbon reduction plans, DNV conducted a variety of inspections remotely.

Maritime saw a 33% increase in remote surveys, conducting over 20,000 last year. Energy conducted more than twenty remote inspections on wind farm projects with a cumulative capacity of over 500 MW in the US, Poland, China, Sweden and the UK. Remote inspections and surveys are tailored to suit each project, but we were able to draw on experiences across sectors to offer this service quickly as travel restrictions took place. In addition, Business Assurance were able to conduct 40% of all customer audits remotely.



The UN Global Compact and DNV kickstart a 'Decade of Action'

The United Nations Global Compact, in partnership with DNV, released a new report looking back on 20 years of corporate sustainability progress among companies. The report reveals only 39% of companies surveyed believe they have targets that are sufficiently ambitious to meet the Sustainable Development Goals by 2030. Less than a third consider their industry to be moving fast enough to deliver priority SDGs. Fundamental transformation on a system level is needed, within the finance, healthcare, transport, and food systems.

Energy Transition Outlook shows impact of COVID-19

The fourth edition of our *Energy Transition Outlook 2020* forecast that global energy demand is likely to be sustained at 6–8% below pre-pandemic projections. Demand for aviation will be 5% lower than previous projections, while commuting will decline by 2% in 2025. Peak oil demand is now behind us, as the use of gas and renewables ramp up.

Exploring switch to hydrogen

Hydrogen is expected to form a significant part of the energy mix by 2050. Società Gasdotti Italia (SGI) commissioned DNV to assess the feasibility of gradually switching Italy's second-largest gas network from natural gas to renewable gases, including hydrogen. Our experts in Groningen, Oslo and Milan are assessing hydrogen transportation options across 1,800 kilometres of SGI's high-pressure regional and national network. SGI will use the study in identifying suitable sections to safely pipe blended mixes of natural gas and hydrogen.

Offshore wind blows stronger

The global market for large scale offshore wind farms is growing significantly, and they pose engineering problems that cannot be efficiently solved by traditional solutions. DNV has a company-wide focus on commercial scale-up of floating offshore wind, including offshore expertise from oil & gas and wind farm technology expertise in Energy.

To help customers address complex engineering issues, Digital released new versions on Bladed and Sesam on their OneCompute platform this year to streamline the floating offshore wind structural design process.

New focus on aquaculture

Aquaculture production is forecasted to grow to between 102–105 million tonnes by 2027, according to OECD and FAO outlooks. To keep up with demand, one solution is to move offshore, as suitable new locations for inshore production become scarce. Good water quality, steady ocean currents, and low variance in temperature can give optimal growing conditions, reducing the probability of diseases and improving fish health. The result is an attractive, premium-class fish product which helps meet the demand for quality as well as quantity.

Offshore aquaculture was identified as key new growth opportunity for DNV. To meet our customers' needs best, DNV combines expertise and services across business areas. Our customers benefit from our extensive experience with inshore and onshore fish farming projects, assurance of offshore constructions and operations, risk management of marine and offshore units and sustainable programmes for fish and fish well-being.

Launch of venture fund to support technology start-ups

DNV Ventures was set up in early 2020 in response to the energy transition and digital transformations facing our key industries. The fund looks for start-ups active in our core business areas.

DNV Ventures was launched in March 2020, and received a warm welcome and high attention in the market. Ventures has received and evaluated around 200 investments prospects and closed one of them in a successful investment with the digital health platform, uMotiv Limited in London, UK. UMotif are now working closely with our Digital Health Incubator.

As shipping and, above all, the cruise lines, looked for support to stay operational through the COVID-19 crisis, DNV stepped forward with a new CIP-M certification in infection prevention and the My Care assessment framework. Adapted from certification procedures originally developed for hospitals, the CIP-M certificate enables vessel owners and operators to demonstrate they have procedures in place for the proper prevention, control, and mitigation of infection to protect both customers and crews. My Care assessments can be used by businesses in all industry sectors.

For CIP-M experts from DNV's Cruise Center in Miami and Business Assurance worked to integrate maritime specific standards, such as the US CDC Vessel Sanitation Program, and national and industry guidelines, into the certification. The audit is performed by DNV experts in healthcare infection prevention and control together with experienced maritime auditors. By the end of the year several cruise operators had gained CIP-M certification, including the Genting Cruise Lines and Silversea. The Finnish ferry company Viking Line was the first to complete a My Care readiness assessment, followed by Color Line and port operators.

KEY FIGURES

Injury rate **0.7**
2019: 0.9

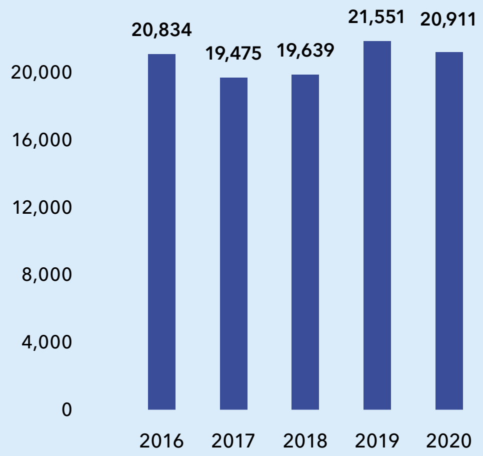
CO_2 emissions / employee **2.0**
2019: 6.6

Renewable electricity used **38%**
2019: 25%

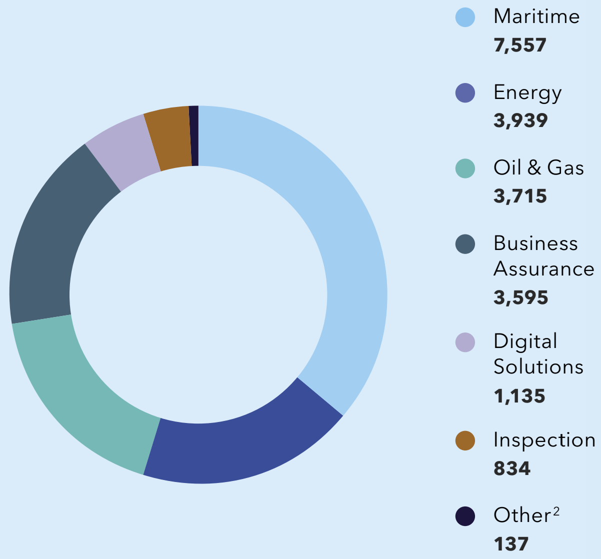
Revenue (million NOK)

20,911

LAST FIVE YEARS



Per business area[1]



1 Business areas reflect 2020 organization

2 Global Shared Services and Group functions including Technology & Research, Real Estate

EBITDA (million NOK)

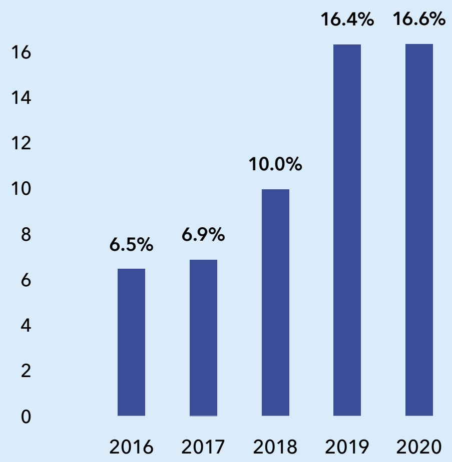
3,481

LAST FIVE YEARS

EBITDA margin (%)

16.6%

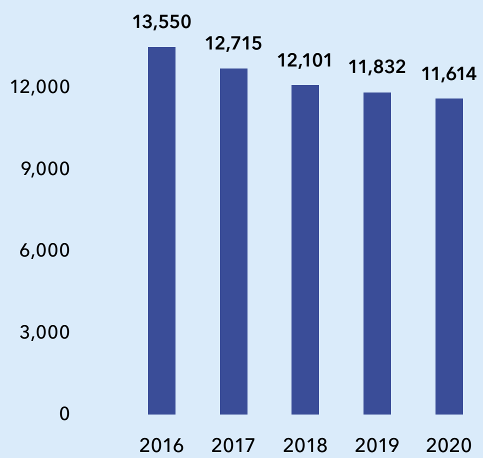
LAST FIVE YEARS



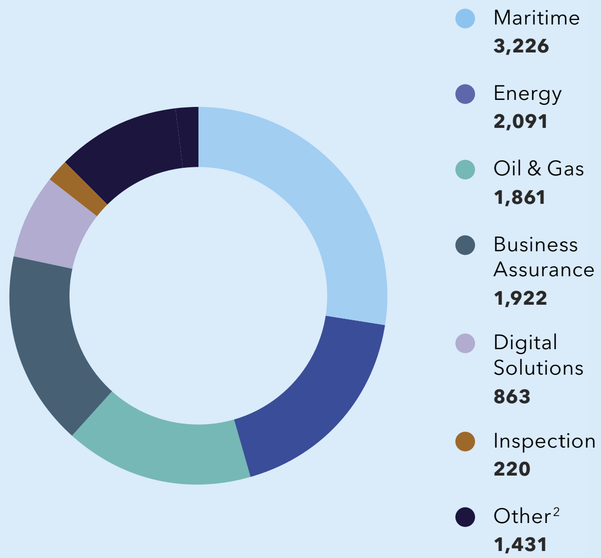
Employees

11,614

LAST FIVE YEARS



Per business area[1]



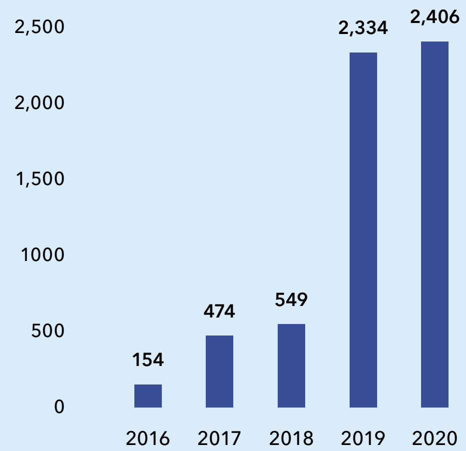
1 Business areas reflect 2020 organization

2 Global Shared Services and Group functions including Technology & Research, Real Estate

Ebit / operating profit (million NOK)

2,406

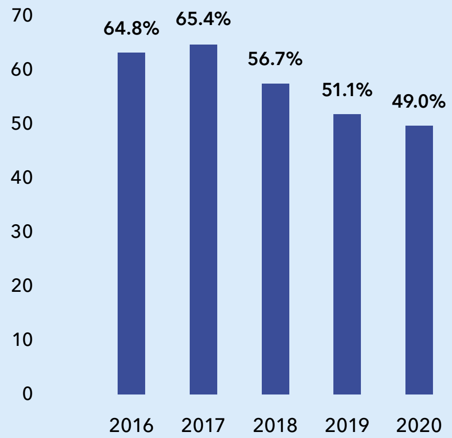
LAST FIVE YEARS



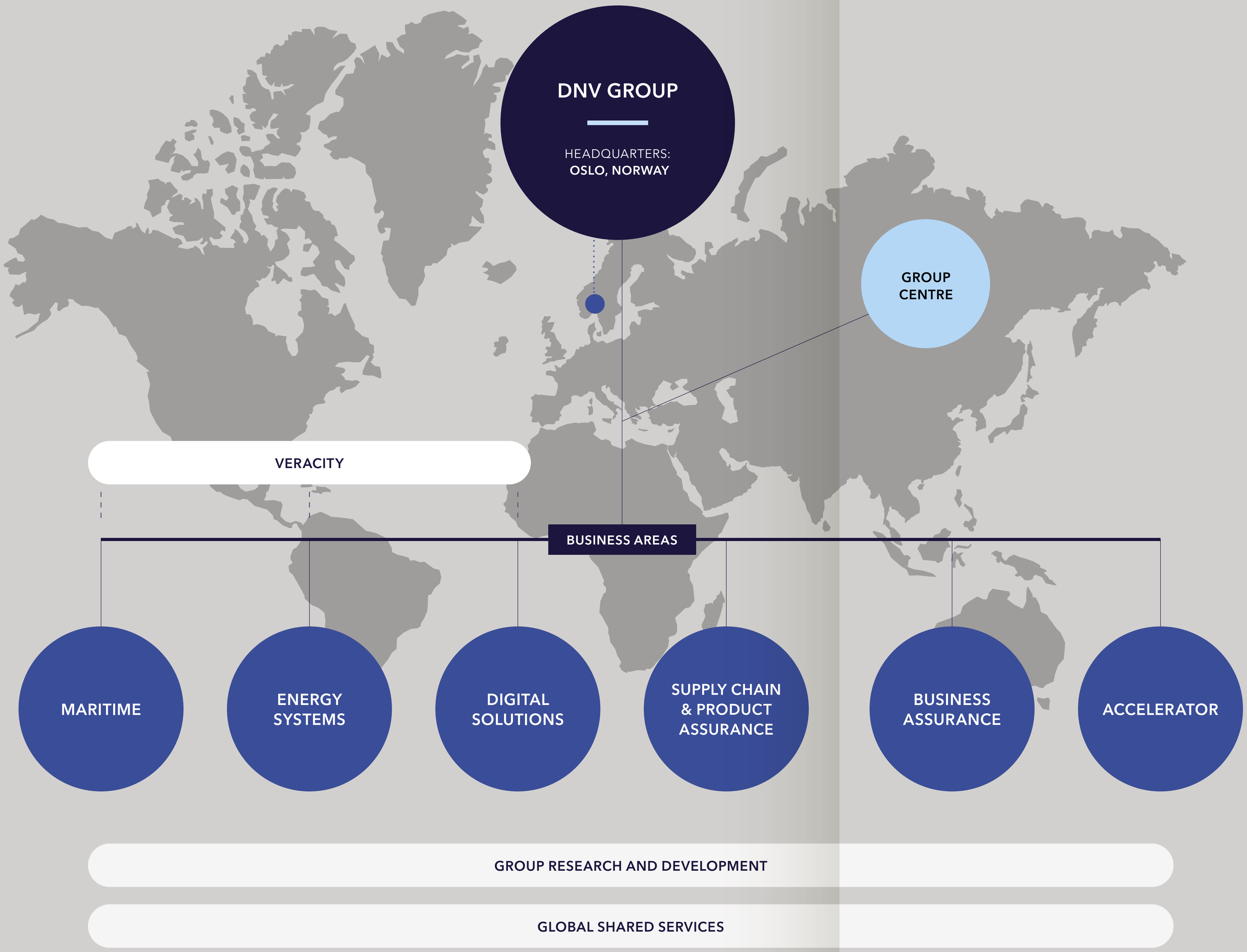
Equity ratio (%)

49.0%

LAST FIVE YEARS



GROUP STRUCTURE



As of 1 February 2021, DNV changed its group structure. The new structure consists of six business units and Veracity as an internal joint venture. The corporate headquarters of DNV are in Oslo, Norway.

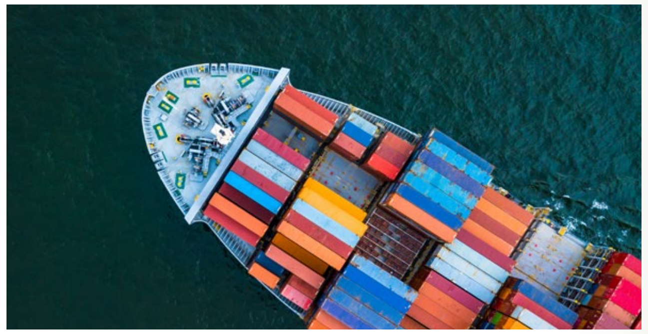
The 2020 annual report reflects the stories and results of the previous group structure that consisted of five business units; Maritime, Oil & Gas, Energy, Business Assurance and Digital Solutions. Any forward-looking statements reflect the new business structure.

Ownership

DNV Group is owned by Det Norske Veritas Holding AS, a fully owned subsidiary of Stiftelsen Det Norske Veritas. Stiftelsen Det Norske Veritas is an autonomous, independent foundation and is, through Det Norske Veritas Holding AS, the sole owner of DNV. See more details in the Corporate Governance report.

BUSINESS AREAS AT A GLANCE

MARITIME



We help enhance the safety, efficiency and sustainability of our customers in the global shipping industry, covering all vessel types and mobile offshore units.

Services include:

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

ENERGY SYSTEMS

We help customers navigate the complex transition to a decarbonized and more sustainable energy future. We do this by assuring that energy systems work safely and effectively with – increasingly digital – solutions that focus on managing risks and opportunities and realizing our customers' goals.

Services include:

- Advisory
- Digital monitoring
- Certification
- Verification

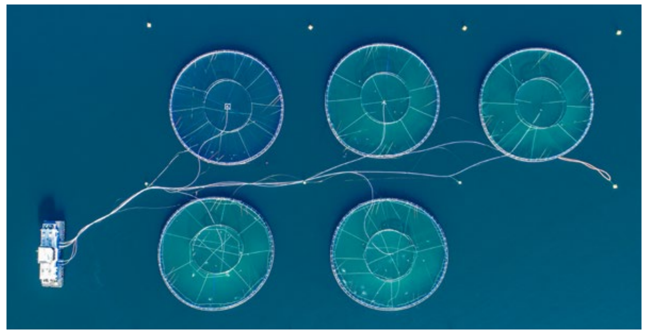
DIGITAL SOLUTIONS

We provide engineering software tools and enterprise solutions for managing risk, improving safety and performance across industries, including maritime, energy and healthcare.

Services include:

- Generic and industry specific software
- Tailored data analytics solutions
- Digitalization and data management advisory

SUPPLY CHAIN AND PRODUCT ASSURANCE



We support our customers' response to the increased demand for trust and transparency around products, assets, supply chains and ecosystems, driving the transformation of the assurance industry.

Services include:

- Supply chain governance
- Product assurance
- Healthcare & medical technologies assurance
- Offshore aquaculture classification and certification
- Digital assurance

BUSINESS ASSURANCE

We help ensure compliance and improvement of our customers' management systems performance and competence needs, covering all industries.

Services include:

- Management system certification
- Training and competence-related services
- Product certification to industry specific standards

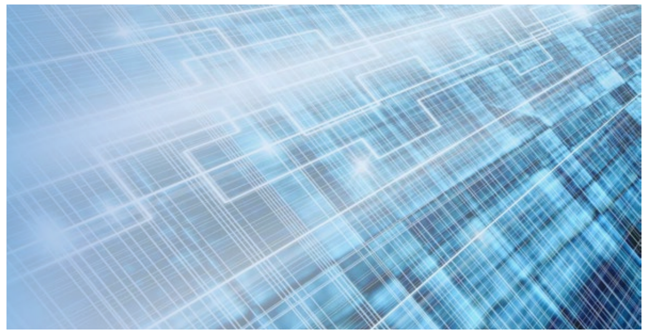
ACCELERATOR

We rapidly nurture successful businesses and services that will shape the future of assurance. The Accelerator operates a portfolio of units undergoing significant growth, chiefly through acquisitions and partnerships.

Our current portfolio:

- **Inspection:** assuring quality of assets and supply chains across the lifecycle of industrial projects
- **Cyber Security:** assessing and mitigating cyber risks facing critical infrastructure
- **Digital Health:** establishing trust in the technologies, systems and data powering the digitalization of healthcare

VERACITY



Veracity delivers data platform services targeted to the maritime and energy sector, assisting organizations in utilizing data for a more energy efficient, safer and smarter operation.

Services include:

- Data analytics services
- Digital assurance services
- IoT and OVD pipelines
- Easy access to industry applications
- Storage of high security data with secure sharing mechanisms
- A combination of SaaS and custom-built solutions

HOW WE MAKE AN IMPACT

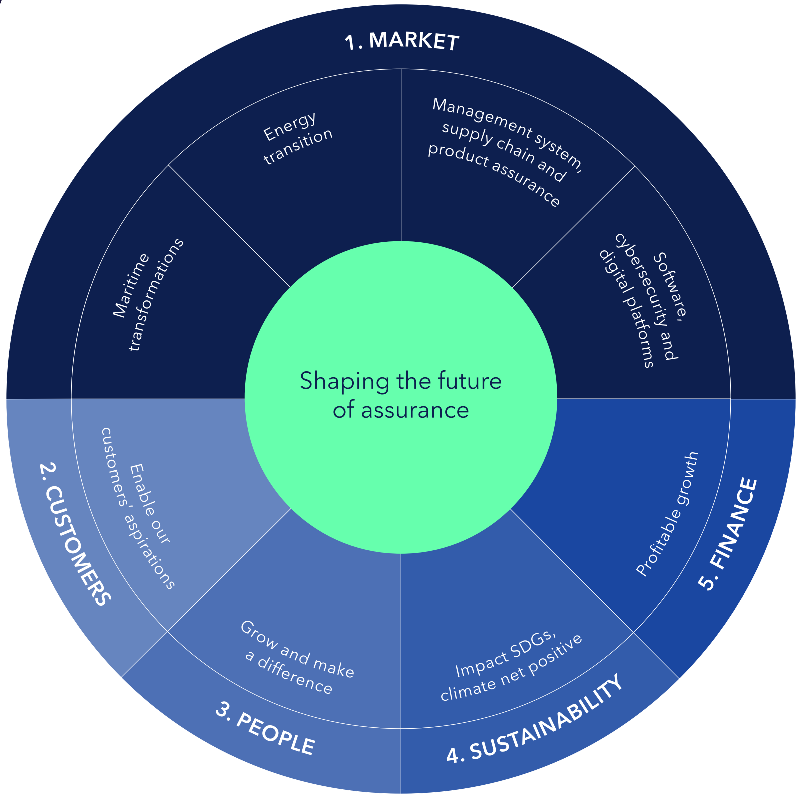
This decade will be defined by transformations. Digital technologies will increase exponentially, and our energy, food, healthcare and transport systems will all change immensely. Most importantly, this is the decade where humanity will succeed or fail to deliver on the Sustainable Development Goals (SDGs).

Our purpose is 'to safeguard life, property and the environment'. It has guided us since our foundation in 1864 and is as relevant today as it has ever been.

Driven by our purpose, and in line with our vision, we advise our customers on how to tackle the global transformations ahead, navigating the fundamental changes that will affect them and the industries we work in.

Our extensive research (p. 20) feeds into how we develop our products and services and how we advise our customers on the risks and opportunities that they face. We foresee a rapid energy transition within a generation. Massive electrification of the global energy system, huge growth in renewables, and new technologies and solutions will deliver fundamental changes that will affect DNV and our customers.

Our new strategy



Through 2020, we engaged broadly within and outside DNV to develop a new five-year strategy (see graphic). We forecast how the transformations ahead will affect our core markets and, in response, our strategy has been revised to keep DNV at the forefront of these changes so we remain a trusted voice for our customers. Alongside this clear market focus, the strategy has customers, our people and sustainability at its core, and is underpinned by clear growth and financial goals to support our strategic objectives.

The strategy formalizes our customer-first approach, ensuring we deliver superior customer experience by always being proactive and responsive. Our objective is to enable our customers' aspirations by delivering services that truly meet their needs, helping them to solve problems and make the most of their opportunities.

Our people provide the knowledge and technical expertise that allow DNV to assure, set industry standards, advance safety and sustainability, and guide on risks and opportunities in a changing world. Our strategic focus is on our people's career paths and development, diversity and inclusion, and purpose-led and future-fit leadership.

The coming decade is known as the Decade of Action for sustainability, and particularly the SDGs. With our customers and partners, we will make a positive impact on our priority SDGs and work towards the 1.5°C target of the Paris Climate Agreement.

Engaging our stakeholders

Our key stakeholders are our customers, our employees and our owner, Stiftelsen Det Norske Veritas. Other stakeholders include suppliers, research institutions, government bodies, industry associations, civil society organizations, and the media.

We engage with internal and external stakeholders to understand their thinking and concerns on a range of business and sustainability issues. In developing our new strategy, we consulted more than 400 employees, interviewed key customers and sought input from our Board, our Council members and a selection of independent experts to identify the economic, social and climate risks, opportunities and impacts that are most important to DNV and our stakeholders. The results have also fed into how we develop services and adapt our business to meet the needs of our stakeholders.

Customers

We run regular customer satisfaction surveys in all of our business areas and in 2020, we enhanced our approach to understanding Group-wide customer satisfaction by reporting on a customer relationship score (see page 54 for more detail). We also conduct a large-scale brand survey every three to four years to understand what our customers think about DNV and the brand attributes they find most important.

Employees

We use a pulse survey approach to engage our employees and understand the issues that matter to them. Pulse surveys engage employees on a range of issues including employee satisfaction (see page 70), resilience, and health and safety (see page 61).

The overall response rate to our regular Pulse surveys is nearly 80%. We also have an active employee communication channel on Yammer, our internal social media platform, which enables employees to share their opinions.

Defining our material issues

Our materiality assessment (last completed in 2018) was based on a wide-ranging stakeholder survey designed to identify the sustainability topics our customers, suppliers, partners, employees and the media consider important. The survey received more than 1,000 responses giving detailed insight into stakeholders' views. We plan to conduct a new materiality assessment in the near future. Our important topics are outlined below and covered in detail in the sustainability performance section (see page 46).

Governance and reporting

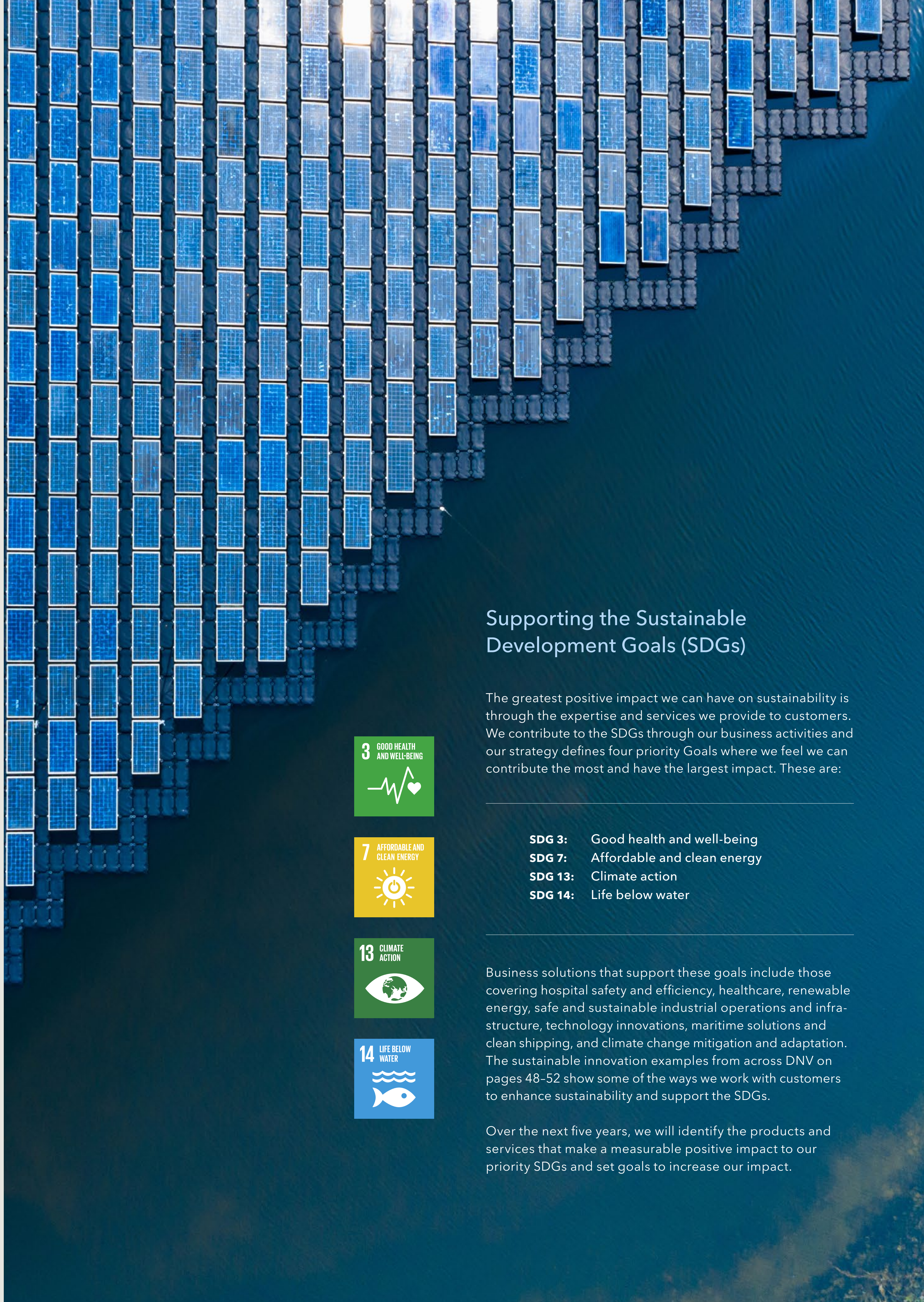
Responsibility for sustainability performance lies with our Group CEO. The Board Audit Committee maintains oversight and our Corporate Governance Report describes how this is managed.

DNV reports in accordance with the core option of the GRI Standards. KPMG has conducted limited assurance of our sustainability reporting and feedback is used to continuously improve our performance.

DNV's material topics

VALUE TO CUSTOMERS	VALUE TO EMPLOYEES	VALUE TO SOCIETY
• Sustainable innovations • Customer satisfaction • Data privacy and security	• Employee health and safety • Talent acquisition • Training and development • Diversity and equal opportunity • Human rights	• Ethics and integrity • Anti-corruption • Fair competition • Compliance • Economic contribution • Environment and climate • Sustainable procurement

For more on DNV's material topics, go to the Sustainability section (page 46).



Supporting the Sustainable Development Goals (SDGs)

The greatest positive impact we can have on sustainability is through the expertise and services we provide to customers. We contribute to the SDGs through our business activities and our strategy defines four priority Goals where we feel we can contribute the most and have the largest impact. These are:

3 GOOD HEALTH AND WELL-BEING

7 AFFORDABLE AND CLEAN ENERGY

13 CLIMATE ACTION

14 LIFE BELOW WATER

SDG 3: Good health and well-being
SDG 7: Affordable and clean energy
SDG 13: Climate action
SDG 14: Life below water

Business solutions that support these goals include those covering hospital safety and efficiency, healthcare, renewable energy, safe and sustainable industrial operations and infrastructure, technology innovations, maritime solutions and clean shipping, and climate change mitigation and adaptation. The sustainable innovation examples from across DNV on pages 48-52 show some of the ways we work with customers to enhance sustainability and support the SDGs.

Over the next five years, we will identify the products and services that make a measurable positive impact to our priority SDGs and set goals to increase our impact.

How we add value

Our priorities	Why	Indicator	2020 performance	2019 performance	Our targets and ambitions	Our priority SDGs	Read more
Sustainable innovations	We aim to be a trusted voice to tackle global transformations. Our customers rely on our products and services to help them operate safely and sustainably and meet their sustainability goals.	Under development	See section with examples of sustainable innovations	See 2019 Annual report	Measure the impact of our services towards our priority SDGs		Page 48
Customer satisfaction	We believe that a customer-centred approach – one that delivers excellent customer experiences and creates close, value-adding relationships – leads to competitive advantage.	Group Customer Relationship Strength Score	83.1	N/A	85 by 2025		Page 53
Data privacy and security	The trust of our customers is crucial to our business and keeping customer data private is an important part of maintaining this trust.	Continual improvement of information security management	Data privacy managed in line with ISO 19600 standard on compliance management	Data privacy managed in line with ISO 19600 standard on compliance management	Achieve Group ISO 27001 certification on information security by 2021	3 GOOD HEALTH AND WELL-BEING	Page 56
Employee health and safety	We strive to be the safest place to work, and safety is embedded in our purpose. We continually work to find improved ways to safeguard our people and deliver on our purpose.	Resilience index Injury rate	7.8 0.7	7.5 0.9	8.0 by 2025 We strive for zero harm		Page 60
Employee training and development	We are a knowledge house. Responsibility for, and development of, expertise provide motivation to excel and innovate in all parts of the company.	Employee training	Continuous training according to our 70:20:10 principle	Continuous training according to our 70:20:10 principle		7 AFFORDABLE AND CLEAN ENERGY	Page 68
Talent acquisition, diversity and equal opportunity	Our customers rely on us to recruit and retain experts that can deliver the best solutions. We make a difference through our people who possess deep knowledge of technology and broad understanding of industries, regulations and sustainability. We want the best people, regardless of background, and we want to be an attractive place to work in all our locations.				We aspire to be THE place for our employees to grow and make a difference – offering a purpose-driven, customer-centric, diverse, agile, international, and innovative business environment	13 CLIMATE ACTION	Page 68
Environment and climate	Environmental sustainability is embedded in our purpose and values.	Greenhouse gas emissions	23,383 tonnes CO_2e (Drop due to pandemic)	77,860 tonnes CO_2e	Reduce CO_2 footprint and become climate net positive	14 LIFE BELOW WATER	Page 88
Ethics and compliance, integrity, anti-corruption, fair competition, and human rights	Our vision is to be a trusted voice for our customers. Our stakeholders and every one of us has a role in protecting our independent position and upholding our code of conduct. We emphasize this through high awareness and training.	Percentage of employees that completed Code of Conduct, anti-corruption, and anti-trust e-learning modules	99%	99%	99% (As some employees are hired or leave during the year, 100% is not possible)		Page 78
Economic contribution	Economic sustainability is a prerequisite for running our business and for retaining our independence.	Percentage of revenue reinvested in research and innovation	5%	5%	5%		Page 84
Sustainable procurement	Helps to manage risk in our supply chain and deliver best value for DNV sustainably and according to our Supplier Code of Conduct.	Renewable electricity Supplier risk assessment and audits	38% (Estimated) 11 supplier audits	25% 13 supplier audits	100% renewable electricity by 2025 10 (minimum) supplier audits in 2021		Page 92

ENABLING THE BENEFICIAL AND SAFE USE OF DIGITAL TECHNOLOGIES

We explore key technology areas through our research programmes to help transform the industries we serve. We devote 5% of our revenue to strategic research, technology development and innovation to prepare our customers and ourselves to tackle the transformations ahead.

Our research on assuring digital technologies continues to enable their beneficial and safe operation. This year, we focused on autonomous ship technology, power grid control systems and the simulation technology which is necessary to create the evidence for assurance cases. We continued development of artificial intelligence technology to enhance our services and explored new business opportunities in aquaculture and precision medicine.

We see a tougher business environment, faster uptake of digital technologies, acceptance of new ways of interacting, but also concerns related to resilience in supply chains. We also expect increased investment in healthcare and food systems.

Publishing our research

Our experts and scientists regularly publish reports and positions papers to share our findings. We make these findings freely available to contribute to advancing knowledge and progress for all.

Our most-read position papers in 2020:

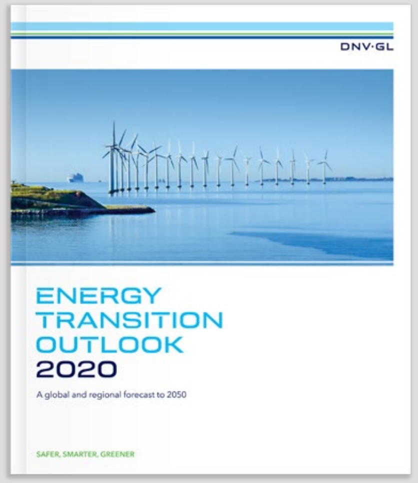
- Promise of seasonal storage
- Probabilistic twin
- Hydrogen as an energy carrier

Our most-read report:

- Energy Transition Outlook 2020

The Outlook presents the results from our model of the energy system through to 2050, enabling our customers and other stakeholders to make informed decisions to adapt to changing business circumstances caused by the transition.

Our Outlook shows a rapid energy transition ahead, and by 2050 we expect to see an energy mix split roughly equally between fossil and non-fossil sources, taking into account expected developments in policies, technologies and associated costs.



"The energy transition is a first order issue for long term investors, and your ETO is one of the leading independent studies that helps us to understand how it is likely to evolve."

Nick Stansbury
Legal & General

"I think your report is very necessary because it is aggressive but realistic."

Fransisco Simavilla,
Iberdrola

There is a massive, ongoing electrification of the global energy system; where electricity is less than 20% of the energy mix today, it will more than double its share by 2050.

Our widely referenced *Energy Transition Outlook* has been downloaded more than 120,000 times.

BATTERY AI – DATA DRIVEN INSIGHTS ON BATTERY HEALTH

The Artificial Intelligence Research Centre and our battery experts in Energy Systems have developed a new tool that enables customers to predict battery performance under dynamic conditions.

Using battery test data, a new algorithm was developed to predict battery degradation. The algorithm takes into account charging-rate, temperature changes and operating conditions.

The Battery AI tool helps customers identify the optimal battery size and type for given applications such as co-locating with solar and wind farms. It enables customers to plan their energy storage needs and reduces the risk of unsatisfactory battery performance.

THE EXECUTIVE COMMITTEE

The Executive Committee is the Group President & CEO's management team. It deals with issues and decisions related to strategy, markets and customers, target setting, financial development, investments, performance management, mergers and acquisitions, pricing strategy and major management appointments.

Kjetil Ebbesberg replaced Thomas Vogth-Eriksen as CFO in April 2020. Luca Crisciotti, Liv Hovem, Ditlev Engel and Barbara Frencia were appointed CEOs of their new Business Areas as of February 2021.

Remi Eriksen

Group President & CEO

Remi Eriksen (Norwegian) became Group President and CEO of DNV in August 2015, succeeding Henrik O. Madsen. He was previously the Chief Operating Officer of the DNV Group, having served as CEO of DNV Maritime and Oil & Gas and in other senior roles in Asia, Europe and the Americas.

Amongst many other leadership roles, he is on the Executive Committee of World Business Council for Sustainable Development (WBCSD).

He holds a Master's in Electronics and Computer Science from the Norwegian Institute of Technology and executive education from Rice University, IMD and INSEAD. Remi joined DNV in 1993.

Ditlev Engel

CEO Energy Systems

Ditlev Engel (Danish) was Group President & CEO of global wind turbine manufacturer Vestas Wind Systems A/S from 2005 to 2013. Prior to joining Vestas, he had 20 years of experience at the global coatings manufacturer Hempel A/S, the last five years as Group President & CEO.

Ditlev has served as Denmark's Special Envoy for Climate and Energy, chair of Denmark's Green Investment Fund, a member of the Energy Partner Network of the World Economic Forum, advisor to the International Energy Agency, chair of the Green Growth Working Group at G20 Summits, co-founder of the Green Growth Action Alliance and member of UN's Sustainable Energy for All. He has degrees in business administration, finance & accounting from Copenhagen Business School and the General Management Programme from INSEAD. Ditlev joined DNV in 2016.

Luca Crisciotti

CEO Supply Chain and Product Assurance

Luca Crisciotti (Italian) was the CEO of Business Assurance (2012–2020).

With a background in the certification industry, Luca started his career in DNV as a Sales Manager in Rome, Italy. He continued as the Business Development Manager for Division South Europe before moving to Japan for three years as Country Manager. He then moved to Shanghai, Greater China, taking over as COO. Luca has a Master's degree in Business Economics from the University 'La Sapienza' in Rome. Luca joined DNV in 2001.

Knut Ørbeck-Nilssen

CEO Maritime

Knut Ørbeck-Nilssen (Norwegian) has been heading our Maritime business area since August 2015. Prior to that he was the Chief Operating Officer and President of Maritime and Director of Division Europe, Africa & Americas.

Knut has held senior management positions within both Maritime and Oil & Gas. He holds a Bachelor of Engineering degree from Heriot-Watt University in Edinburgh, Scotland, where he was awarded a First Class Honour's Degree in Civil Engineering in 1990. Knut joined DNV in 1990.

Barbara Frencia

CEO Business Assurance

Barbara Frencia (Italian) became the CEO of Business Assurance in February 2021.

With a financial background, Barbara's experience spans from corporate finance to operations. She was a HUB manager in Italy before becoming a Regional Business Controller and appointed Global Finance Director for Business Assurance in 2010. Barbara has a Master's degree in Business Economics from The University of Genova. Barbara joined DNV in 1996.

Liv A. Hovem

CEO Accelerator

Liv A. Hovem (Norwegian) leads the Accelerator, a business area dedicated to building businesses and technologies that shape the future of assurance. She leads a multinational team in identifying initiatives with high growth potential and boosting their impact through organic growth, acquisitions and partnerships. Liv has experience in leading successful international businesses across multiple industries, including the maritime and energy sectors. She has a special interest in technology research and innovation, business model innovation and agile ways of working to nurture rapid business growth. She has served as a board member in several R&D related institutions.

Liv has a MSc in Naval Architecture and Offshore Engineering from UC Berkeley and a MSc in Civil Engineering from the Norwegian Technical University. She joined DNV in 1988.

Kenneth Vareide

CEO Digital Solutions

Kenneth Vareide (Norwegian) became CEO of Digital Solutions in June 2019. He has been with DNV since 1996, when he started as a trainee. Kenneth has held several management positions across the company's business areas and regions. Prior to joining Digital Solutions as CEO, Kenneth served as Digital Director for the Maritime business area.

Kenneth holds a Master's degree in Naval Architecture from the Norwegian University of Science and Technology (NTNU) and a Master's degree in Technology Management from NTNU and the Norwegian School of Economics and Business Administration (NHH Bergen), in cooperation with Massachusetts Institute of Technology (MIT), The Sloan School of Management.

Kjetil M. Ebbesberg

Chief Financial Officer

Kjetil M. Ebbesberg (Norwegian) became the CFO in April 2020.

Kjetil joined DNV from Hydro, where he served as Executive Vice President, Hydro Rolled Products. Kjetil was also the CFO for the Norwegian retail group Coop (2007–2009). He holds a Master's degree in business economics from the Norwegian School of Economics and Business Administration (NHH) in Bergen, Norway, in combination with University of Ottawa, Canada.

Gro Gotteberg

Chief People Officer

Gro Gotteberg (Norwegian) has been the Chief People Officer at DNV since December 2017. She has had several roles within DNV, as HR Director and in Leadership Development, most recently as HR Manager in South East Asia & Australia. Prior to that, she had several roles within organizational and competence development in shipping, management consultancy and developing aid & rescue relief.

Gro has a Master of Business & Economics from NHH Norwegian School of Economics and brings 15 years of international experience from Africa, Americas and South East Asia. Gro joined DNV in 2008.

Ulrike Haugen

Chief Communication Officer

Ulrike Haugen (German) joined DNV as Chief Communication Officer in May 2017. She has more than 15 years of communications, marketing and business development experience within international corporations with positions in Norway, UK, Germany and Italy.

Ulrike was previously VP Marketing & Communications for ABB Marine, and has also held marketing and business development positions in international energy companies and law firms. Ulrike holds a Master of Business Administration degree from London South Bank University in the UK and a Law Degree from the University of Bonn in Germany. Ulrike joined DNV in 2017.

Klas Bendrik

Chief Digital Transformation Officer

Klas Bendrik (Swedish) has been Chief Digital Transformation Officer since joining DNV in September 2018.

Klas has held executive roles in several industries from automotive, medical and industrial equipment to management consulting with global firms. Klas' field of expertise is within Information Technology, software, digital and business development. Prior to joining DNV, his most recent positions were as Senior Vice President for Volvo Cars and, most recently, Vice President and Executive Partner at Gartner. Klas holds a bachelor's degree from the University of Gothenburg and a degree from the Royal Swedish Naval Academy, with the rank of Lieutenant Captain.

MARKETS

We assist our customers in identifying, assessing and managing their most critical risks. We enhance their business performance by assessing and advising on safety, quality, technology, business and sustainability aspects. We certify or verify compliance and drive new standards, best practices and digital ecosystems.

Our new organizational structure was introduced 1 February 2021. This report looks back at performance in 2020 across our previous business areas: Maritime, Energy, Oil & Gas, Business Assurance, and Digital Solutions.

MARITIME

FROM CRISIS TO RENAISSANCE

The story of 2020 cannot be told without recognizing the unprecedented impact of COVID-19 on shipping and the world. Solutions were needed to help the industry get moving again, to build confidence and to address the operational, strategic and regulatory challenges of the crisis.

The adoption of new technologies and solutions has advanced the industry's digital transition by at least half a decade. At DNV, we worked to ensure business continuity and keep delivering for our customers, particularly through our world-leading digital services.

Revenue
Maritime

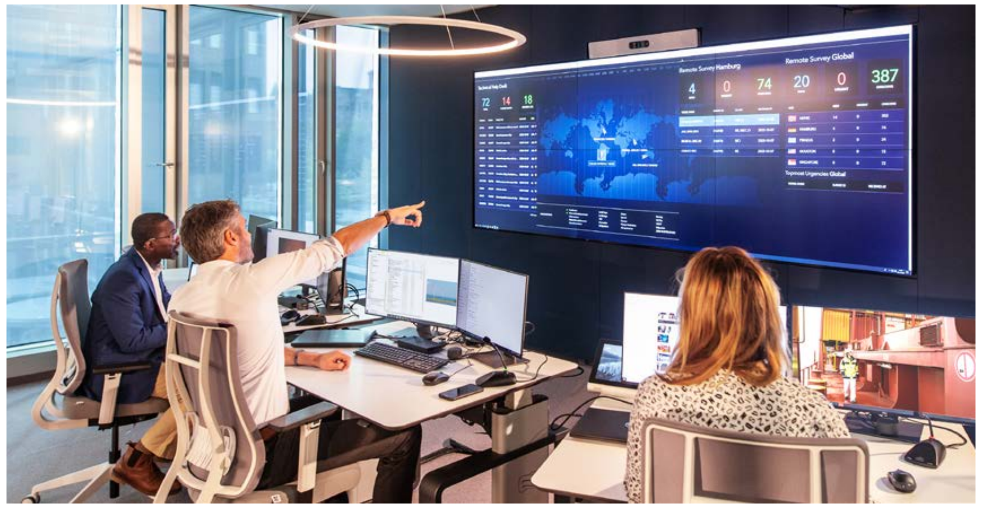
7,557 million NOK

Group total:
20,911 mill. NOK

2.4 % down from last year

2020 REVIEW

Keeping maritime moving – remote survey milestones



Lockdowns and travel restrictions during the COVID-19 pandemic underlined the value of DNV's industry-leading remote survey services. Customers benefited from greater flexibility and efficiency and operators used verified electronic certificates to make their dealings with classification societies, authorities and vendors much more efficient.

In 2020, a new state-of-the-art operational centre to support the delivery of remote services to maritime customers was launched in our Hamburg office. The launch also marked the two-year anniversary of DNV's fleet-wide rollout of remote surveys and the milestone of 20,000 remote surveys delivered.

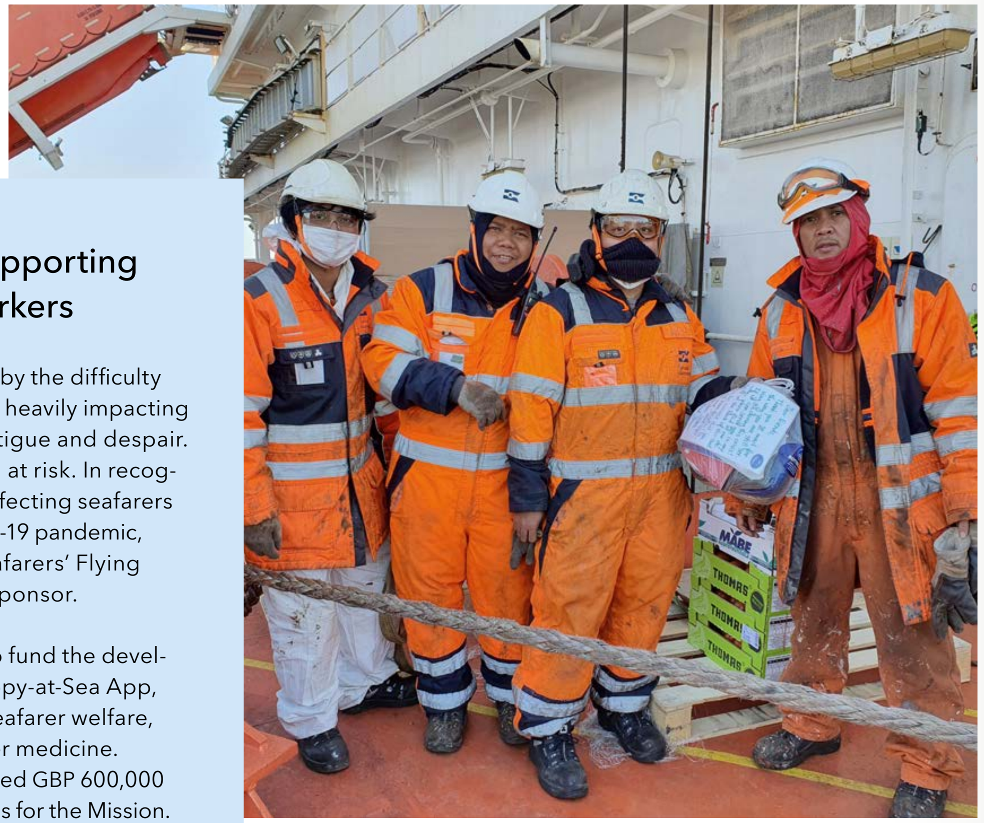
In addition, DNV successfully carried out its first pilot remote annual survey for Berge Bulk's large capesize bulker – *Berge Zugspitze* – in cooperation with the Isle of Man flag. DNV provided procedures and briefed the crew on the particulars of on-board surveying. After the successful remote survey, we were able to present the annual survey report and endorsed e-certificates to Berge Bulk.

In late 2019 and 2020, DNV also performed the first in-water remote ship surveys using a remotely operated vehicle (ROV). The surveys using ROVs were carried out on three different Wilson ASA-managed vessels.

Recognizing and supporting seafarers as key workers

The seafarer crisis, triggered by the difficulty in executing crew changes, is heavily impacting sailors worldwide, causing fatigue and despair. It is also putting safety at sea at risk. In recognition of the ongoing crisis affecting seafarers stuck at sea during the COVID-19 pandemic, DNV joined the Mission to Seafarers' Flying Angel Campaign as a Gold sponsor.

The sponsorship is helping to fund the development of the Seafarers' Happy-at-Sea App, which can be used to track seafarer welfare, book chaplain visits and order medicine. Overall, the campaign has raised GBP 600,000 from 18 maritime organizations for the Mission.



Bringing LNG online with FuelBoss

Due to the accelerating use of LNG as a ship fuel, DNV launched a new online bunkering platform to take operators seamlessly from order through to delivery. FuelBoss offers ship owners, operators and suppliers a single common platform for nomination, scheduling, spot inquiries and business intelligence. LNG suppliers Gasum, Cryo Shipping and Nauticor have piloted the solution and supported the development of the platform with their expertise and domain knowledge.

Open to anyone, FuelBoss allows users to order bunker volumes within term contracts in a standardized format, keep track of changes and monitor involved assets, communicate through an integrated messaging service and digitally fill in, sign and archive forms and documentation relating to the bunkering process. The platform will facilitate spot inquiries outside term contracts and users can also keep track of LNG-fuelled ships and LNG bunker vessels through an AIS-positioning feed.

First offshore fish farming class certificate awarded

Developing and expanding sustainable aquaculture are essential as the demand for fish grows around the world. SalMar's Ocean Farm 1 is the first offshore salmon farm designed and built for exposed weather conditions, with a novel design that combines both aquaculture and offshore industry solutions. DNV provided third-party verification and certification covering the design, construction, transport and installation, enabling Ocean Farm 1 to meet the Norwegian NYTEK regulations and farm salmon safely.

The unit was also awarded the new OI Offshore fish farming installation POSMOOR class notation, which confirms that Ocean Farm 1 was built in accordance with our rules for offshore fish farming units and installations. Ocean Farm 1 is in part a pilot project to test the concept of offshore fish farms in exposed locations.

Groundbreaking new fire notation

Early in 2020, we awarded a new class notation to MSC Mediterranean Shipping Company, which aims to mitigate fire risks on board its container ships. The notation now applies to some of the world's largest container ships, the 23,000+ TEU MSC Gülsün class.

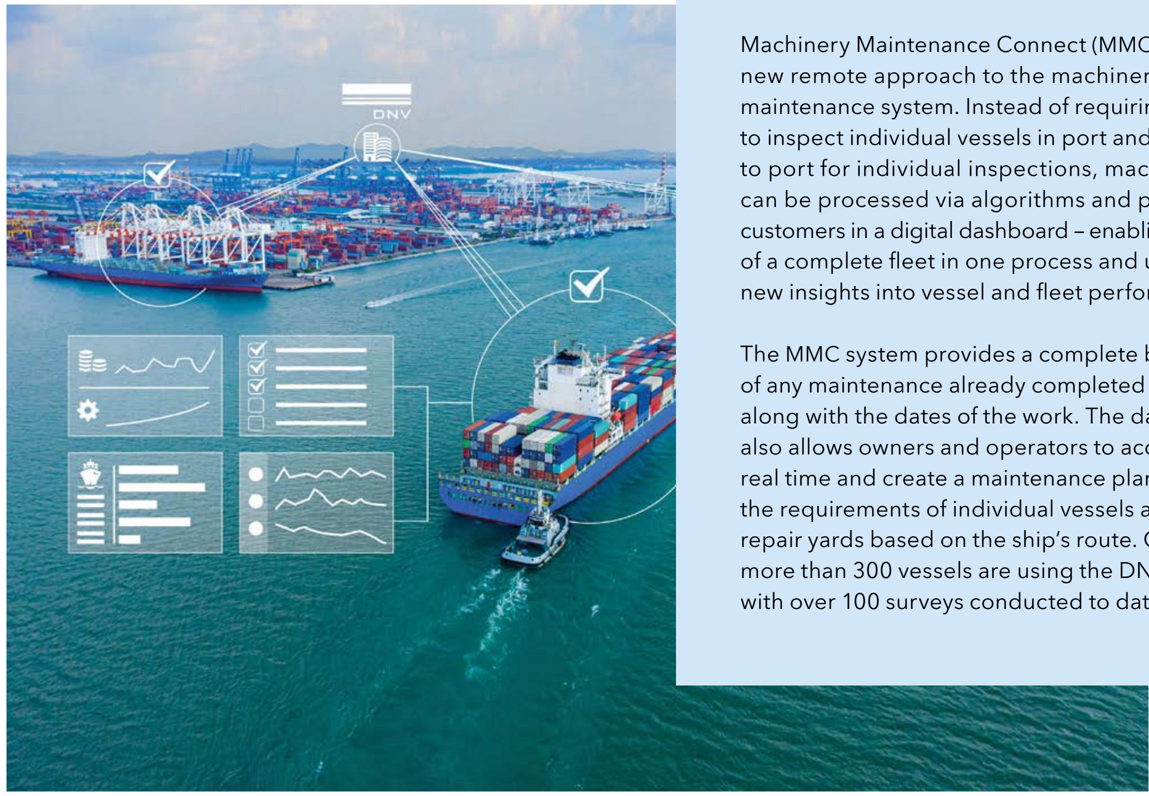
The new notation exclusively targets container ships. It is designed around a function-based approach and for an enhanced safety level beyond the present SOLAS requirements, an increased hazard awareness, and an enhanced ability to detect and fight container fires.

Applicable to both newbuilds and ships in operation, the notation is set up in a modular way. Owners can decide on the set of qualifiers best suited to their safety objectives and choose the most efficient measures and technologies to reach these objectives.

Expanding the horizon on floating offshore wind

Floating offshore wind is poised to be one of the key technologies of the decarbonized energy mix. To help expand this segment, DNV has released the first integrated rule set for floating offshore wind structures (DNVGL-RU-OU-0512). The rules provide both new entrants and experienced stakeholders with a set of well-tested rules and standardized processes for these novel structures. They complement DNV's existing verification and certification services and standards for the floating wind energy market.

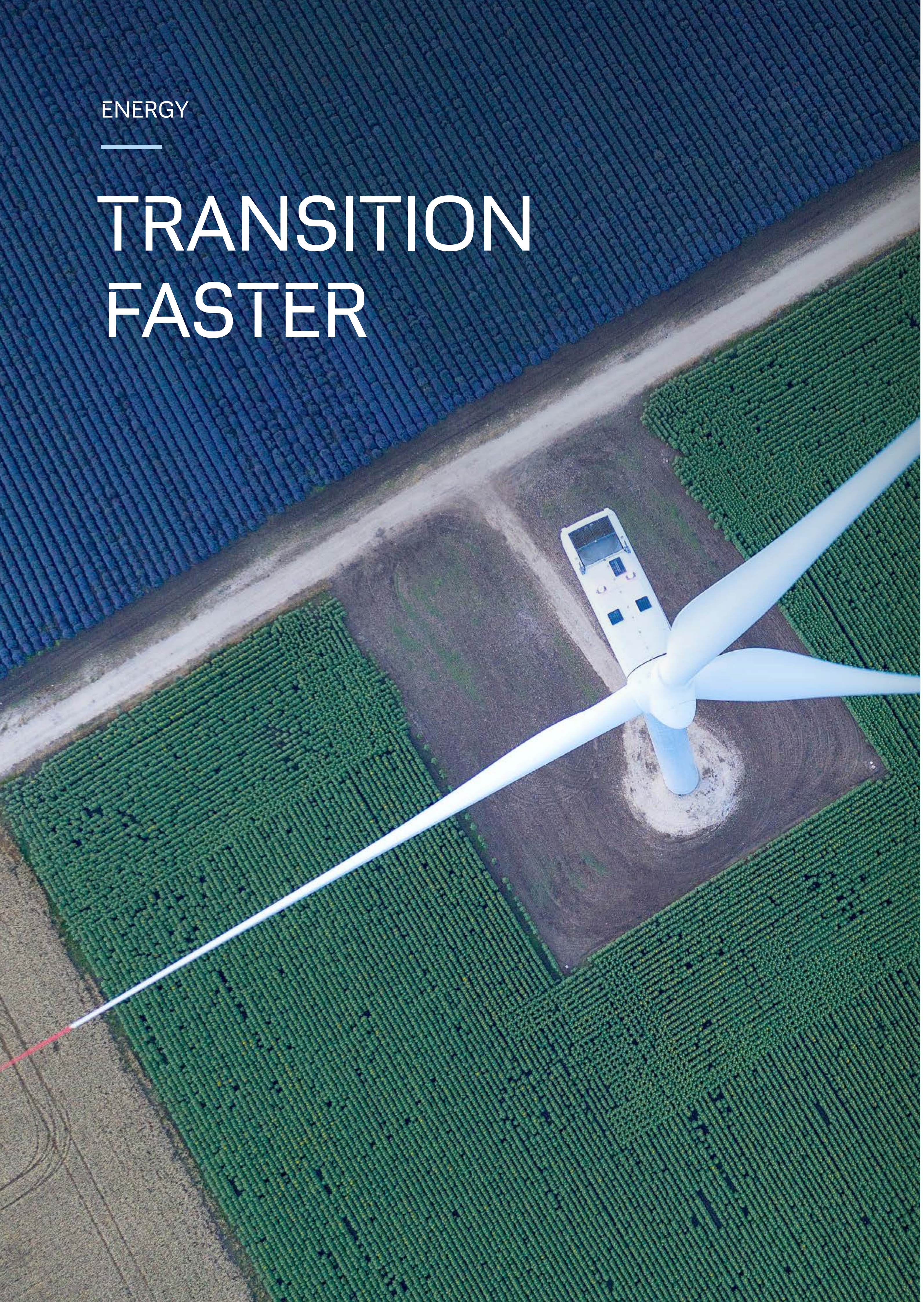
The new rules cover all potential hull shapes, including barges, semi-submersible units, vertical floating columns (Spar) and tension-leg platforms. The rules are also designed to scale – considering not just the individual units but also the entire field, including data-based services and condition-based monitoring, and using links to fatigue methodology sensor data.



Surveying a complete fleet in a day

Machinery Maintenance Connect (MMC) is DNV's new remote approach to the machinery planned maintenance system. Instead of requiring surveyors to inspect individual vessels in port and ships to head to port for individual inspections, machinery data can be processed via algorithms and presented to customers in a digital dashboard – enabling the survey of a complete fleet in one process and unlocking new insights into vessel and fleet performance.

The MMC system provides a complete breakdown of any maintenance already completed or overdue, along with the dates of the work. The dashboard also allows owners and operators to access data in real time and create a maintenance plan that predicts the requirements of individual vessels and to utilize repair yards based on the ship's route. Currently, more than 300 vessels are using the DNV scheme, with over 100 surveys conducted to date.



ENERGY

TRANSITION FASTER

During 2020, the renewable energy industry not only proved resilient but also saw a boost as wind and solar energy reached price parity with energy from other sources and renewable energy companies experienced a surge in investments.

Remote and digital services enabled us to deliver projects, mitigate uncertainty and adapt to changing conditions throughout the year. By using remote inspections, remote measurements and virtual site visits, our experts across the world could continue to help customers reduce emissions and accelerate the energy transition.

Revenue
Energy

Group total:
20,911 mill. NOK

3,939
million NOK

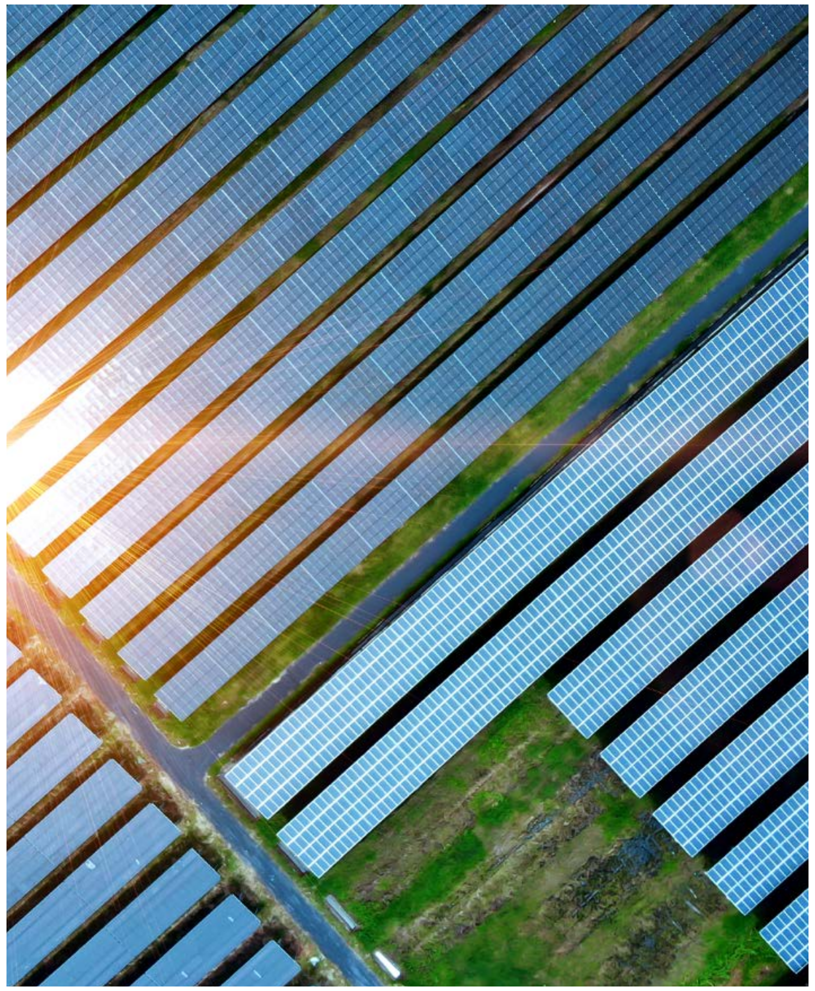
11.4 %
up from last year

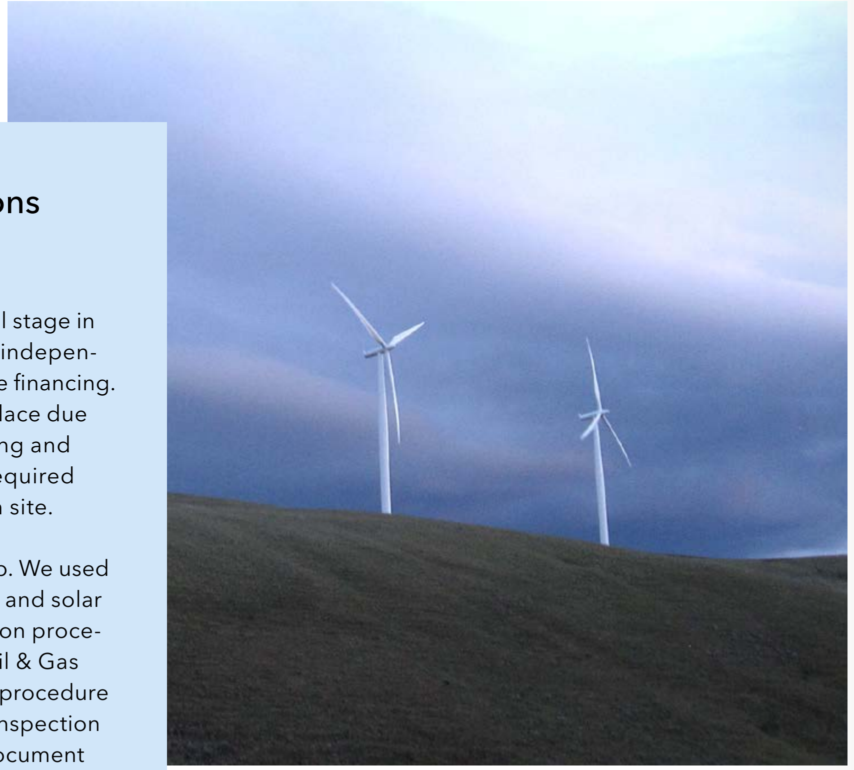
2020 REVIEW

Innogy adds 770 MW of wind and solar power to DNV's Instatrust platform

Hundreds of corporations worldwide have set goals to run their operations on 100% renewable energy. However, delivering on this commitment requires a more transparent way of sourcing energy from suppliers. DNV's Instatrust provides a global marketplace for power purchase agreements (PPAs), connecting corporations committed to buying clean energy with suppliers of wind and solar energy.

In 2020, energy company Innogy, which has since merged with E.ON, announced it would make 13 wind and solar photovoltaic (PV) projects in its portfolio available to corporate energy buyers on the Instatrust platform. These projects amount to 770 MW of renewable energy from PV and onshore wind projects across seven countries. The deal signified the first major supplier listing on the Instatrust platform.





Remote wind farm inspections for EDF in Canada

EDF's wind farm in Canada was at a critical stage in its development. The project needed an independent inspection as due diligence to secure financing. However, strict travel restrictions put in place due to the COVID-19 prevented the monitoring and inspection teams from conducting the required quality assessment and due diligence on site.

To limit delays, EDF turned to DNV for help. We used our 20 years of experience in global wind and solar farm inspections and the remote inspection procedures developed by our Maritime and Oil & Gas business areas to create a virtual site visit procedure for wind and solar projects. A virtual site inspection of EDF's facility helped the company to document progress and secure finance.

Virtual wiring and hardware installation

GreenPowerMonitor (GPM), a DNV company that provides digital asset monitoring solutions for renewable power plants, proved its agility by offering remote commissioning in 2020. Commissioning, which includes the correct wiring of the elements to be monitored by GPM, involves the installation of hardware, usually by an engineer at a customer's site. In the two months from March to April 2020 alone, the team successfully carried out 35 remote commissioning services worldwide. The service has demonstrated GPM's ability to adapt quickly and to maintain the development of projects without any delays. This change has not gone unnoticed and in October 2020, GPM was ranked #1 in Wood Mackenzie's "Global solar PV monitoring update 2020", cementing its position as the leader in the renewables monitoring industry.

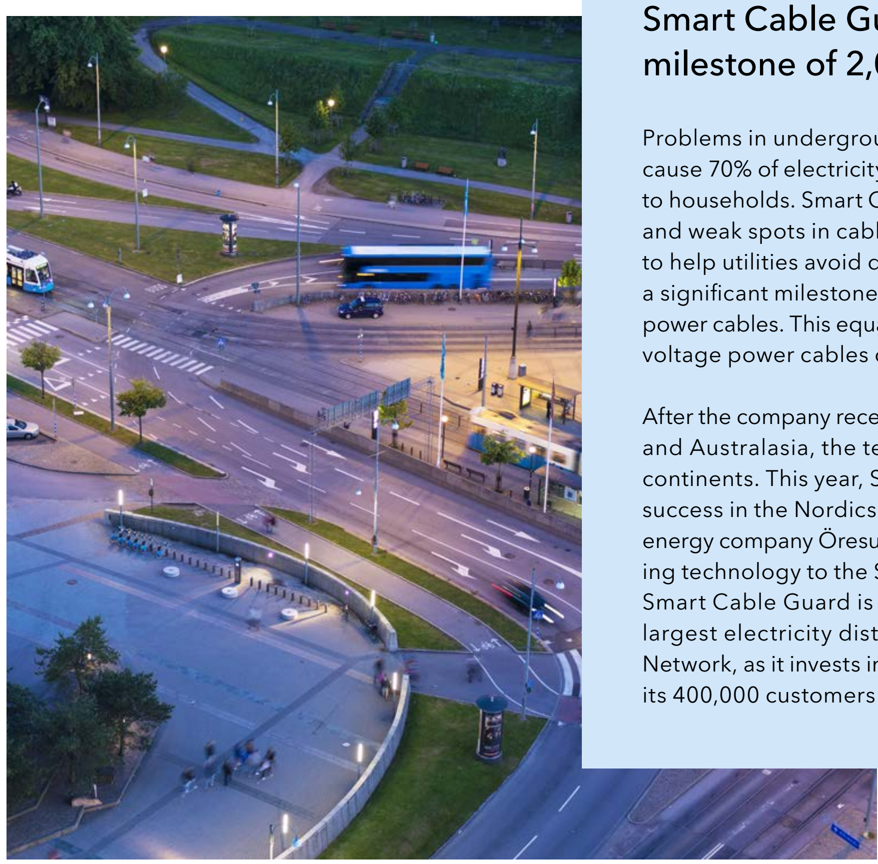
Developing floating offshore wind technology

Floating offshore wind is an exciting new market expected to produce 2% of global power in 2050. The technology is still under development, as a floating installation is more complex than a fixed installation, with each change of turbine or blades affecting its stability and ability to float. Scaling the new technology will, however, hugely benefit the supply of energy to coastal cities with access to deep waters.

DNV is supporting customers in making floating offshore wind a viable renewable energy source. A statement of feasibility was awarded to Aerodyn Engineering for nezzy, its double rotor floating wind turbine concept. DNV checked to ensure that the new design meets state-of-the-art safety, quality and performance standards before providing the statement. This statement allows Aerodyn to secure investments and enter the next level of prototype development and helps to inspire confidence in the concept, crucial step in further developing the technology.

New battery performance standard for residential and small-scale commercial applications

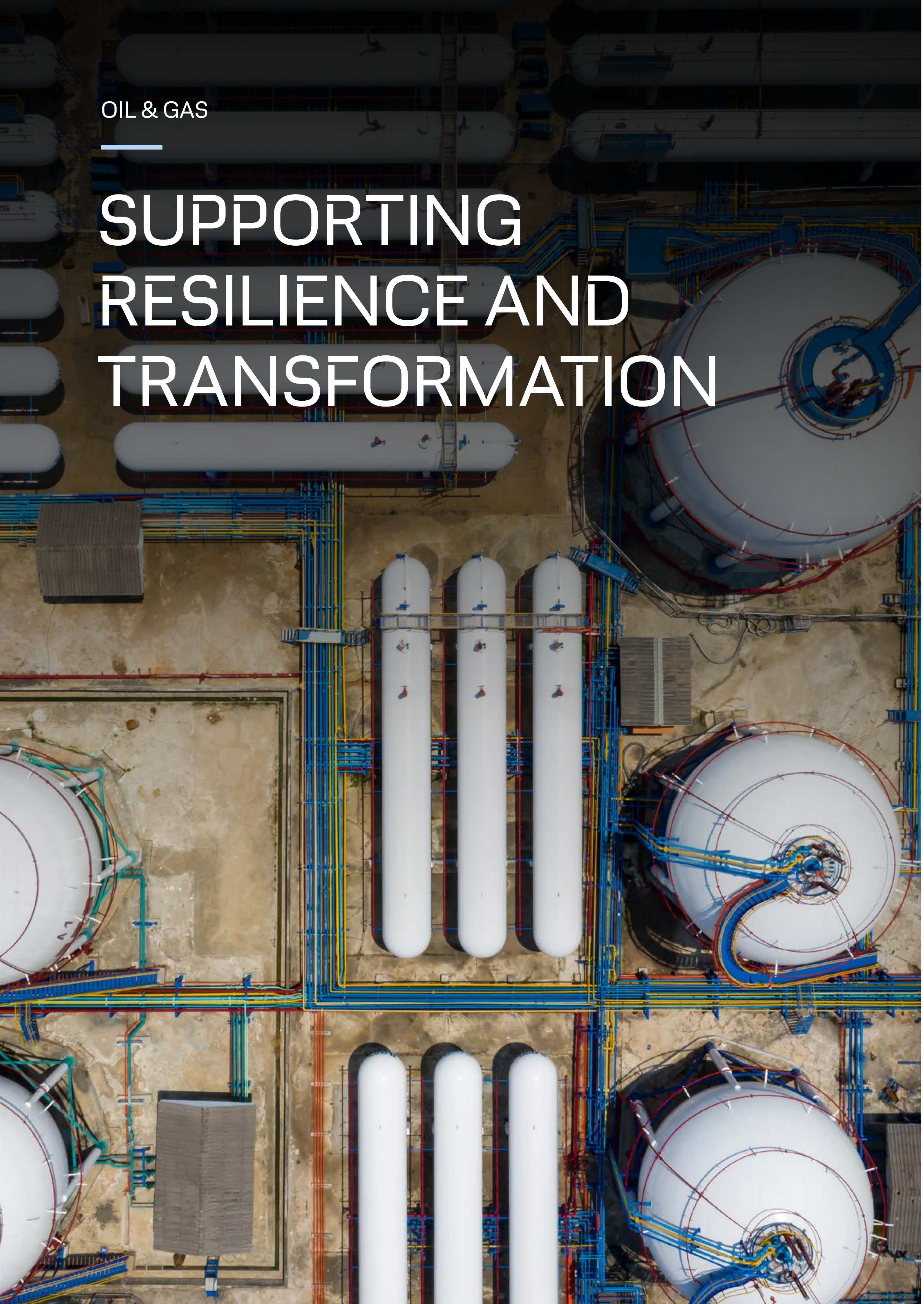
In 2020, DNV created the Australian Battery Performance Standard, that helps to assess which energy storage system is best suited to residential and small-scale commercial applications. The project was a joint initiative with leading Australian energy organizations, the Commonwealth Scientific and Industrial Research Organisation (CSIRO), Deakin University and the Smart Energy Council. The adoption of the standard helps consumers to choose the battery best suited to their needs and empowers them to play their part in moving towards a cleaner future.



Smart Cable Guard reaches milestone of 2,000 cables

Problems in underground medium-voltage cable networks cause 70% of electricity outages and disrupt the energy supply to households. Smart Cable Guard locates and pinpoints faults and weak spots in cables to an accuracy of 1% within minutes to help utilities avoid disruption. In 2020, this system passed a significant milestone of monitoring 2,000 medium-voltage power cables. This equates to over 5,500 kilometres of medium-voltage power cables of all types and ages.

After the company recently added customers in North America and Australasia, the technology is now deployed on all continents. This year, Smart Cable Guard enjoyed particular success in the Nordics, including a partnership with Swedish energy company Öresundskraft to bring smart cable monitoring technology to the Swedish power grid system. In Finland, Smart Cable Guard is being tested by the country's third-largest electricity distribution company, Helen Electricity Network, as it invests in new ideas and procedures to benefit its 400,000 customers in Helsinki.



OIL & GAS

SUPPORTING RESILIENCE AND TRANSFORMATION

DNV supported the oil and gas value chain in proving safety, reliability and performance during a challenging year. Our Oil & Gas business area also focused on supporting the industry's decarbonization efforts.

DNV conducted more than 6,000 remote surveys for the oil and gas industry worldwide – more than triple the number in 2019. We also led a pilot project with Aker BP to remotely perform inspections on three offshore cranes in Norwegian waters.

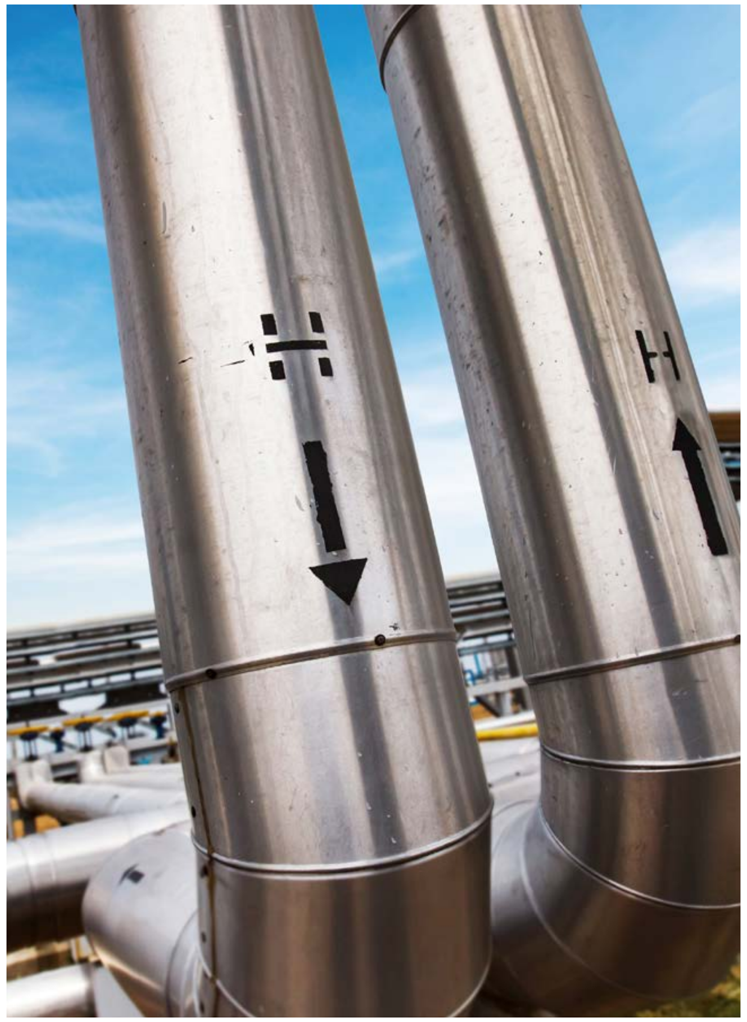
Revenue
Oil & Gas

Group total:
20,911 mill. NOK

3,715
million NOK

5.2%
down from last year

2020 REVIEW



Positioning for recovery

Our research has shown that two-thirds of senior oil and gas professionals entered 2020 confident of industry growth during the year. Instead, the industry began a significant downturn at the end of the first quarter, as international lockdowns and an oil price war between Saudi Arabia and Russia affected oil and gas supply and demand. Crude oil prices fell below USD 20 per barrel in early 2020, from a high of USD 60 at the end of 2019. However, the price recovered to USD 40 per barrel in the summer and stabilized at this level towards the end of the year.

In response to the market downturn, the global oil and gas industry cut spending by approximately 30% in 2020. DNV responded by tightening its internal cost control and enhancing its focus on sales. The business area's ongoing strategic efforts over the past five years to diversify its offering to the upstream OPEX, midstream and downstream markets helped to protect it from the volatility of the upstream CAPEX market in 2020.

In addition to serving customers in traditional oil and gas markets, we assisted those targeting energy efficiency and emissions reduction as the energy transition gathered pace in 2020. Several major companies in the oil and gas industry affirmed their commitment to reducing emissions over the course of the year, spurred on by banks, investors and society. Despite market volatility and the sudden need for cost control in 2020, many of our customers ringfenced investment in research and development relating to technologies for a low-carbon future.

Increasing demand for digital services

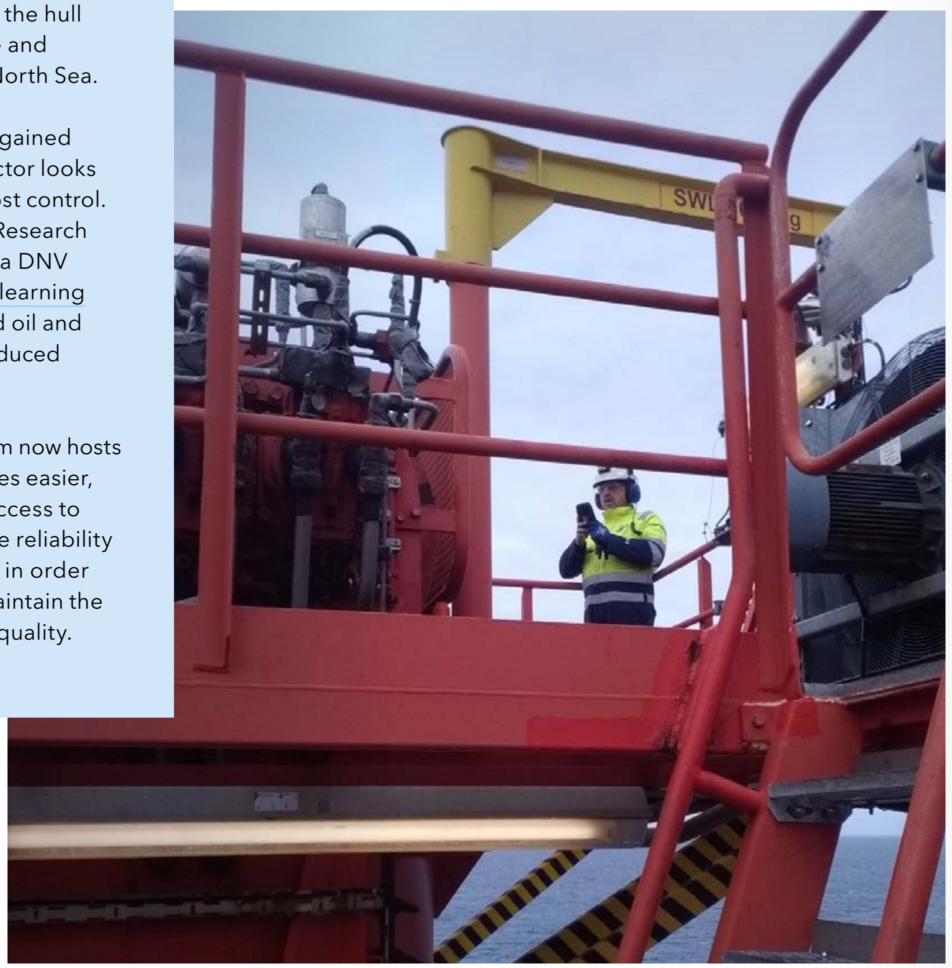
As interest in digital twin technologies is increasing, we published the oil and gas industry's first recommended practice on how to build and quality assure digital twins. We also started a pilot project with Bluewater to use hybrid digital twin technology to predict and analyse fatigue in the hull of a floating production, storage and offloading vessel (FPSO) in the North Sea.

DNV's digital expertise has also gained interest in other areas, as the sector looks to data as a primary source of cost control. We secured a contract with the Research Council of Norway, resulting in a DNV report identifying how machine learning can add value through increased oil and gas volumes, lower costs, and reduced environmental footprints.

Further, our Veracity data platform now hosts OREDA@Cloud. This tool provides easier, more efficient and interactive access to decades of offshore and onshore reliability data from oil and gas operators in order to learn from past events and maintain the highest standards of safety and quality.

Major new contracts

New contracts in oil and gas markets included a certification and classification contract for China National Offshore Oil Corporation's Liuhua 11-1/4-1 oilfield redevelopment programme in the South China Sea. Our experience globally and locally in the Gulf of Mexico also helped DNV's Oil & Gas and Maritime/Offshore Class teams to win our first combined class/verification project in the region. This project will support Australian operator BHP in developing a floating production unit for the deepwater Trion field.



Heading for hydrogen

Experts at our Spadeadam Testing and Research Facility completed safety testing work for industry-led and government programmes aiming to prove the safety case for using 100% hydrogen in existing UK gas networks to decarbonize home heating.

In the UK, Ofgem's Network Innovation Competition approved a first-of-its-kind offline hydrogen research facility to understand how transmission assets could be used to transport hydrogen in the future to heat homes and deliver green energy to industry. DNV is the lead delivery partner, designing, constructing, and operating the facility at Spadeadam. In the Netherlands, our experts also launched an international industry consortium to develop technology for a gradual transition from natural gas to hydrogen to power energy-intensive industrial processes.

Pipe-laying projects

A major milestone in one of the most complex projects in DNV's history was passed when we issued a Certificate of Conformity for the TurkStream pipelines between Russia and Turkey. Adding to our portfolio of nearly 80 standards and recommended practices for the oil and gas industry, we published DNVGL-ST-F121, a standard establishing minimum requirements and best practice for horizontal directional drilling pipe-laying projects.

In 2020, we added the AC Interference Scanner to our growing portfolio of digital tools for the pipeline industry, helping gas transmission and distribution pipeline operators to meet new PHMSA rules on preventing corrosion induced by overhead power lines. Building on a recently issued DNV recommended practice, we also launched CUI Manager – a new digital tool for assessing and managing the major risk of corrosion under insulation across the oil and gas value chain.

Enabling shifts in gas demand and supply

According to our *Energy Transition Outlook*, gas will become the world's largest energy source from the middle of this decade. Demand for liquefied natural gas (LNG) will grow, with significant associated investment in liquefaction, regasification and the pipeline infrastructure needed to connect emergent supply hubs with demand centres around the world.

In 2020, DNV secured a contract to perform yard and laboratory testing in China and Singapore for the quality assurance and control of the Arctic LNG2 project in Siberia. We also won funding from the US Pipeline and Hazardous Materials Safety Administration (PHMSA) to develop guidance on potential cascading effects from flammable vapour cloud explosions at LNG facilities.

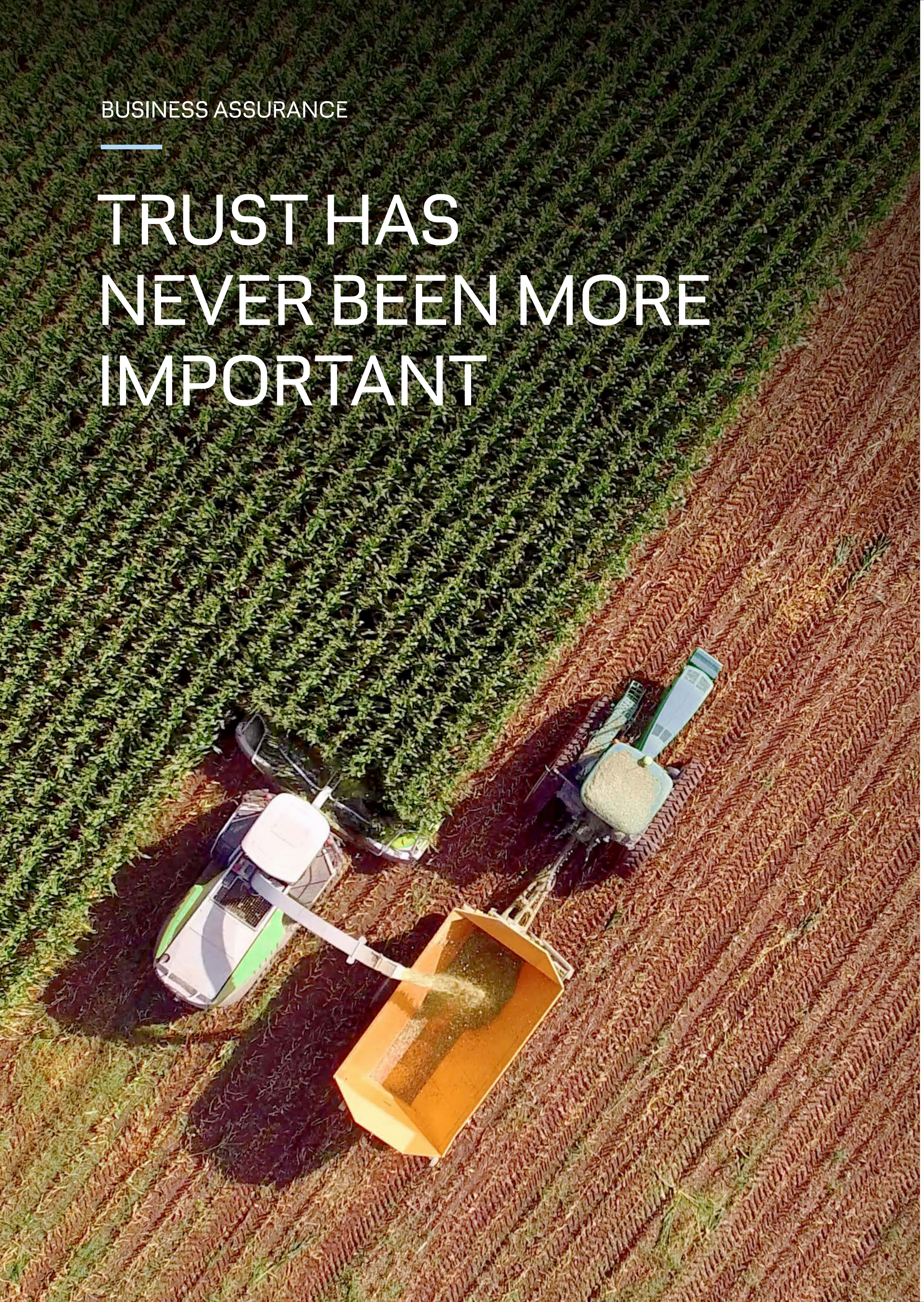
We secured a marine warranty contract and advisory projects on safety studies related to an LNG floating storage and regasification unit (FSRU) project in Hong Kong, intended to facilitate access to the competitive LNG global market. This comes in addition to a contract with CPC Corporation in Taiwan to assess the technical feasibility of an FSRU as a backup supply source before an onshore terminal is ready for operation.

Scaling carbon capture and storage

Decarbonization rapidly rose up the oil and gas industry's agenda in 2020. Emissions reductions from oil and gas production will dominate the decarbonization agenda in the shorter term, while the sector invests in researching and developing solutions to hasten deep decarbonization by scaling carbon capture and storage (CCS) technology from the mid-2030s.

In 2020, we facilitated discussions between operators on the Norwegian Continental Shelf so that they could share their experiences and identify areas for collaboration to meet decarbonization roadmap targets for the industry.

To accelerate CCS adoption in emissions-heavy industries, we signed a memorandum of understanding in 2020 with research organization SINTEF and Technology Centre Mongstad to further develop carbon capture technologies and make full-scale CCS a global reality. We also qualified technology for two full-scale demonstration CCS projects in Norway, one at a waste-to-energy plant and another at a cement factory.



BUSINESS ASSURANCE

TRUST HAS NEVER BEEN MORE IMPORTANT

Sound management systems, supplier qualification programmes and product assurance are vital for companies to grow, but the pandemic has put all these under pressure.

In unpredictable circumstances, DNV is ideally positioned to help customers sustainably build long-term resilience and trust into their operations, supply chains, products and ecosystems.

Revenue
Business Assurance

3,595 million NOK

0.9% down from last year

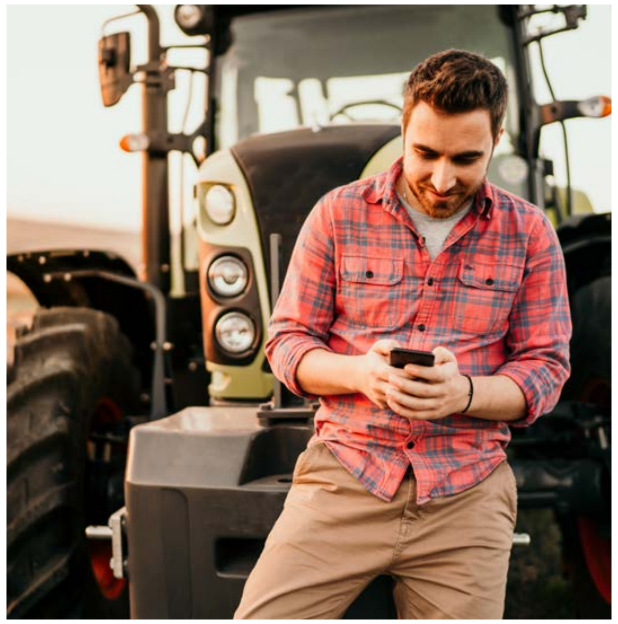
Group total: 20,911 mill. NOK

2020 REVIEW

Traceability

In 2020, DNV focused on scaling and improving existing assurance services based on blockchain solutions and other new digital technologies. The emphasis has been to increase trust and transparency in consumer-packaged goods, global supply chains and digital ecosystems. DNV combines expertise in sustainability, supply chains and new digital technologies to scale existing services and create new solutions and assurance models.

The My Story™ solution for telling the true story of a product received an upgrade. The portfolio was expanded with a new track & trace solution that helps companies fight fraud and illicit trade. This is particularly relevant for companies or brands wanting to share product claims across value chains and with consumers. In addition, much effort was spent on solutions that help companies transition from linear to circular economies by tracing products from origin to end-use and recycling.



Automating compliance with building regulations

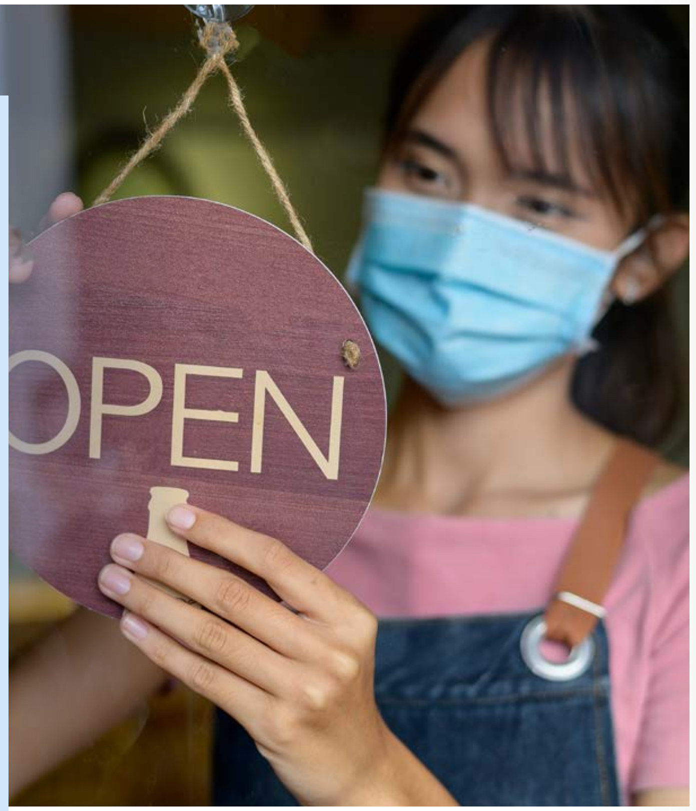
DNV also launched a novel, digital platform to help companies digitize and automate their compliance with building regulations. Applying technologies that create a digital twin of a building and matching this with always up-to-date building regulations puts control at any building manager's fingertips, both ensuring timely compliance and saving time.

Mitigating the risk of infection

A pulse survey on infection risk management identified a high maturity level among companies, but also a need for more structured systems and capabilities.

DNV launched My Care, its proprietary infection risk management methodology, to help companies measure the effectiveness of processes and identify gaps. My Care provides a systems-based maturity approach built on DNV's risk management schemes, industry expertise and infection prevention standard for hospitals.

Companies build confidence in their own capabilities, enabling lasting and resilient changes. Commitment and efforts can easily be shared with employees, consumers and other stakeholders who have instant access to the performance report stored on a blockchain.



Cleaning up oceans

Trust and transparency are now a prerequisite in sectors where the validation of authenticity and product claims influences purchasing decisions. DNV released its public Chain of Custody Standard for plastics retrieved from the hydrosphere, which is developed in partnership with The Ocean Cleanup. Certification to the standard lets any company communicate the origin and authenticity of plastic retrieved from an ocean, river or lake.

The Ocean Cleanup sunglasses made from plastic retrieved from the Great Pacific Garbage Patch (GPGP) are the first certified product. The proceeds go to further clean up the ocean and demonstrate the ability of standards to contribute to a more sustainable future.

A foundation for any operation

A DNV customer survey on risk management showed that the pandemic accelerated the adoption of business continuity plans. Companies report that they use their ISO certified management systems, such as ISO 22301, to rto have a structured approach to respond to disruption, such as a pandemic.

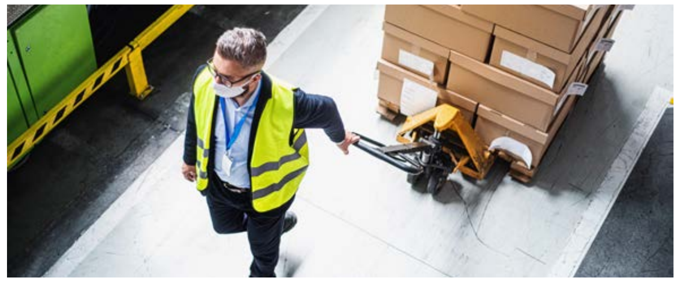
After the major updates of ISO 9001 and ISO 14001 were completed, the management system certification market stabilized in 2020 despite the pandemic. Much effort was spent to ensure continued compliance through remote audits that were approved by scheme owners and accreditation bodies for the respective standards. In addition, DNV moved quickly to make available eLearning and remote courses, allowing companies to continue mandatory training programmes. Migration to the ISO 45001 standard continued and will close in 2021.

The food & beverage, and automotive sectors – safety and trusted trade

A DNV ViewPoint survey on consumer trust in food and beverage products found that food safety continues to be a primary concern. Consumers trust brands the most to keep them safe and look to specific products for assurance. DNV has its own food safety culture programme, implemented by major producers taking steps to further evolve, and digital assurance solutions allowing producers and brand owners to communicate product features directly to consumers.

DNV was accredited for the FDA Voluntary Qualified Importer Program (VQIP) by ANSI. Part of the Food Safety Modernization Act, the program intends to ensure food safety in the US market. Certified companies can fast-track products arriving at US customs. DNV also bought a minority share in Valoritalia as part of its strategy to develop international markets.

The automotive industry was hard hit by the pandemic. Nevertheless, the pressure on functional safety and supply chain quality continues to be high. DNV saw considerable growth in functional safety activities and was accredited to provide TISAX supplier quality certification.



Supply chain management is a competitive advantage

Despite supply chains being abruptly disrupted in early 2020, companies were quickly looking to restart supplier qualification and monitoring to prevent failures. A DNV ViewPoint survey highlighted that tough times require tailored tactics and forced companies to review and improve maturity and actions. Most common were tactics to spread risk by expanding and diversifying their supplier base and exploring digitalization to improve future supply chain management and resilience.

DNV joined a working group on virtual audits to ensure ethical trading standards. The working group was set up by Sedex, a world-leading ethical trade membership organization. As part of the co-operation, DNV helped to develop the methodology and piloted the new format for virtual audits with a major global brand. DNV's virtual audits enabled companies to continue with confidence.

ESG requirements are rising on corporate agendas. Demonstrating a good ESG performance in addition to a sound credit rating is becoming essential for companies to attract investors. Assurance helps investors gain confidence and trust in companies' sustainability records. DNV is active in the growing market for green bond second-party opinions, an important scheme to help close the SDG-funding gap.

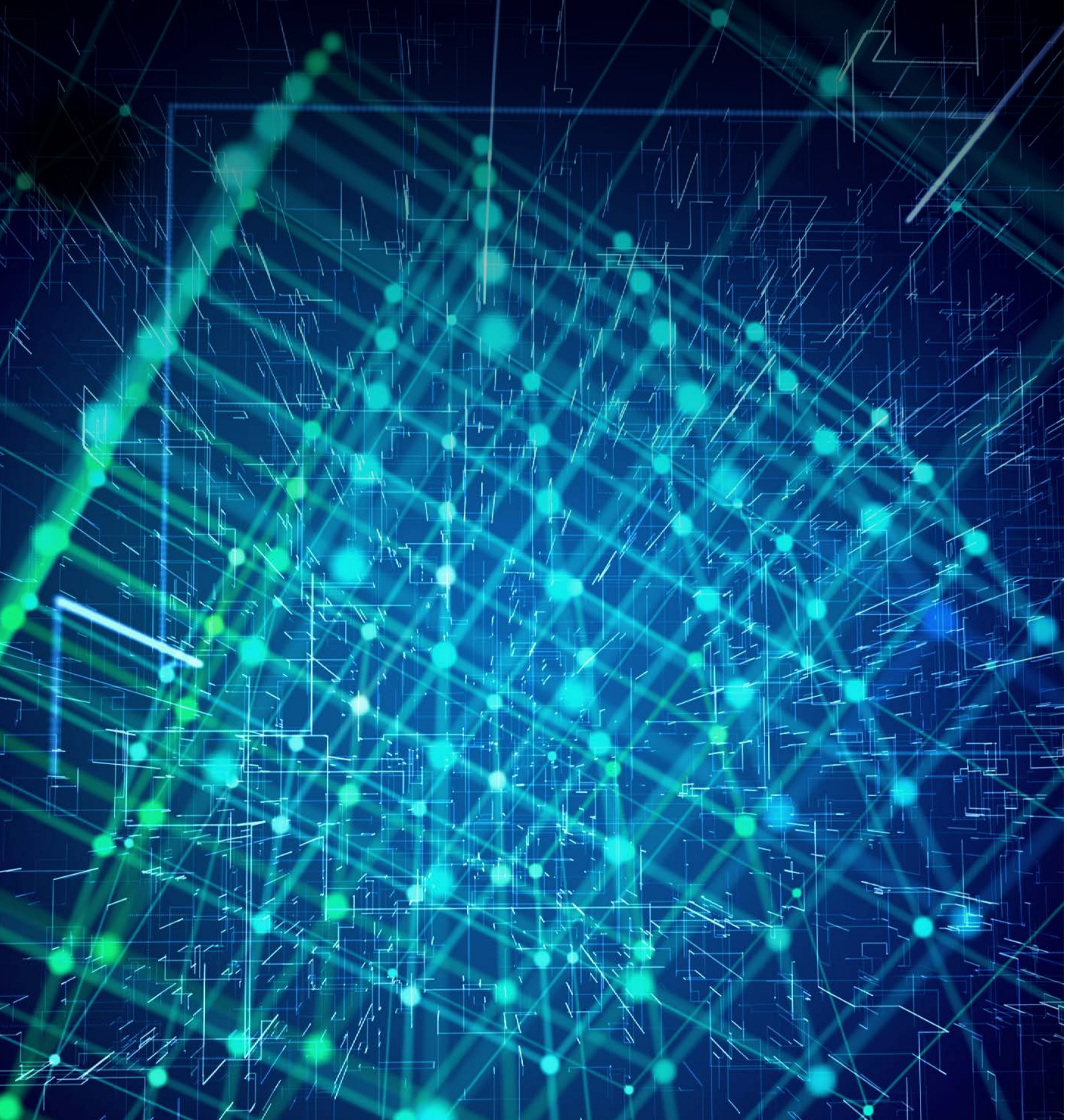
DNV was also approved as an auditing body for Responsible-Steel's certification programme designed to improve responsible sourcing and reduce ESG risks in the steel supply chain.

Trust in medical devices

DNV gained notified body (NB) accreditation under the EU Medical Device Directive (MDR) in March 2020. With the tougher regulation comes stricter demands on NBs, and these demands are expected to reduce the number of certification providers. Public scrutiny of the authenticity and safety of medical devices increased during the pandemic. Digital solutions helped to validate the authenticity of certificates and trace regulatory compliance to combat fraud and illicit trade.

DIGITAL SOLUTIONS

A STEP CHANGE IN DIGITALIZATION



The past year has put digitalization at the top of the agenda for everyone. Digital Solutions continued to build a position as a leading, global and trusted provider of software solutions, data analytics and platform services to complement our services to our core industries.

Looking ahead, our ability to enable our customers in digitalizing and managing business critical activities in a sustainable, safe and secure way through digital solutions will be extremely important.

Revenue
Digital Solutions

1,135 million NOK

8.4 % up from last year

Group total:
20,911 mill. NOK

2020 REVIEW

Addressing scale and complexity in offshore wind projects

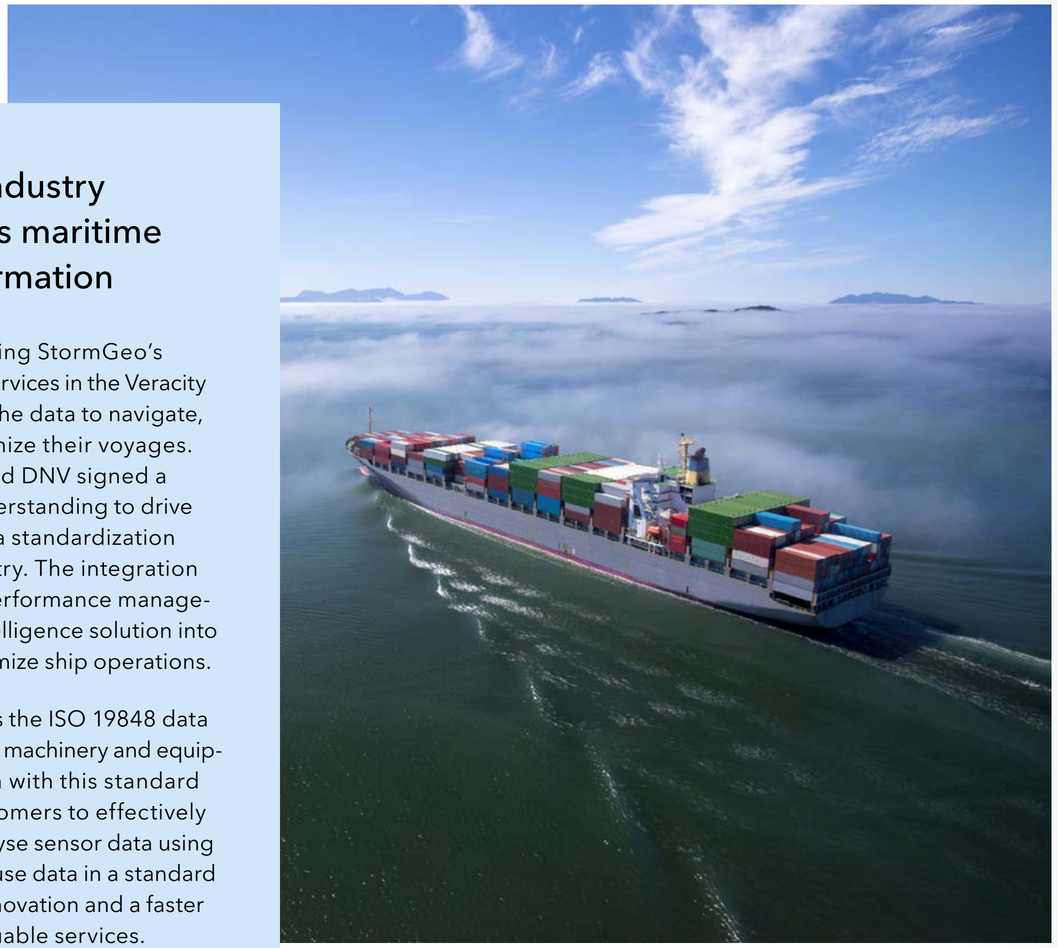
The global market for large-scale offshore wind farms is growing significantly. The engineering problems they present cannot be efficiently solved by traditional on-premise solutions. We deliver a range of analytical software as cloud services that can deal with engineering problems of unprecedented scale and complexity. In 2020, we established OneCompute as a common cloud computing platform, capable of providing any of our analytical applications as scalable services. Our software products Bladed and Sesam released new versions on the platform this year to streamline the floating offshore wind structural design process.

We also secured a contract for Bladed with Goldwind in 2020, building on a 20-year relationship with this world-leading provider of wind turbine technology and energy solutions.

Vessel traffic solution for Neptune Energy

Our innovative Offshore Operations Monitoring Service, built on Microsoft Azure and Power BI technology, was delivered to Neptune Energy in 2020. Our developers built this cost-saving solution in a matter of weeks. Neptune Energy uses the dashboard solution to organize and visualize the short-term and long-term planning of vessel traffic at the Gjøa offshore platform and surrounding areas, thus improving coordination with subcontractors.

The solution identifies possible conflicts and creates awareness and visibility for all parties when planning for the next few hours, days, weeks or months of traffic. The service builds on our existing capabilities, integrating project planning data, weather data and AIS data (Automatic Identification System data from vessel transponders) into site maps, and is available through the Veracity data platform.



The Veracity industry platform drives maritime digital transformation

Veracity users accessing StormGeo's weather intelligence services in the Veracity marketplace can use the data to navigate, plan routes and optimize their voyages. In 2020, StormGeo and DNV signed a Memorandum of Understanding to drive digitalization and data standardization in the maritime industry. The integration of StormGeo's fleet performance management and weather intelligence solution into Veracity will help optimize ship operations.

Veracity now supports the ISO 19848 data standard for shipboard machinery and equipment. The integration with this standard enables Veracity customers to effectively collect, store and analyse sensor data using the platform. Easy-to-use data in a standard format allows more innovation and a faster time to market for valuable services.

Assurance of digital assets

Through our recommended practices (RPs) for the assurance of digital assets, we are helping to build trust in data, data science and digital twins. In 2020, we published a machine learning recommended practice, RP 0510 Framework for assurance of data-driven algorithms and models.

Its methodology and checklist help users of machine learning to systematically assess the development process, the model and the risk of using the model as intended. This recommended practice is part of a suite of RPs and assurance documents targeting digital assets, including RPs on data quality assessment frameworks, the qualification and assurance of digital twins and the most recent RP on the assurance of sensor systems.

The recommended practices are based on internal expertise and feedback from key customers, consulting companies and experts in the field, and are freely available for download.

The Synergi Pipeline SaaS app helps prevent over-pressurization

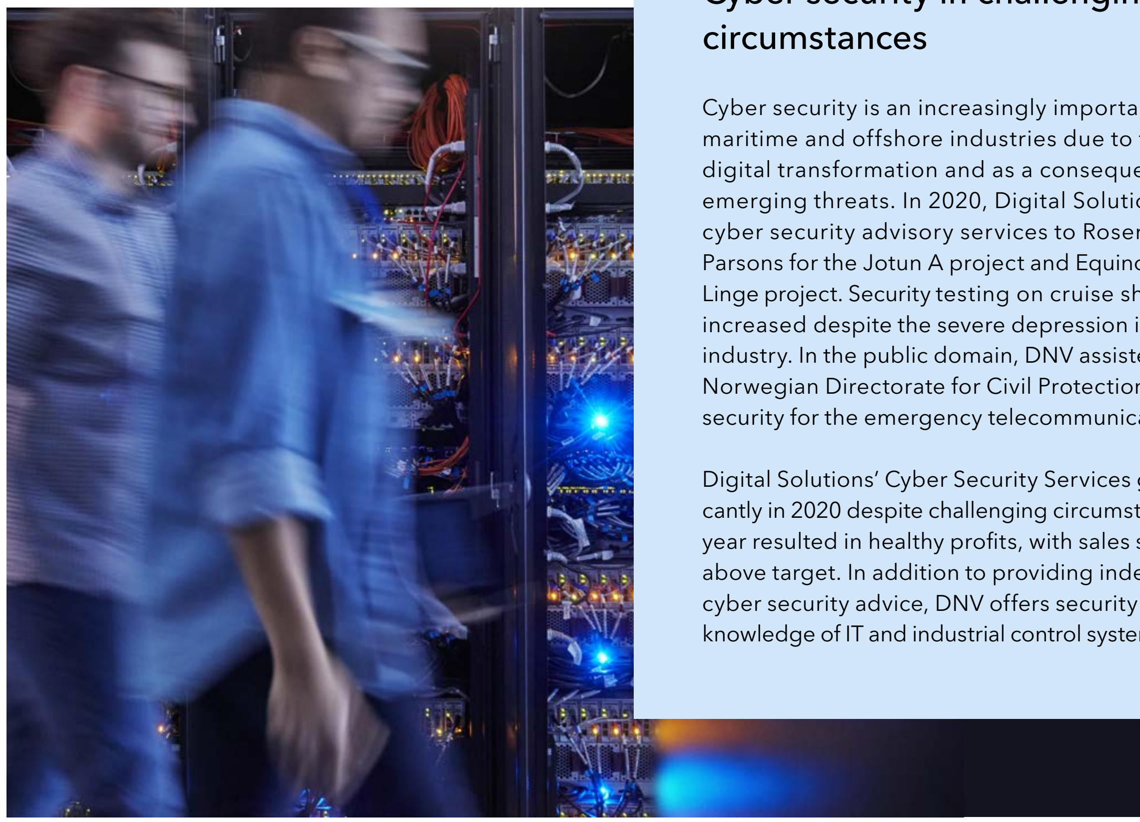
Distribution gas utility operators are seeking solutions that can help prevent major over-pressurization incidents caused by critical regulator station failure. In 2020, Digital Solutions released the Synergi Pipeline SaaS app. This app proactively identifies over-pressurization risks in gas distribution systems, and warns the operator that action must be taken to relieve pressure. The app was successfully piloted by two customers and fully commercialized by the end of 2020.

Veracity is DNV's independent data platform and industry eco-system with more than 200,000 users.

Solutions available on Veracity

In 2020, Digital Solutions permitted short-term access to Phast software on the Veracity platform. This allows customers to purchase the software quickly and easily when they need to investigate spills and leaks at process plants and refineries.

Phast is used to model and examine the progress of potential incidents at industrial sites. Customers can study the accidental spread and evaporation of liquid and gas hazardous materials, including their flammable and toxic effects. This helps customers to mitigate incidents by identifying where they should focus their efforts to contain the hazard. More software will be made available in the Veracity marketplace in 2021 and beyond.



Cyber security in challenging circumstances

Cyber security is an increasingly important topic for maritime and offshore industries due to the rapid digital transformation and as a consequence of emerging threats. In 2020, Digital Solutions provided cyber security advisory services to Rosenberg WorleyParsons for the Jotun A project and Equinor for the Martin Linge project. Security testing on cruise ships has also increased despite the severe depression in the cruise industry. In the public domain, DNV assisted the Norwegian Directorate for Civil Protection with cyber security for the emergency telecommunications network.

Digital Solutions' Cyber Security Services grew significantly in 2020 despite challenging circumstances. The year resulted in healthy profits, with sales significantly above target. In addition to providing independent cyber security advice, DNV offers security domain knowledge of IT and industrial control systems.

SUSTAINABILITY

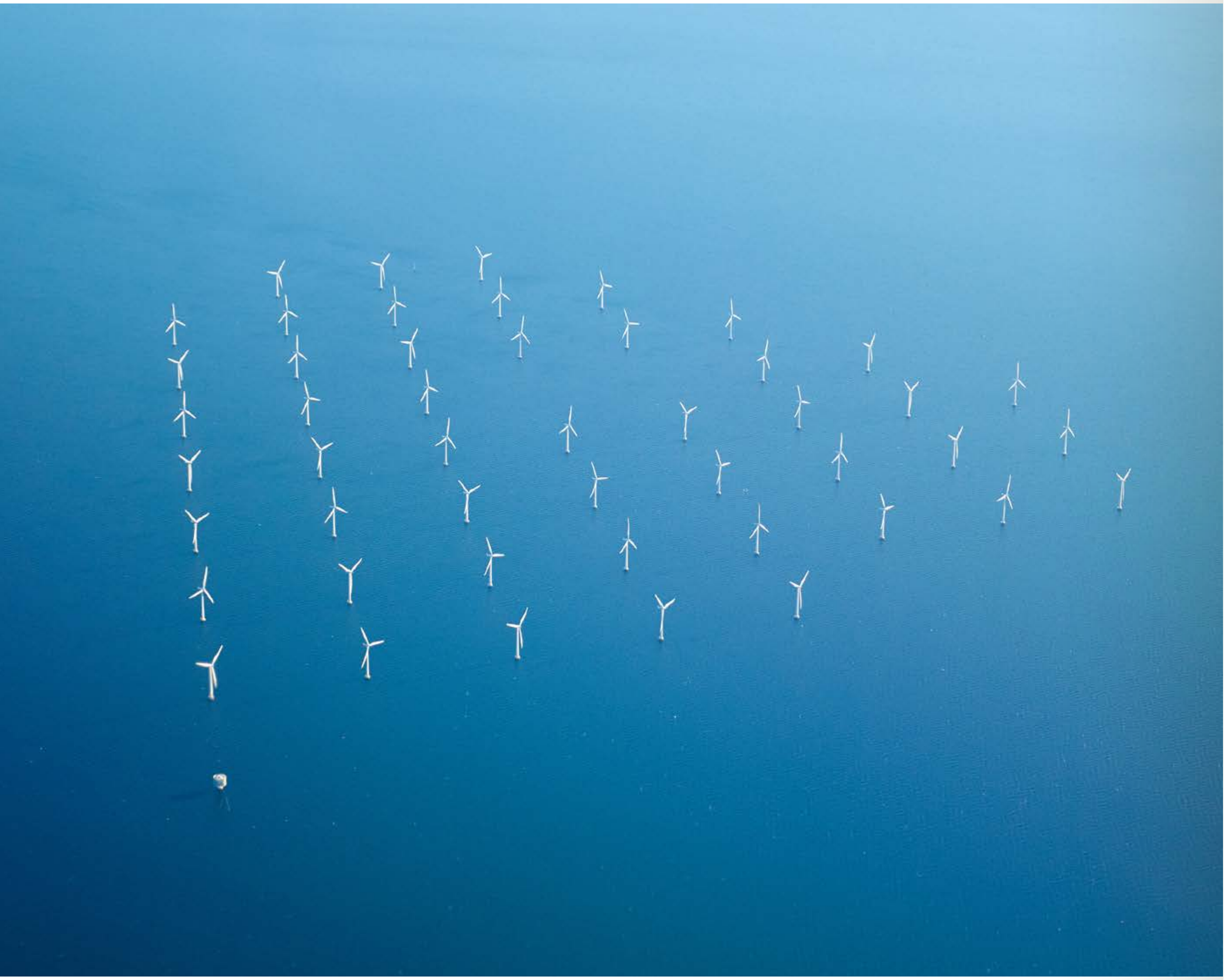
Our vision of being a trusted voice to tackle global transformations sets the direction of our business and our conduct.

This section includes how we support our customers through the products and services we provide, how we aim to continuously improve on the safety of our employees and opportunities for career development, how we protect the environment and maintain our standards of ethics and compliance in our own operations and with our business partners.

We continue to report in accordance with the Global Reporting Initiative Standards: Core option. Our GRI index can be found at the back of this report. KPMG has provided limited assurance of the sustainability content in this report. Their assurance statement can also be found at the back of the report.

VALUE TO CUSTOMERS

SUSTAINABLE INNOVATIONS



Maritime

Ground breaking LPG conversion

DNV worked with BW LPG, the Isle of Man Ship Registry, Wärtsilä Gas Solutions and MAN Energy Solutions on a world-first conversion of a Very Large Gas Carrier (VLGC) to a more efficient, cleaner-burning Liquid Petroleum Gas (LPG) dual-fuel propulsion system.

Following conversion with two additional LPG tanks and a high-pressure liquid fuel system for the two stroke engines, the environmental benefits are significant. Greenhouse gas emissions are reduced by 20%, sulphur emissions are virtually eliminated (–97%), and particulates and black carbon emissions are dramatically reduced. Fuel efficiency is also enhanced by around 10%. Retrofitting has the added benefit of extending vessel lifespan, providing a significant improvement in environmental impact and carbon footprint compared to building a new vessel.

Following flag acceptance by Isle of Man Ship Registry in summer 2020, BW LPG, the world's largest owner and operator of VLGCs, started converting 12 vessels to dual-fuel LPG engines. The first converted vessels, 'BW Leo' and 'BW Gemini,' launched later in 2020. Following successful conversion, all vessels will receive the newly-developed DNV class notation 'GF LPG'.

Zero emission 'mosquito fleet' for the modern day

DNV and not-for-profit, Washington Maritime Blue, are leading a consortium to design a high-speed, low-impact electric hydrofoil passenger ferry. The idea behind the innovative zero emission concept is to recreate the 'Mosquito Fleet' of the 1850s to the 1930s – the numerous ferries that travelled from port-to-port in Washington State like a "swarm of mosquitoes." The project is part of Washington State's strategy for the Blue Economy and helps to fulfil green transport goals by connecting urban, suburban and rural communities with a low-impact alternative that can help take cars off the road and reduce congestion.

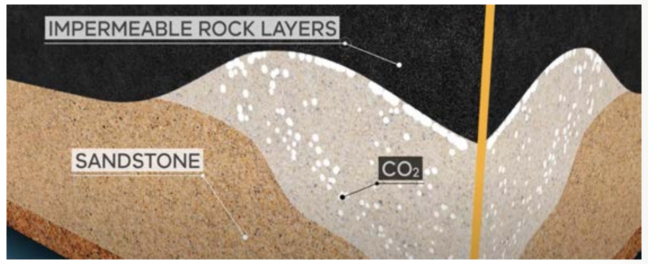
The foil ferry, designed by Bieker Boats and Glosten, uses the latest innovations in hydrofoil design, lightweight carbon fibre construction and battery technology. The design includes options for fully electric propulsion or diesel-electric hybrid for extended range. The diesel-electric option offers two to three times better fuel efficiency than conventional fast ferries with the potential to save 1,500 tonnes of CO_2 emissions a year per ferry. The fully electric version offers even greater improvements and financing has been secured to continue the development process. The project includes mapping infrastructure requirements and environmental impacts.

Oil and gas

Supporting offshore carbon capture and storage

DNV has worked with the CarbonNet project in Victoria, Australia, to develop a commercial-scale offshore carbon capture and storage (CCS) network by 2030 that will support the decarbonization of existing and new local industries. Once operational, the CarbonNet CCS network will be large enough to store up to five million tonnes of CO_2 per year for 25 years, equivalent to the emissions of one million cars every year.

Our oil and gas experts provided assurance that the storage site has been investigated in line with industry best practice and that the carbon storage will be permanent and safe. Using DNV recommended practices for geological storage of CO_2 and the certification framework for CO_2-storage sites, we have certified the site feasibility for CCS and verified the project appraisal plan. An independent review has confirmed that CarbonNet has met the technical and regulatory requirements for a CO_2-injection licence and the project can now proceed to commercialization.



Supporting Norway's low-carbon goals

Carbon capture and storage is part of Norway's plan to become a low-emission society by 2050. Through late 2019 and early 2020, DNV checked and approved the technology for a full-scale carbon capture demonstration project at Norcem's cement plant in Brevik, Norway. Cement making accounts for 5–7% of global CO_2 emissions and the 'Longship' project intends capture, liquefy and store 400,000 tonnes of CO_2 emissions from the Norcem plant annually. In December 2020, the Longship project received funding from the Norwegian Government.

Once captured, the liquid CO_2 emissions will be transported and permanently stored 2.5 km below the seabed through the Northern Lights project, Europe's first industrial demonstration of CO_2 transport and undersea storage.

Our oil and gas experts evaluated potential risks and mitigation options for the carbon capture technology, developed by Aker Solutions for Norcem's cement plant. The carbon capture plant includes many novel elements and we verified that it meets two DNV recommended practices on technology qualification and qualification procedures for CO_2 capture technology. Heidelberg Cement, Norcem's parent company, stated that DNV's assurance created trust that the risk to the project relating to novel technology was low.

During 2020, our experts also supported the Northern Lights carbon transport project recommending a test program for CO_2 pipelines to mitigate against cracks developing and growing, and providing structural reliability analysis for wellhead fatigue.

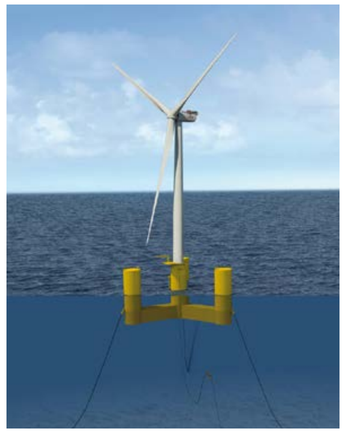
Energy

Sourcing renewable electricity easily

Instatrust™, DNV's new digital green power procurement platform, is an innovative way for corporate electricity buyers to meet their sourcing goals for renewable power. One of Instatrust's™ first customers was a large European telecoms and technology provider, that quickly and easily sourced 100 gigawatt hours (GWh) of renewable electricity to meet its needs and help achieve its sustainability goals. Since launching in June 2020, 35 companies worldwide have signed up to Instatrust™ and 1,370 GWh of renewable energy has been added to the platform.

The tool connects energy buyers with renewable energy sellers, and provides analytics allowing them to compare, source, screen and manage the risks of green power procurement options, including corporate Power Purchase Agreements (PPAs).

Instatrust™ brings more transparency and liquidity to the PPA market and delivers quicker and more efficient sourcing than traditional RFP processes. Automated scoring of seller projects using DNV's proprietary scoring methodology allows companies to select sellers and projects with the best fit for their needs. This includes project matching and feasibility, and seller's profile score. The platform also provides market insights and feedback to all sellers, increasing transparency within the PPA market.



DNV certification brings commercial floating wind a step closer

In 2020, our energy experts certified Naval Energies' floater design for offshore floating wind power. With the certification, DNV has confirmed that Naval Energies' design and calculation methods are in line with the latest standards and recommended practices.

We also approved the specific floater design for the offshore floating wind farm project in Groix and Belle-Île, France. The certification is an important step in developing this emerging technology.

Our *Energy Transition Outlook* report forecasts exponential growth in floating offshore wind energy in the coming decades. Growing from 100 MW today to more than 10 GW in 2030, and 250 GW in 2050 – around 2% of global power – floating offshore wind is an exciting new energy source for the future. With all new technologies, certainty and risk minimalization are key and for the successful commercialization of floating wind, certification is essential for reducing risk factors for everyone involved.

Digital Solutions

Cloud computing platform reduces IT energy footprint

OneCompute is Digital Solutions' cloud-based computing platform providing engineering analytics software for structure, pipeline, renewables and plant applications. Many large-scale engineering projects pose problems that cannot efficiently be solved with limited on-site computing power.

Using the cloud, OneCompute software helps solve engineering problems of unprecedented scale and complexity without the need for extensive IT hardware onsite. This has numerous benefits including saving energy. By turning computers on and off according to processing demand, OneCompute helps to use IT hardware efficiently reducing energy demand. Results show that OneCompute is between 22% and 93% more energy efficient than traditional data centres.

Business Assurance

Building trust in ocean plastic products

DNV has certified The Ocean Cleanup's first-ever product made from plastic collected from the ocean. 'The Ocean Cleanup sunglasses' are certified according to DNV's chain of custody standard for reclaimed plastic from the hydrosphere (oceans, rivers, lakes). The standard was developed by DNV in a partnership with The Ocean Cleanup and provides a best practice to certify the source and authenticity of abandoned plastic and build trust in new products made from reclaimed plastic.

The standard and certification scheme are the result of an increasing need to verify reclaimed plastic claims, setting authentic products apart from frauds.

It is a public standard, available to any organization needing to build trust and transparency within their reclaimed plastic value chain.

Proceeds from the sale of the sunglasses will provide funding for further cleanup of ocean plastic in the Great Pacific Garbage Patch. The Ocean Cleanup estimates that proceeds from one pair of sunglasses will clean an area equivalent to 24 football fields and if every pair of sunglasses is sold, an area equivalent to half a million football fields can be cleaned. Needless to say, it is essential that consumers know they are truly contributing to cleaning the ocean and DNV's certification provides this reassurance.

Verifying the origin of surgical masks during a pandemic

DNV's blockchain platform has enabled Italian luxury fashion house, Giuntini, to guarantee the authenticity and quality of surgical masks it started producing in response to the COVID-19 pandemic. Alongside the massive growth in demand for personal protective equipment (PPE) due to the pandemic, there has also been a rise in counterfeiting putting people at great risk. Ensuring a steady supply of verified and traceable PPE has become essential. By applying DNV's end-to-end, blockchain-enabled transparency, traceability and supply chain controls, Giuntini have supplied 205 million masks, helping to keep people safe during the coronavirus crisis.

VALUE TO CUSTOMERS

CUSTOMER SATISFACTION

Why it matters

Strong customer relationships are essential to our success and our vision is to be a trusted voice to tackle global transformations. We work towards our vision by delivering services that truly meet our customers' needs, helping them solve problems, make the most of their opportunities and, ultimately, enhance their own business success.

We believe that a customer-centred approach – one that delivers excellent customer experiences and creates close, value-adding relationships – leads to competitive advantage. This ambition is at the heart of our new strategy and each of our business areas is tasked with strengthening customer relationships and maintaining high customer satisfaction.

Progress in 2020

Measuring satisfaction at Group level

In 2020, we improved how we measure customer satisfaction at a Group level by gathering common feedback from all business areas on three core dimensions: overall customer satisfaction, customers' preference for DNV over other suppliers, and their willingness to recommend us. The purpose is to have a common metric for evaluating customer satisfaction.

DNV GROUP

83.1

OUT OF 100

The customer satisfaction 2020 score is above industry peers.

The scores are combined to create Group Customer Relationship Strength Score (CRSS), which serves as a leading indicator for the Group's future business performance. It is an average score for all business areas, weighted by revenue, and the purpose is to monitor and improve the overall trend for DNV as a whole.

Our score of 83.1 in 2020 is above industry peers, according to the independent research company that helped to develop our customer satisfaction scoring. We believe we can improve this further, however, and have set ambitious targets to improve customer satisfaction to 84 in 2021 and 85 by 2025.

Business area satisfaction

All our business areas conduct annual transactional feedback surveys, but in addition to this, most of our business areas also conduct more in-depth customer satisfaction studies. Differences between the business areas occur because we use different methodologies and systems to measure satisfaction.

MARITIME

5.55

OUT OF SEVEN

Customer satisfaction remains at a very high level with a rating of 5.55 out of seven (2019: 5.46).

Maritime conducted its annual customer satisfaction survey in 2020, receiving 3,866 responses from 2,562 customers. Customers again rated Maritime very highly on our service delivery and commercial interaction. We also improved performance in relation to our competitors.

OIL & GAS

8.9

OUT OF TEN

Customers provide a rating from one to ten and in 2020 our average score was 8.9 (2019: 9.0), above the target of 8.5.

OIL & GAS measures individual customer satisfaction with surveys on project completion. We changed our process to improve the low response rate registered in previous years, and in 2020 we received survey responses from 17% of eligible projects compared to only 1.4% in 2019.

ENERGY

79

OUT OF 100

Customer satisfaction has increased from 64 in 2016 to 79 in 2020 (2019: 75), just short of the target of 80.

ENERGY continued to improve its annual customer relationship strength indicator (CRSI) with key accounts in 2020. This indicator measures relational customer feedback on a 100-point scale. Customer satisfaction score increased, reflecting an impressive improvement in customer focus.

BUSINESS ASSURANCE

5.19

OUT OF SIX

We received avery high average customer satisfaction score of 5.19 (out of six), showing improvement on the 2019 satisfaction score (5.14).

Business Assurance measures individual customer satisfaction with project completion surveys. In 2020, we received more than 11,000 answers and a very high average customer satisfaction score of 5.19 (out of six). Customer satisfaction continues to be well above the threshold of full satisfaction (five). At year-end, our Net Promoter Score was 32, which confirms the good performance and is an improvement compared to 2019 (29).

DIGITAL SOLUTIONS

85.9

OUT OF 100

The average CRSS score for 2020 was 85.9 with a Net Promoter Score of 45.8.

Digital Solutions maintained its high customer satisfaction level measured by its annual relationship survey. Last year, we also improved instant transactional customer feedback from events like webinars, project delivery, training and support, receiving more than 2,800 responses. Our focus going forward will be on customer experience feedback and analytics through all steps of our different customer journeys.

Looking ahead

Based on an average Group CRSS score of 83.1 in 2020, our target for 2021 is to increase the average score to 84, which is a very high satisfaction score according to our independent survey partner. By 2025, we aim to increase the score to 85.

Throughout 2021 and into 2022, we will implement a new Customer Relationship Management (CRM) system. This will cover the whole of DNV except Business Assurance, which recently adopted a new CRM system that it will continue to use. The key objective is to establish systems and processes that improve how we manage our customer relationships, including customer data handling, feedback measurement and reporting.

As we roll out the new CRM system, we will use the opportunity to adopt best practices to continue to improve how we measure, report and improve customer satisfaction and relationship strength across the Group.

Brand strength

Maintaining the trust of customers and other stakeholders has enabled DNV to grow over its 157-year history. In our last survey, 77% of respondents expressed trust in DNV. In 2022, we plan to re-run our global brand survey to improve our understanding of stakeholder trust in DNV compared to our competitors. As with the previous survey, we use the results to identify areas where we can improve our services.

Approach

A customer-centred approach to business is anchored in our strategy. For DNV this means:

- Delivering a superior customer experience
- Enabling our customers' aspirations by delivering services that truly meet their needs, helping them to solve problems and make the most of their opportunities
- Placing customers first with a proactive and responsive approach and utilizing competence across the organization to the benefit of customers.

Our aim is to continually serve our customers in a proactive and responsive way, including using digital solutions to improve their experiences and our cost competitiveness. We focus on developing a customer-centred working culture, one in which our commitment to customers drives a curiosity and desire among our people to anticipate customer needs.

We create key account management plans for our most important customers, served by dedicated key account managers. Key account managers are responsible for understanding and anticipating customer's needs and matching these with DNV's experts and services.

The success of our customer-centred approach is measured by the value we create for the customer through projects, customer satisfaction and relationship strength, and market share within specific market segments.

VALUE TO CUSTOMERS

DATA PRIVACY AND SECURITY

Why it matters

DNV is a strong advocate for digital technology. Harnessing its benefits to improve how we operate and make a difference to our customers and wider society is an important focus for us. Our strategy is to provide future-fit services that are digital, automated and data driven.

Alongside the benefits of digital technology, there are clear risks to be managed relating to cyber-crime and data protection.

These are high priorities for our stakeholders and demand our close attention. At DNV, data security is a natural extension of our purpose within the digital age – 'to safeguard life, property and the environment'.

We focus on ensuring our own cyber security to mitigate digital and data risks, and we use our skills to help customers do the same. Alongside digital security, our data protection management system works to protect the right to privacy of our employees, customers, suppliers and business partners in line with the European General Data Protection Regulation (GDPR).

Progress in 2020

Rapidly scaling remote working

With the sudden need for remote working due to the coronavirus pandemic, our IT platform has proven to be rapidly scalable and highly robust. Together with Global Shared Services IT (GSS IT) capabilities, our IT platform has been instrumental in moving our operations into 'remote mode'.

Remote working has raised some new issues that have been overcome during the year. GSS IT, along with our Digital Solutions business area and other security specialists, have stopped the use of insecure, or potentially insecure, digital services that have not been verified internally, such as video conferencing systems.

Data security

Following our personal data risk assessment on governance and accountability in 2019, we addressed identified risks in 2020. These included data flows and data transfer, security and privacy by design, data subjects' rights, and training and awareness.

A new data protection risk assessment survey was launched in 2020 to capture input from selected internal stakeholders. The outcome of the risk assessment will be used to identify and prioritize focus areas for data protection in 2021 and beyond.

In addition, a follow-up maturity assessment using an external provider was conducted to evaluate the changes to DNV's data privacy maturity level compared to the previous year.

Our data maturity level increased, primarily through improvements to privacy risk management, information governance and classification, and defining privacy policies and procedures.

Following the arrest of a former employee on espionage charges, an information security improvement task force was immediately set up to examine potential data security breaches following the espionage case. The task force is working closely with the relevant authorities as part of this investigation.

Personal data protection

The cross-business network consisting of DNV business areas, Group functions and our Global Shared Services unit met twice in 2020 to ensure the business remains up-to-date on notable developments relating to personal data protection. Topics discussed included EU-US Privacy Shield invalidity, cookie consent, prominent personal data breach cases and interpretation of documents related to the GDPR.

All business areas completed data protection risk assessments during the year and have incorporated personal data risk into their risk management processes. Personal data protection risk has also been included in the Group global risk register, as this is a priority risk for DNV to assess and mitigate.

Awareness and training

Successful data protection starts with a high level of awareness and security consciousness. We provided further data protection training for our employees in 2020. By year-end, more than 80% of selected employees completed a mandatory e-learning on data protection. A new mandatory express training was launched at the end of 2020 to train line managers on handling personal data and enabling them to provide guidance to their teams. The training will be provided through Q1 2021.

COVID-19 increased the need for handling employee health data in line with data protection laws. As a result, we took the opportunity to improve awareness by providing guidance on interpreting data protection law in light of COVID-19 measures. The data protection network received regular updates to share around the business and we published articles on topics such as remote auditing, use of tracking apps and safe return to office working.

At our new Global Shared Service (GSS) Centre in India, virtual classroom training was delivered remotely to finance and people functions explaining GDPR and how it applies to DNV outside Europe, and how to handle personal data breaches. Other training focused on privacy by design in digital product management, expectations of leaders in digital compliance and better understanding of data flows in DNV.

For cyber security, a new wave of security awareness training was made available to all employees and associates covering emerging potential threats, such as phishing emails using COVID-19 topics. We have also increased information sharing on cyberattack incidents, using our internal Yammer social media platform.

Awareness of cyber security among our employees is critical

Looking ahead

Data security

Awareness of cyber security among our employees is critical and we have plans in place to enhance security awareness, skills and behaviour in 2021. Plans include strengthening our information security forum and the security champions network through regular meetings and knowledge sharing sessions. We will also upgrade our information classification system on the sensitivity of digital data and further improve the security of our digital services.

To enhance the focus on information and data security across DNV, we aim to achieve Group-wide certification to the ISO 27001 standard on information security in 2021, combining the ISO 27001 certificates we currently hold in different parts of the organization.

Personal data protection

In 2021, we will intensify communication within our data protection network with quarterly meetings allowing participants to report from their regions. Further action areas for 2021 onwards are based on risks identified in the 2020 data protection risk assessment survey, including retention of personal data, purpose limitation and managing third party risks.

We will continue to monitor and address data protection in a number of areas, including: lifecycle management of applications from launch to end-of-life; new legal initiatives; unstructured personal data outside of production systems; and emerging financial or reputational risks related to data protection.

A new voluntary training for all employees on unstructured personal data will also be launched in 2021.

Approach

IT and data security

DNV employees are contractually obliged to maintain strict client confidentiality and undergo background checks before employment.

Our GSS IT function invests significant resources in continuously monitoring and repairing new and emerging threats or vulnerabilities to our IT systems in line with best practices. We work on the cyber-security principle of 'assume breach', assuming that competent and resourceful attackers will be able to break into our systems and we therefore direct resources into our ability to detect and mitigate such security breaches.

In partnership with our main IT vendor, IBM, we use machine learning to develop smarter algorithms to identify the most significant threats and to detect and prevent cyberattacks. Most attack attempts on DNV are phishing or payload/malware attacks that use email as the attack vector. As a result, we believe that investing in employees' cyber security awareness and competence is essential.

To ensure that DNV adheres to the highest level of data protection, our information security management systems are certified to the ISO 27001 information security standard. In 2021, we will achieve Group-wide ISO 27001 certification (excluding Business Assurance). We have a detailed information classification system to segment and secure more sensitive information within our IT system. We use our regular audits to check and identify opportunities for improvements.

Our GSS IT function operates a Computer Emergency Response Team that is activated during more complex and advanced cyber security situations.

Personal data protection

Data privacy is an essential part of ensuring legal compliance. We maintain our understanding of the data protection landscape through our data protection network, training, legal advice and monitoring cases raised by data protection authorities in the countries and regions where we operate.

DNV has an established data protection management system that is in line with the ISO 19600 standard on compliance management (see page 81). Responsibility for data protection sits with Group compliance and the global data protection officer. We have a comprehensive suite of policies, guidelines and instructions that set our standards for data privacy and ensure we protect the personal data of employees and customers.

All of our documentation and processes are aligned with, and fulfil, GDPR requirements. An important enabler for data protection is training all employees, and especially those dealing with personal data as part of their daily work.

Customer data is handled in accordance with the confidentiality obligations outlined in the terms and conditions of our customer contracts. We are also a Binding Corporate Rules (BCR) certified company, meaning that customer and employee data can be transferred within DNV Group to countries outside the European Union and European Economic Area.

We believe that investing in employees' cyber security awareness and competence is essential.

VALUE TO EMPLOYEES

EMPLOYEE HEALTH AND SAFETY

Why it matters

Although 2020 was a year like no other, our focus on safeguarding employees was stronger than ever. For DNV, safeguarding our people is as much about maintaining a healthy and resilient workforce as it is about preventing work-related illness and injuries. Facing COVID-19 restrictions and changes to normal work patterns, supporting employee resilience and wellbeing was a priority during the year.

Our health and safety ambition is to achieve zero harm to anyone working for, or on behalf of DNV, and we maintain the view that no work is so urgent or important that it cannot be conducted in a safe and healthy way.

The resilience of our employees is extremely important, and this is why we invest in a future-fit and healthy working environment for our people.

We empower our people to make the right decisions about their own safety, health and wellbeing every day and equip them with the knowledge and skills to deliver exceptional health and safety performance. The main health and safety risks our people face come from: field work; slips, trips and falls; stress linked to high workload; and driving. The pandemic and the prolonged working from home situation have also introduced new risks to our employees' physical and mental health. These risks have been a high priority to monitor and address.

Progress in 2020

Safeguarding our people

Our occupational health and safety performance in 2020 continued the positive trend seen over recent years as we strive towards our ambition of zero harm.

Full details of our performance, including regional breakdowns, are provided in the performance section on page 65.

With coronavirus restrictions in place in many countries during 2020, we performed less on-site work, switching to more remote services. The slight reduction in the lost time injury rate may be attributed to this.

In general, overall sickness within DNV is low, but the COVID-19 situation added new causes of stress relating to anxiety and uncertainty. We are monitoring the potential impact on employees, but it is too early to draw firm conclusions on actual impacts.

In May, we successfully transitioned from the OHSAS 18001 safety management system to the new ISO 45001:2018 standard globally, well ahead of the required transition deadline of March 2021.

Our headline safety rates in 2020 were:

- **Injury rate fell to 0.7** (2019: 0.9)
- **Absentee rate fell to 2.0%** (2019: 2.3%)
- **Resilience index improved to 7.8** (2019: 7.5)

Strengthening resilience

Adapting to the COVID-19 crisis

Across the organization, local crisis management teams have worked to support our people through these unprecedented times, guided by our values. The rapid onset of changes and uncertainty surrounding the business context and the wider world has brought new pressures and challenges for our employees.

We are closely monitoring the impacts of the pandemic on our people. Early evidence from our employee engagement Pulse surveys, HR managers and our country management teams shows that our employees have coped well, adapted to the situation and showed strong resilience.

We have recorded some cases of ill health related to ergonomics in the home environment and we initiated local initiatives to mitigate these.

Resources to support employees in times of rapid change

We launched a range of resources in 2020 to help all DNV employees maintain and strengthen their resilience in these challenging times, and to gain increased awareness of their physical and mental health and wellbeing.

As a direct response to the pandemic, we launched a global COVID-19 information hub on our intranet in early February. The hub provides extensive guidelines on how employees can safeguard themselves, their colleagues and our customers while working remotely. The global hub was accessed almost 40,000 times during 2020 and provides direct links to each business area's COVID-19 information pages.

In addition, we launched:

- A resilience webinar providing tools and techniques for employees to strengthen their resilience. The webinar has been very well received and 266 employees participated in the nine webinars delivered in 2020. It has also been converted into an online learning module and will be available to all employees through our learning platform in 2021. In 2020, 38 employees enrolled for the online version.
- 'Leading remotely' are three facilitated webinars for leaders, exploring the key skills needed to manage remote teams. Taking learnings from day-to-day business and how the trust equation shifts when working online, the webinars provide theory as well as hints and tips on how leaders can build trust and motivation within teams, colleagues and customers while working remotely. Close to 700 managers have attended the webinars.
- Responding to the pandemic, North America has piloted an intuitive web-based self-assessment tool to help employees to configure their workstation for optimal health and comfort.
- The Maritime business area developed the #staysafe campaign to encourage our surveyors to take extra precautions during their work. The campaign included a series of mini videos where surveyors shared their experiences and newsletters highlighting potentially serious incidents and actions needed to avoid recurrence. A Life Saver video on precautions to be taken for COVID-19 was also produced and distributed.
- Depending on local conditions and legislation, our country chairs were responsible for implementing measures to mitigate the impact of the pandemic on their employees. Examples included digital workouts and financial support to buy basic office equipment to support working from home. Pulse surveys have shown that these efforts demonstrating care for employees' health and safety have been well received (see measuring resilience).

New health and wellbeing platform

We created a new health and wellbeing platform in 2020 that was available to all employees from July to December. The platform aimed to engage employees on their physical, mental and social wellbeing. Employees were encouraged to use the platform's tools, training and resources to increase wellbeing, strengthen resilience and stay fit for work. Resources included:

- Daily tips on health and wellbeing
- Personal, guided journeys and programmes that let employees choose how to get healthier
- Competing in mini-personal challenges with friends
- Tracking chosen healthy habits
- Healthy habit challenges in mental health, nutrition and sleep.

The updated health and wellbeing platform was made available to 10,000 employees and used by 13% of of them (1,319 employees). We would have liked higher uptake, but, due to the special circumstances of the pandemic, it is difficult to assess why it was not more used. In addition, our in-house Resilience Framework was accessed by 1,450 employees in 2020, adding to the 3,025 employees who accessed it in 2019. Our resilience framework is a long-term initiative providing tools, techniques and resources to help strengthen employees' individual resilience and develop a growth mindset.

Measuring resilience

We use a Resilience index to monitor employee resilience across the whole company. The index is based on our employee engagement Pulse survey and enables managers to follow-up issues in local business units in a timely manner. The survey includes the following specific questions:

- My work schedule is flexible enough to deal with family or personal life
- My manager cares about me as a person
- DNV really cares about my health and well-being
- I find my workload manageable.

Responses to questions related to resilience have been positive and steadily improving across the organization during the COVID-19 crisis. The question, "DNV really cares about my health and wellbeing," has improved the most, scoring 7.7 at the end of 2020 compared to 7.2 at the end of 2019.

CASE STUDY

Dealing with stress

In connection with World Mental Health Day on 10 October, a Mental Health Awareness Week was run for all employees in the Global Shared Services (GSS) function of DNV. With prolonged uncertainty relating to coronavirus, the purpose was to create awareness around mental health in the workplace and how to strengthen our own mental resilience. The importance of mental health is underlined by the statistic that stress is the second most frequently reported work-related health problem in Europe today (source: International Labour Organization).

The main ambition was to create an open and inclusive work environment where employees feel able to express themselves and share potential stresses that may affect their work. We therefore focused on important fundamentals for mental health like psychological safety and the importance of good working relationships.

Altogether four webinars were conducted, two for line managers and two for the rest of GSS. Interest from employees was overwhelming, with around 700 people – close to 60% of all GSS staff – joining the webinars. Feedback from the sessions has shown the Awareness Week initiated important discussions and great ideas for how to reduce social stigma around talking about mental health. The webinars were also recorded and are available for all DNV employees on the intranet.

Embracing our new values

Our refreshed values are more relevant now than ever. Following their launch in early 2020, the new values have been fully incorporated into our health and safety work processes.

How our values are reflected in our approach to health and safety:

WE CARE for ourselves and our colleagues to ensure we stay safe, resilient and fit for work; we balance our work and home priorities.

WE DARE to say no and stop work if it is not safe, or if it compromises on quality or our integrity.

WE SHARE our expertise, knowledge and learnings from incidents to continuously grow, develop and improve.

Throughout 2020, there have been many positive examples of how employees have lived up to our We CARE value; reaching out to support each other and help maintain strong resilience during COVID-19. Examples include, breakfast clubs, Friday virtual pubs and Maritime Mystery Coffee, which motivates colleagues to take a coffee break and expand their network by meeting other colleagues from around the global organization. In many cases, we have also seen evidence that check-ins and communication between employees and their managers have become closer and more frequent during remote working.

Simplified health and safety governance structure

Our goal is to work in an agile way to safeguard our people. To ensure we operate in line with our digital transition and our new 2021–2025 strategy, a simplified and less bureaucratic health and safety governance structure was implemented in 2020. The new structure gives managers and employees the flexibility to implement our Group-level principles and requirements in ways that best fit their organization and operations.

Incident reporting and learning from incidents

In 2020, we continued our focus on reporting near misses and hazards. Significant near misses with the potential for high consequences were shared with top management and are made available to all employees on the intranet. With the new version of our incident reporting tool, the automation of incident and hazard reporting has successfully been implemented using a machine learning module. When using this tool, the user only needs to write a description of the incident or hazard and based on historical data the rest of the fields are automatically filled in by the system.

With this simplified reporting process, the goal is to capture more incidents and hazards, learn more about the risks we face and improve prevention. In 2020, 7% of reported cases were recorded using machine learning.

Looking ahead

Health and safety support network

In 2021, we will continue to improve our health and safety support structure to ensure we safeguard our people and deliver a more agile way of working in line with our digital transition and new strategy.

Health and wellbeing

In 2021, we will develop further in-house resources for employees and managers, such as our resilience framework, to support them in strengthening individual and team-based resilience and contribute to delivering our new strategy.

We will:

- Explore and identify how mental health support for managers and employees can be strengthened and tailor-made to fit the organization
- Look into 'future ways of working' such as working from home with a flexible set-up and enhanced focus on ergonomics
- Analyse the resilience and health results from our employee Pulse survey to understand the long-term effects of working from home.

Incident reporting and learning from incidents

We will continue to focus on near miss and hazard reporting in 2021 as an essential part of our journey to be the safest place to work and our ambition of zero harm. Cases with potential for high consequences will continue to be shared with top management and made widely available to all employees on the intranet.

Approach

Health and safety management

Health and safety is fully embedded in our purpose, vision and values, and our commitment to safeguarding people extends to everyone linked to our business. Our approach is based on our health and safety policy and global health and safety management system. These are fully integrated within the overall DNV management system.

Our health and safety policy and management system cover all functions, processes and activities related to the management and delivery of our products and services across DNV. Our management system complies with all laws and regulations in countries where we operate and is certified to the ISO 45001:2018 standard. In areas where legislation is weak or does not exist, we adhere to our Group requirements, which comply with Norwegian regulations.

Our work is never so urgent or important that we cannot take time to do it safely. The right to say 'no' if you do not feel safe while at work for DNV is embedded in our health and safety policy.

Governance

Within DNV, health and safety is structured on two lines of responsibility – by geography and by business area. The Group CEO and Executive Committee are responsible for all health and safety matters, ensuring they receive attention at the highest level. Health and safety performance is reported to the Executive Committee every two months and the CEO reports to the Board of Directors at least every two months. Quarterly health and safety reports are made available to all employees on the intranet.

It is the responsibility of our line managers to ensure safe and healthy working conditions for their employees and contractors. They are also responsible for promoting open communication and a culture where incidents and feedback are treated as learning opportunities.

All our health and safety support resources are internal; we do not outsource any health and safety responsibilities. We conduct a management system review process annually.

This is a bottom-up process and ensures continual improvement of our occupational health and safety performance. The review has a fixed agenda with elements such as risk management (including health safety and environment, and quality) and information related to performance and effectiveness of the management system.

Risk assessment

DNV has defined clear principles, processes and key responsibilities for hazard identification and risk assessment relating to working at offices, travelling, driving, conducting field work,

and operations at laboratories and test sites. Occupational health and safety risks, including those related to field and laboratory work, are periodically identified, assessed and reviewed by business areas or through the global risk register.

We have actively used risk assessments to guide our decision making in how to operate during the pandemic. Risk assessments have been used to plan field work, laboratory and test site activities and travel to mitigate the risk of infection, and in decisions on whether to conduct work in person or through remote services. It has also helped to inform our decisions when assessing whether to close or restrict access to our offices, and to manage reopening them in a controlled way often taking a more precautionary approach than local requirements.

A record of common hazards across DNV is maintained at the Group and regional level. These generally relate to office-related work, travel and driving. Business areas identify and manage the significant hazards associated with their field work, laboratory, test site activities and events.

The work-related hazards that pose a risk of high-consequence injury

The main hazards associated with DNV activities that present a risk of high-consequence injury include:

- Line of fire hazards, in particular objects dropped or falling from height, high pressure/tension releases, contact with moving vehicles, moving parts of machinery and work equipment
- Vehicle collisions and over-turning vehicles
- Places at height or at ground level from which a person could fall from height, including transfers at sea with a risk of drowning and/or crushing
- Entry into confined spaces where an oxygen deficient or toxic atmosphere may be present
- Hot environments.

High-consequence hazards are considered those where the most probable outcome is death or significant disability or impairment, including the following:

- Serious multiple fractures
- All amputations
- Permanent loss of sight or reduction of sight in one or both eyes
- Crush injuries leading to internal organ damage
- Serious burns (covering more than 10% of body; third-degree burns; internal electrical burns; or damage to the eyes, respiratory system, or other vital organs)
- Nervous system injuries with loss of function
- Unconsciousness caused by head injury, asphyxia, heat, electric shock or chemical exposure
- The person cannot, does not or is not expected to recover to pre-incident health status within 6 months.

We determined these hazards by several means, including operational risk assessments, audit findings and incident analysis. They are recorded in health and safety risk registers, which include:

- A description of the risk – the main hazards, causes and contributory factors for the risk
- The risk control measures and monitoring/assurance process
- An evaluation of the risk, with a risk rating based on the likelihood and severity of harm
- Actions to reduce the residual risks to an acceptable level and ongoing monitoring activities.

Incident reporting

We manage and report incidents and hazards using Synergi Life, our commercial HSE software platform developed in-house by DNV. Our approach complies with Norwegian regulations and is aligned with the ILO code of practice on recording and notification of occupational accidents and diseases.

Employees involved in, or observing, a work-related incident or hazard are required to report it through Synergi Life. Employees concerned about revealing their identity can anonymously report incidents and hazards.

All reported cases with the potential for high-consequence injury are investigated and corrective actions implemented. Any cases with the potential for high-consequence injury are reviewed in the next health and safety risk assessment.

Learning from incidents

A significant objective of incident and hazard reporting is to share experiences across the business and learn from them. Learnings are shared regularly through presentations on incidents with medium- or high-consequence injury potential in several levels of the organization, including top management. We also maintain an open-access incident and hazard database.

Involving employees

We share information and consult with elected representatives of employee works councils and unions in accordance with our collective agreements and local legislation.

Performance

Our health and safety performance is considered sound and stable. During 2020, our lost time injury rate and sickness absence rate both improved. Despite these improvements, we are continuously working to enhance our performance.

0.7	Injury rate from lost day injuries per million employee working hours.
2.0%	Absentee rate due to sickness.
0.11	Incidents and hazards reported per employee.

Our focus is on preventative measures identified through our Pulse employee survey, recorded cases with the potential for high loss and increasing awareness.

Lost time injury rate

In 2020, our employee injury rate was 0.7 (2019: 0.9), a 20% improvement over 2019. There were no serious injuries involving employees that lead to lost time. Unfortunately, one serious accident involving a subcontractor occurred in September. Our subcontractor was hit by a pipe during fieldwork resulting in fractures to both legs. The individual was taken to hospital and underwent surgery. A full recovery is expected. The injury rate for contractors in 2020 was 0.3 (2019: 1.1).

The most common types of injuries recorded were bruises/contusions, cuts/punctures and sprains/strains. Field work continues to be a focus area, and in some cases, lack of awareness and stress are contributing factors. No workers are involved in activities with a high incidence of specific diseases.

FIGURE 01 | **LOST TIME INJURY RATE** BY REGION

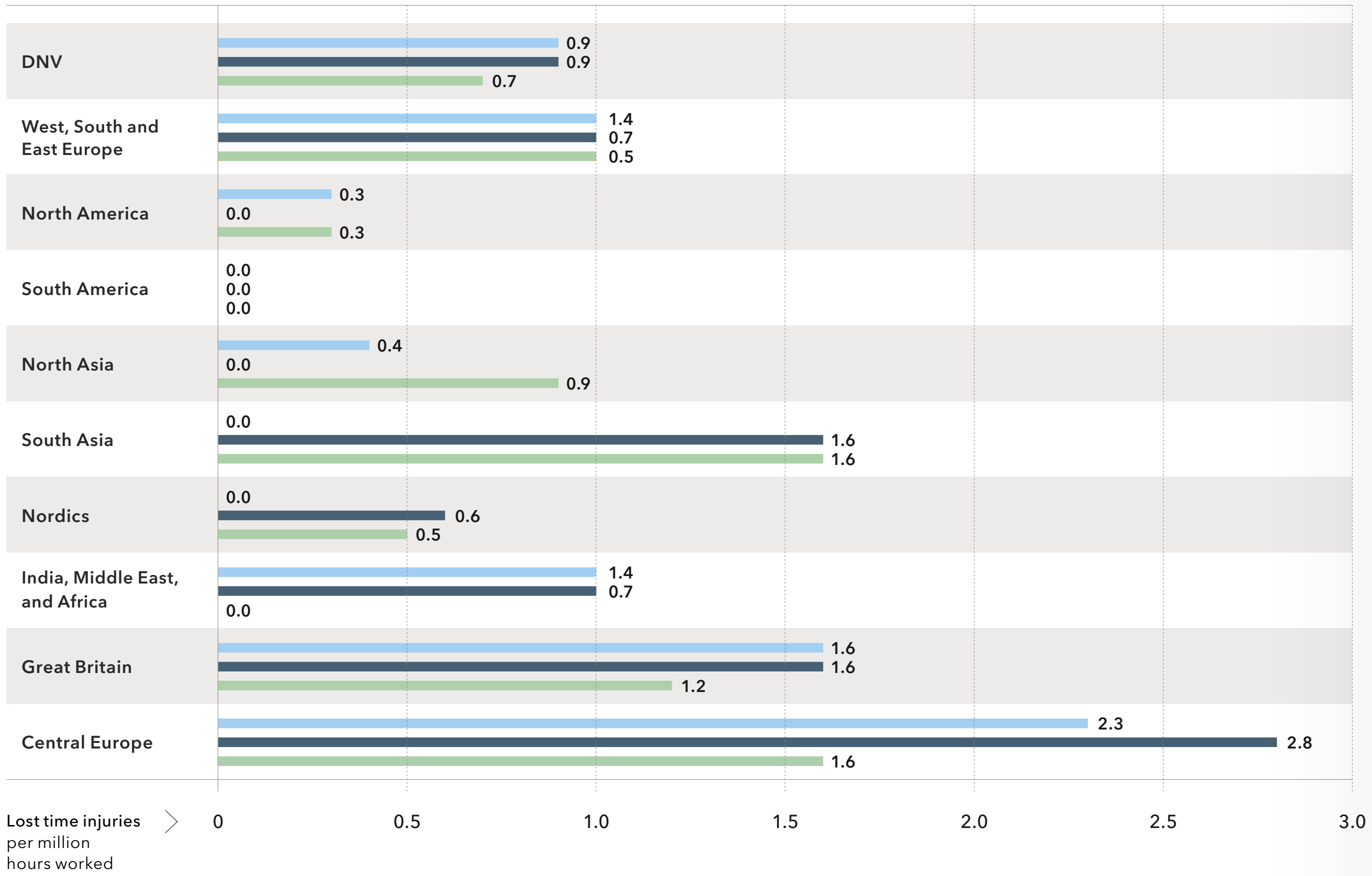
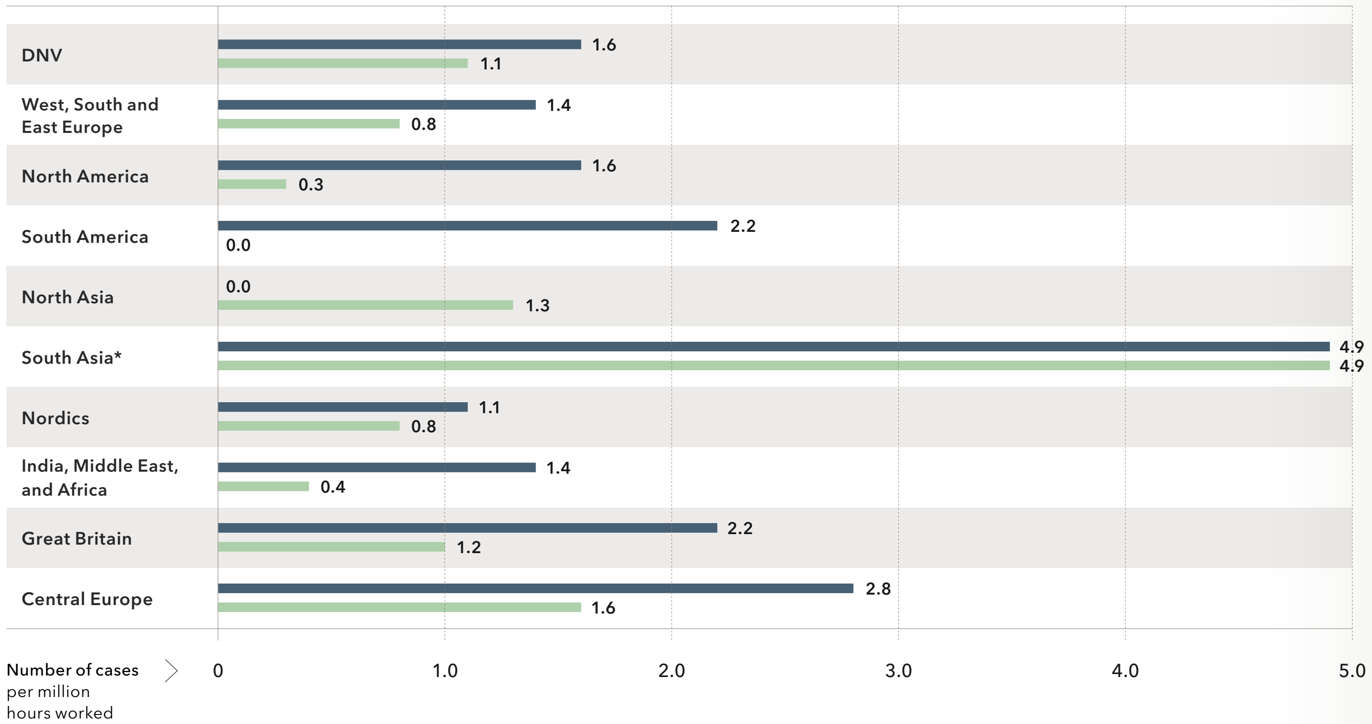


FIGURE 02 | **RECORDABLE INJURY RATE** BY REGION



* The higher frequency in South Asia is a result of six non-serious incidents occurring in a region with a lower number of employees.

Occupational diseases with lost time

In 2020, 17 work-related ill health cases resulting in lost time were reported. Seven of the cases identified stress and workload as the sole or contributory factor. The other cases were mainly due to working conditions in the home environment and fieldwork. All employees involved have made a full recovery.

Absentee rate

Our absentee rate due to sickness continues at a low level of 2.0% (2019: 2.3%). Our reporting system does not currently capture absence by region.

The absentee rate has decreased due to increased working from home leading to less exposure to viruses than in an ordinary year.

Incident and hazard reporting

During the year, 1,252 incidents and hazards related to occupational health, safety and the environment were reported (2019: 1,781). This represents 0.11 reports per employee (2019: 0.15).

6.4% of near misses reported had the potential for high-consequence injury to the people involved (mainly related to fieldwork, laboratory and driving). All these near misses are closed and actions to mitigate the risk implemented.

TABLE 01 | **HEALTH AND SAFETY PERFORMANCE**

	2020	2019	2018
Work-related fatal accidents	0	0	0
High-consequence injuries, employees	0	0	-
High-consequence injuries, other workers	1	1	-
High-consequence injury rate, employees	0	0	-
High-consequence injury rate, other workers	0.3	0.4	-
Recordable injuries, employees	22	36	-
Recordable injuries, other workers	3	3	-
Recordable injury rate, employees	1.1	1.6	-
Recordable injury rate, other workers	1.0	1.1	-
Injuries with lost time, employees	14	19	19
Injuries with lost time, other workers	1	3	4
Occupational diseases with lost time, employees	17	13	14
Occupational diseases with lost time, other workers	0	2	1
Near misses with the potential for high consequences	19	21	39
Lost time injury rate, employees	0.7	0.9	0.9
Lost time injury rate, other workers	0.3	1.1	-
Absence rate (%)	2.0	2.3	2.4

DEFINITIONS

Absentee rate (%): Total hours of absence due to sickness / worked hours x 100.

Hazard: Unsafe act or unsafe condition with the potential to cause an incident.

Lost time injury rate: Number of injuries with lost days per million worked hours.

Injuries with lost time: Any work-related injury which prevents an injured employee or other workers from doing any work on any day (or shift) after the day (or shift) on which the injury occurred, including weekends and holidays.

Injuries with high consequence: Injuries that result in a fatality or an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months.

Near-misses: An event or exposure(s) which did not result in injury, ill health or environmental impact, but where, given a slight shift in time or position, easily could have.

Occupational diseases with lost days: A harmful effect on a person caused by prolonged or repeated exposure(s) with lost days (not back to work the next day).

Recordable injuries: Work-related injury or ill health that results in any of the following: death; days away from work; restricted work or transfer to another job; medical treatment beyond first aid; loss of consciousness; significant injury or ill health diagnosed by a physician or other licensed healthcare professional, even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness.

VALUE TO EMPLOYEES

PEOPLE

Why it matters

We have almost 12,000 employees worldwide who represent the face of DNV towards our customers and other stakeholders. Our people are central to the relationships we have with our customers, helping develop trust through their technical ability, integrity and personal conduct.

Our values – WE CARE, WE DARE, WE SHARE – are beliefs that shape our performance. These ideals are the behaviours expected of all of us and are important for achieving our purpose and vision.

Attracting, retaining and developing people who are committed to our purpose, vision and values is fundamental to our success.

Diversity within our workforce supports our goal of delivering excellence, and we recruit the best people regardless of their background. This is backed up by an attractive employee value proposition and varied development and career opportunities. By continuously developing our people's competencies, we enhance the expertise we offer to our customers.

Progress in 2020

2020 became a very different year than was expected at the end of 2019. For DNV, the COVID-19 pandemic presented immediate and different challenges across our operations and organization. Our focus throughout the year has been to address these immediate challenges. Our first priority has been ensuring the health and safety of our people, while at the same time ensuring the longer-term development of DNV and our employees. The lockdowns around the world had major impacts on employees' work patterns, but the timing and extent of these differed between countries depending on type of work and lockdown rules.

Working from home

Based on both local legislation and on prudence, large parts of our workforce worked from home for extended periods in 2020. Work-based travel was also highly restricted. This has accelerated our ongoing transformation not only to a more digitalized way of working, but also different ways of communicating and cooperating, demonstrating leadership and sharing information. In the context of 2020's challenges, it has proven very beneficial that DNV has a well-developed, common IT platform that has enabled remote working and allowed us to retain productivity throughout the pandemic. (See page 57).

Reduced activity level

Work activity levels were affected by three main factors relating to the pandemic: lockdowns, travel restrictions and reduced demand for services. The timing and impact of these factors varied based on location and the type of service affected. We took mitigating actions globally to secure the financial sustainability of the company, including a recruitment freeze, reducing the use of external consultants, postponing strategic projects, and offering early vacations. In some locations and for services where there was insufficient work for extended periods, we also needed to implement local time-limited layoffs/furloughs or salary reductions. When introducing such measures, and where local legislation allowed, our preferred approach was to share the burden among employees and minimize individual impact as much as possible. In total, more than 60% of our people were affected by one of these measures.

Fortunately, both the market and DNV proved more agile and resilient than initially expected and the slowdown in activity was shorter than forecast. In most cases, employees returned to full activity earlier than originally envisaged and voluntary salary cuts also ended earlier than expected.

Following a review of financial performance at the end of Q3, our Group CEO announced that we would compensate employees for their financial sacrifices within the framework of local legislation. This was to demonstrate the appreciation of the company for the contribution and flexibility of our people. Thus, affected employees were compensated for all or part of the financial losses suffered due to layoffs/furlough and voluntary salary cuts earlier in the year.

New ways of developing competence

With COVID-19 restrictions preventing physical meetings and training sessions, we shifted our training approach through the year. More and more classroom training sessions are being delivered digitally, including a complete revamp of the leadership training programmes covering both content and digital delivery.

Engaged employees

Throughout the pandemic, we have monitored the sentiment of our employees through Pulse surveys. It is encouraging that employee engagement increased during the pandemic and responses to all Pulse questions showed improvement. Areas that have improved the most compared to 2019 – and also in comparison to external benchmarks – relate to the workplace, work schedule, and how DNV cares for the health and the wellbeing of employees.

Developing our people processes

Our new vision and values were launched in January 2020. In line with this, supporting people-related governance documents were revised.

We also reviewed our global approach to compensation and benefits during 2020, which resulted in a new global profit share scheme starting in 2021. We also started a review of our career model.

CASE STUDY

People analytics

We have strengthened our capabilities with people analytics and have plans to improve them further to deliver better insights into our organization. Our objectives are twofold: make relevant people data from various sources around DNV available to internal stakeholders in a consistent, timely and user-friendly manner; and use deeper analysis of people data as a basis for business decisions and predictions.

Using people analytics, data is customized according to the need of the user, while also respecting personal data protection. The main platform we use is Power BI and examples of data and dashboards provided include demographic information, turnover data, Pulse survey results, performance statistics and salary statistics.

By combining data from different sources, we are able to enhance our analysis and predictions. One example is combining data trends from Pulse surveys and employee turnover data (numbers and exit interviews) to predict future employee turnover. Another is to investigate the impact of team and leadership diversity on employee engagement.

Looking ahead, we have developed a roadmap with targets for developing our people analytics capabilities. In 2021, we will combine this data with data from other functions, such as financial performance, to provide further analysis and predictions.

Looking ahead

We launched our new business strategy in January 2021, which includes a new organization structure for the DNV Group. We will run various initiatives throughout 2021 to embed the new strategy and implement the organizational changes. This will lead to a further review of our current people policies, principles and processes to ensure they are aligned with, and support, our new vision, values and strategy. Our new profit share scheme will also be rolled out.

Our new strategy includes the following people initiatives:

- Explore new ways of working to facilitate global utilization of talent to our competitive advantage
- Renew approaches to employer branding, career model, up-skilling and continuous learning, performance management and accountability, recognition and compensation
- Renew leadership development for purpose-led and future-fit leadership
- Strengthen our approach to diversity and inclusion, enabling our people to be at their best and fulfil their potential.

Work will continue to increase the resilience and the agility of both DNV and its employees. The 'We Care' approach taken to support employees during the pandemic will be continued. We will continue to measure the engagement, transformation and resilience of the organization through our Pulse surveys.

Approach

As a professional services provider, we rely on the knowledge and skills of our people to deliver our products and services. We strive to foster a company culture with people who are committed to our purpose, vision and values.

Strategy and management system

Our Group strategy and management system, including our people policy, governs how we attract and develop employees and build our company culture. This system also underpins our values-based leadership approach.

Our people processes are designed to create a common culture within a flexible work environment and provide career and development opportunities for all.

Governance

The Group President and CEO approves our people, leadership, and roles & responsibilities policies. The Group People function establishes these policies and sets the direction for people management. It works closely with HR teams in the business areas and Global Shared Services to ensure an aligned approach company wide. People management is a line responsibility and line managers are supported by HR managers and a range of HR tools.

We have broad geographic employee representation on DNV's Board of Directors. Our management works constructively with employee organizations through the Global Employee Forum, regional and local works councils and unions.

Diversity and equal opportunity

We seek diversity at all levels of our company in terms of age, gender, nationality, experience and mindset. Diversity is a source of strength for DNV. It provides the widest access to global talent and is the best basis for delivering excellence to our customers. Managed well, diverse teams can also identify and capture more opportunities and manage more risks than homogenous teams.

To support our diversity efforts, we run mentoring programmes, including the reverse mentoring of senior leaders by 'next generation' colleagues. We also hold an annual global summit for up-and-coming talent.

115 nationalities are represented among our employees.

87% of employees have a higher education qualification at PhD, Master or Bachelor degree level.

33% of employees are female and 38% of new hires in 2020 were women.

Human rights

DNV is a signatory to the United Nations Global Compact. We are committed to adhering to its principles in the areas of human rights, labour standards, environmental protection and anti-corruption in our business strategy, day-to-day operations, organizational culture and sphere of influence.

Our Code of Conduct establishes our commitment to non-discrimination, equal opportunity, the right to join labour unions and fair employment. All employees are introduced to the company's policies during the onboarding process and human and labour rights are part of this.

DNV's Statement on Modern Slavery and Human Trafficking has been issued further to section 54 (1) of the UK's Modern Slavery Act 2015 and constitutes the DNV statement for the financial year ending 31 December 2020.

Freedom of association and collective agreements

Employees' right to freedom of association and collective bargaining is documented in DNV's management system and our commitment to the UN Global Compact. Around 45% of our employees are covered by collective agreements.

Employee training and development

Our approach to employee development and competence is detailed in internal governing documents. We follow the 70:20:10 learning model; with 70% gained from on-the-job experience, 20% through interaction with others, and 10% from e-learning and classroom training. Training provided through individual business areas ensures the right competencies are in place to deliver our different services.

In addition to a range of mandatory training, cross-DNV programmes develop leadership and technical stewardship. Mentoring is a key part of how we work and we enable learning from colleagues around the globe through various mentoring programmes.

Our global career model facilitates employees' competence development. Competence development planning includes an individual development plan, which is a key part of our performance management process.

All employees are assessed annually on their results and behaviour through a structured performance management process. The assessment, development and selection of new managers is based on DNV's expectations for leaders: respect and care, foresight, customer centricity, and results orientation.

Our Code of Conduct establishes our commitment to non-discrimination, equal opportunity, the right to join labour unions and fair employment.

Remuneration

As a knowledge-based company whose main resource is our employees, we depend on cooperation, teamwork and knowledge sharing. DNV remuneration systems are set up to support this, with a profit share scheme based on company and business area performance. Our annual salary review and remuneration process is the same for all employees, including management, and is outlined in the DNV management system. Our collective agreements with employee groups do not include voting on remuneration policies.

External remuneration consultants are used to benchmark remuneration in our markets. For the largest countries in which we operate, this happens through country-specific salary and benefit databases covering thousands of people. There is no relationship between our management and the remuneration consultants.

For the Executive Committee, the review procedure differs slightly. The Board's Compensation Committee conducts a review and makes recommendations before the procedure is concluded. The final decision on remuneration for the Group President and CEO is taken by the Board of Directors, using input from the Compensation Committee.

Profit sharing

Profit-share schemes provide the most appropriate variable pay structures to support our values. In 2020, we operated two major global profit-share schemes:

- Grades 1–9: all eligible employees receive a percentage of their base salary in bonus, based on DNV Group results

- Grades 10–15: the annual individual profit share is determined based on grade and a target percentage, individual assessment rating, annual base salary and DNV Group and business area EBITA at reference rates versus targets.

In addition to these global schemes, sales schemes are available in some business areas. No employee can be a member of more than one scheme.

Career endings

Transition assistance programmes are implemented locally to meet local legislation and requirements. In the case of significant headcount reductions, local assistance programmes are set up. At all times, we seek to retain the employees in the organization, including in the following ways:

- All available positions are advertised internally
- External recruitment restrictions are used to facilitate internal transfers
- All employees should have a development plan which focuses on DNV's future capability needs and the employee's own career ambitions.

The DNV management system stipulates that mitigating actions are to be sought before staffing reductions are considered or executed.

Performance

Workforce profile

TABLE 02 | EMPLOYEES BY EMPLOYMENT CONTRACT AND GENDER

Employment contract	Female	Male	Total
Permanent employees	33%	67%	11 429
Time-limited employees	43%	57%	185
Total	3 871	7 743	11 614
Permanent employees			
Full-time	31%	69%	10 659
Part-time*	56%	44%	779
Total	3 791	7 638	11 429
Subcontractor and temporary personnel			
Temporary staff	11%	89%	1 299
External business support	19%	81%	1 462
Supplier	12%	88%	245
Subcontractor	20%	80%	6 183
Total	1 706	7 483	9 189

* Time-limited working hour reductions due to COVID-19 measures are not included in the above. DNV in Norway does not have employees on involuntary part-time work, and all positions are advertised as full time.

TABLE 03 | EMPLOYEES BY REGION

Region	Permanent employees	Time-limited employees	Total
Nordics	2 496	10	2 506
West, South and East Europe	2 302	63	2 365
North America	1 649	1	1 650
North Asia	1 215	60	1 275
Central Europe	1 253	6	1 259
UK, Ireland	953	13	966
India, Middle East and Africa	709	11	720
South Asia	614	21	635
South America	238		238
Grand Total	11 429	185	11 614

Permanent employee: On DNV payroll without contracted time limitation.

Time-limited employee: On DNV payroll with contracted time limitation.

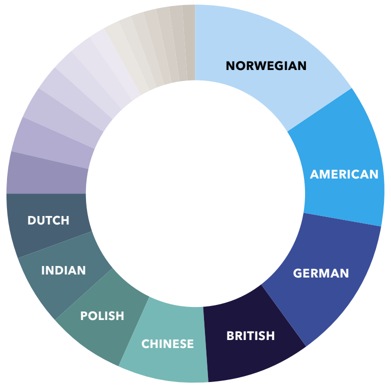
Temporary staff: E.g. summer temps and interns.

External business support: Hired from other companies to do work for DNV under their own management system.

Supplier: External service or product supplier. Registered in order to be granted certain access.

Subcontractor: Hired from other companies to do work on behalf of DNV under DNV management system.

FIGURE 03 | EMPLOYEES BY NATIONALITY



Norwegian	1 639
American	1 257
German	1 180
British	906
Chinese	837
Polish	719
Indian	612
Dutch	522
Italian	395
Spanish	323
South Korean	319
Brazilian	243
Danish	215
Singapore	179
French	155
Japanese	134
Swedish	130
Greek	122
Malaysian	120
Australian	116
Canadian	115
Mexican	107

Nationalities > 100 shown in table
Nationalities > 500 labelled in pie chart

In total there were 115 nationalities among the permanent and time-limited employees at the end of 2020 (128 for all staff categories).

Employee turnover

TABLE 04 | **EMPLOYEE TURNOVER AND NEW EMPLOYEE HIRES** BY AGE, GENDER AND REGION

AGE

Employee turnover	<31	31-40	41-50	51-60	>60	Total
Total number	98	294	242	144	80	858
Rate	9%	8%	7%	6%	11%	7.4%
Opening count 2020	1 105	3 461	3 552	2 609	752	11 617

New employee hires

Total number	218	296	145	47	10	716
Hires	20%	9%	4%	2%	1%	6.2%

GENDER

Employee turnover	Female	Male	Total
Total number	285	573	858
Rate	8%	7%	7.4%
Opening count 2020	3 799	7 818	11 617

New employee hires

Total number	274	442	716
Hires	38%	62%	100%

REGIONS

Employee turnover	Nordics	Central Europe	West, South and East Europe	Great Britain	North America	South America	North Asia	South Asia	India, Middle East and Africa	Total
Total number	136	108	179	97	148	25	46	64	55	858
Rate	5%	8%	8%	10%	9%	10%	4%	10%	7%	7.4%
Opening count 2020	2 517	1 328	2 221	993	1 681	252	1 232	650	743	11 617

New employee hires

Total number	123	42	242	47	146	14	30	38	34	716
Percentage of hires	17%	6%	34%	7%	20%	2%	4%	5%	5%	6.2%

Only permanent employees are included, as the other employment categories by contract are intended to join/leave.
Turnover is based on number of employees leaving the company in the year divided by the opening count (1 January).

Employee training and development

TABLE 05 | **AVERAGE HOURS OF TRAINING* PER EMPLOYEE** BY GENDER AND EMPLOYEE GRADE

Employee grade	HOURS / EMPLOYEE Female	HOURS / EMPLOYEE Male	Employee grade	HOURS / EMPLOYEE Female	HOURS / EMPLOYEE Male	Employee grade	HOURS / EMPLOYEE Female	HOURS / EMPLOYEE Male
1		0.3	6	25.2	19.9	11	13.4	12.9
2	2.6		7	19.6	17.9	12	9.7	8.7
3	4.6	3.0	8	19.8	18.7	13	8.4	5.8
4	6.7	8.1	9	21.1	17.6	14	2.2	7.0
5	16.3	15.4	10	16.7	15.1	15	4.5	3.7
						Total	18.8	15.6

*Basis of reporting employee training:

Internal training only is included. External training is not consistently tracked. 7.5 hours per day is used. Permanent and time-limited employees only are included. Subcontractors and temporary staff are excluded as their inclusion is not relevant for internal competence development activities.

TABLE 06 | **PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS** BY GENDER AND EMPLOYEE CATEGORY

		Rated performance	Unrated performance
Female	Permanent employee	99.8%	0.2%
	Time-limited employee	98.6%	1.4%
Male	Permanent employee	99.9%	0.1%
	Time-limited employee	100%	0%
Total, male and female		99.8%	0.25%

TABLE 07 | **EMPLOYEE EDUCATION LEVEL IN OUR TEN BIGGEST COUNTRIES AND GLOBALLY** PERMANENT EMPLOYEES

Country	Basic education level	Professional / Technical 0-3 years	2-year college level	Bachelor level	Master level	Doctorate level
Norway	5%	2%	3%	18%	63%	9%
United States	12%	1%	4%	44%	33%	6%
Germany	6%	16%	1%	11%	61%	4%
United Kingdom	4%	3%	3%	33%	41%	15%
China	2%	0%	6%	56%	33%	3%
Poland	4%	1%	0%	19%	74%	1%
Netherlands	6%	6%	2%	39%	40%	7%
Spain	7%	2%	1%	14%	74%	3%
Italy	26%	2%	6%	32%	28%	6%
Singapore	11%	2%	1%	46%	32%	7%
Global workforce	731	368	305	3 780	5 071	685
Global workforce (%)	7%	3%	3%	34%	47%	6%

Diversity and equal opportunity

TABLE 08 | **GENDER AND AGE PROFILE OF EMPLOYEES** BY EMPLOYEE GRADE

	GENDER			AGE GROUPS					TOTAL
Grade	Female	Male	% female	< 31	31-40	41-50	51-60	> 60	
1		1	0%	100%					1
2	5	1	83%		17%	17%	50%	17%	6
3	29	22	57%	37%	24%	18%	18%	4%	51
4	204	57	78%	21%	35%	26%	13%	5%	261
5	498	213	70%	30%	32%	22%	12%	3%	711
6	780	603	56%	37%	33%	17%	10%	3%	1 383
7	655	720	48%	17%	47%	21%	11%	4%	1 375
8	588	1 177	33%	4%	52%	27%	14%	3%	1 765
9	462	1 569	23%	1%	36%	37%	21%	5%	2 031
10	342	1 519	18%		16%	46%	29%	9%	1 861
11	177	1 001	15%		4%	39%	43%	13%	1 178
12	83	531	14%		1%	29%	52%	18%	614
13	31	191	14%			18%	58%	23%	222
14	12	94	11%			14%	49%	37%	106
15	4	40	9%			5%	52%	43%	44
Total	3 870	7 739	33%	1 117	3 433	3 552	2 660	828	11 609
				10%	30%	31%	23%	7%	

TABLE 09 | **BOARD OF DIRECTORS** BY AGE, GENDER AND NATIONALITY

	GENDER		AGE	
Nationality	Female	Male	< 50 years	> 50 years
Scottish		10%		10%
Danish	10%	10%		20%
German		10%		10%
Norwegian	30%	30%	10%	50%
Total	40%	60%	10%	90%

Salary comparison between genders

Employees at a similar level in the organization are provided with the same grade, allowing peer comparison of salaries. Comparison of salary differences by gender within a grade is achieved by reviewing the weighted average base salary of employees per grade and gender in each country (grades with minimum 5 employees from each of the genders are included). This provides country averages, as shown in the base salary comparison by gender for our largest 15 countries below.

TABLE 10 | **SALARY COMPARISON BY GENDER: NORWAY**

Grade	Average female to male salary
06	97.2%
07	96.3%
08	97.0%
09	98.3%
10	100.4%
11	99.3%
12	101.0%
13	98.5%
14	104.9%
Norway total	99.1%

TABLE 11 | **AVERAGE BASE SALARY DIFFERENCE BY GENDER FOR THE 15 LARGEST COUNTRIES USING THE SAME APPROACH AS DESCRIBED FOR NORWAY**

Grade	Average female to male salary
Norway	99.1%
United States	97.9%
Germany	100.9%
United Kingdom	100.3%
China	95.7%
Poland	87.6%
Netherlands	95.3%
Spain	107.2%
Italy	95.4%
India	111.1%
Singapore	95.1%
Korea	101.4%
United Arab Emirates	96.6%
Denmark	94.7%
Brazil	92.9%
15 largest countries	98.2%

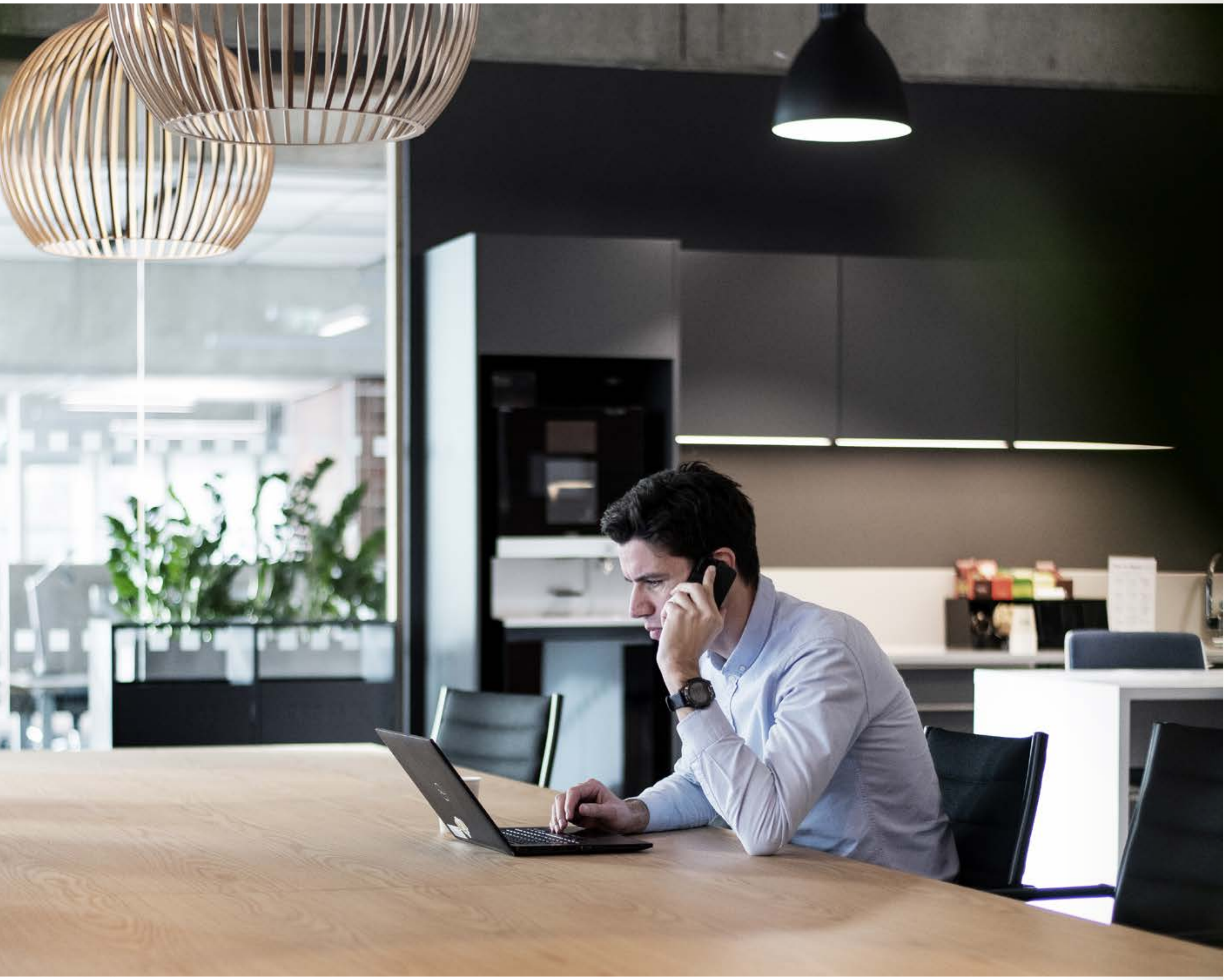
Other compensation elements like profit share, pension, insurance, allowances etc. are governed and are common for all peer employees in the same country irrespective of gender.

Parental leave

Globally, DNV provides parental leave as required by local legislation, or better. For employees in Norway who used all or part of their parental leave entitlement during 2020, the average parental leave was as follows:

- Female employees: 19.2 weeks
- Male employees: 12.8 weeks

ETHICS AND COMPLIANCE



Why it matters

As a business based on knowledge and technical expertise, trust and integrity are essential for attracting and retaining customers. Building trust in our services, skills and behaviour across the Group is a critical business goal and is clearly reflected in our vision to be 'a trusted voice to tackle global transformations'. We do this by strictly adhering to our Code of Conduct and consistently maintaining high standards of business and personal conduct.

Our Code of Conduct provides the framework for what we consider ethical, responsible and sustainable behaviour. It applies to everyone involved in DNV's business, and along with our purpose, vision and values, provides the foundation of our business ambition and all activities. Our approach is not simply to impose a set of rules, but to deliver a compliance programme that raises awareness by explaining the background and practical implications of ethical behaviour and compliance.

Progress in 2020

In 2020, we focused on maintaining high awareness levels for ethics and compliance across the Group. Training included web-based and virtual classroom sessions on business integrity and personal data protection. We made further improvements to our risk-based approach for handling personal data and our Code of Conduct was reviewed and revised to ensure it aligns with today's expectations.

Training

In DNV we focus on targeted training. We monitor the completion rates among employees and in general we reach levels above 90%.

In 2020, we developed an ethics training workshop for local line managers to deliver to their teams. It covers DNV's values and the expectations set out in our Code of Conduct. The workshop includes exercises, an evaluation of ethical conduct within teams and develops a commitment by participants to concrete actions to improve ethical performance. Since the training was designed as a face-to-face workshop it was postponed in 2020 due to COVID-19. The workshop will be reviewed in 2021 and incorporated into our broader 'journey to integrity' approach, which we are developing to support our new Code of Conduct (see over). As an alternative in 2020, we incorporated training on an ethical approach to business into our integrity training for all new line managers, which was delivered twice during the year.

To support managers in our newly-established Global Shared Services centre in India, virtual classroom training was developed and delivered in conjunction with the Group people function. The training covered business integrity, anti-corruption and fraud, including cultural aspects, as well as personal data protection.

Another new virtual classroom training was developed for employees with customer contacts. The key goal of this training is to ensure that our people stay compliant even if there is pressure to win work in a competitive environment.

To ensure better communication of the requirements for reporting misconduct, the process has been visualized to clarify roles and responsibilities. This was accompanied by a 96% completion rate for employees taking our mandatory e-learning on reporting misconduct.

To ensure personal data are handled in line with GDPR, a new express learning on personal data protection was published in Q4. It targets line managers and empowers them to provide guidance to their teams.

Anti-corruption

We reviewed our instructions on anti-corruption and how to handle gifts in 2020 to see where they can be simplified. We will also align the contents with our new Code of Conduct when it is published in 2021.

The US Compliance Programme was further strengthened through regular web-based network meetings where actions and experiences were shared and network members were updated on anti-corruption and other compliance topics in the Americas region.

Finally, we conducted a gap analysis on our anti-bribery programmes based on Transparency International's UK Bribery Act guidance on adequate procedures. Improvement measures have been identified and will be implemented in 2021.

CASE STUDY

New DNV Code of Conduct

We reviewed our Code of Conduct in 2020 to better reflect our new vision and values. As a starting point, we benchmarked our existing Code against DNV's business needs and the approaches taken by our competitors and other large companies.

The revision has restructured the contents, modernized the language and clearly describes DNV's expectations, emphasizing an adult-to-adult relationship between DNV and our employees.

The Code of Conduct no longer differentiates between business and personal behaviour, but explains expectations for behaviour and responsibilities, business conduct, how we safeguard our assets and show respect. The web version will receive a fresh layout and enhanced functionality.

The Code will be published in the beginning of Q2 2021, including a digital version for internal use with interactive elements, such as surveys, quizzes and nano-trainings to increase understanding and awareness among employees.

Export control laws and sanctions

In 2020, we focused on increasing awareness of export control laws and sanctions. We monitored the implementation of our new export control manuals in Norway, Germany, France and the US. The documents serve as local guidelines for employees on legal requirements for export control and sanctions, as well as roles and responsibilities. Measures were also taken to increase the efficiency of export license applications and regular web-based meetings were held with employees responsible for export control.

We continued monitoring sanctions' developments to determine any impact on DNV´s business. Internal guidelines were continually updated and we held frequent web-meetings with internal stakeholders.

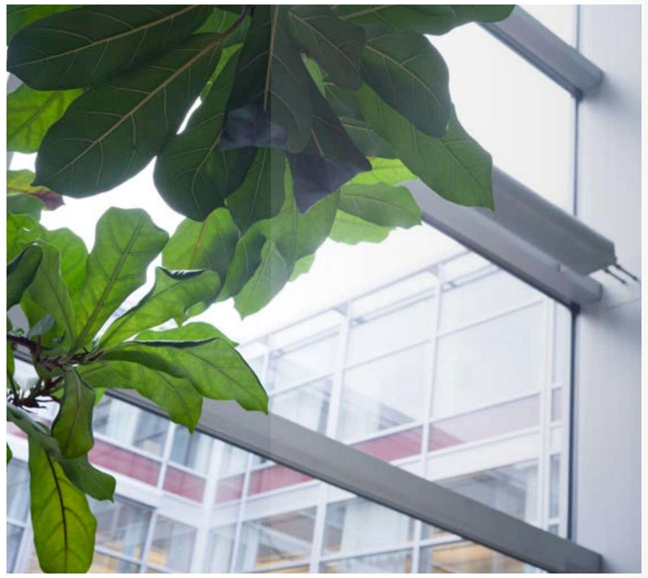
High-risk countries

Following seven reviews in 2019, two additional high-risk countries were subject to compliance reviews by internal audit in 2020 using our fraud and corruption questionnaire. The results showed that knowledge, awareness and commitment to DNV's compliance programme are at an adequate level. Improvement areas are further trainings for subcontractors and further awareness raising on how to report misconduct.

Our procedure to define high-risk countries takes into account the scoring of TRACE International and Transparency International's CPI as well as revenue and size of DNV's business. Based on this, we have established a revised list of 13 high-risk countries for the period 2021–2023.

Legal actions

We continued the compliance trend of previous years in 2020, with no critical integrity concerns leading to legal actions or disclosure to authorities. Also, no legal actions were pending or completed during the year regarding anti-competitive behaviour or antitrust and monopoly legislation. There have been no significant fines or non-monetary sanctions for non-compliance with laws and/or regulations relating to environmental, social or economic issues. In a few cases, we have taken disciplinary action at the employee level.



Looking ahead

Awareness

The Group compliance function's aim is to maintain high levels of awareness on all topics in the compliance programme. We will focus on developing new training, structured as a 'journey to integrity', which will add to the content of previous training. The new training will focus on ethical practices to achieve a culture of integrity and, where necessary, cultural changes.

Code of Conduct

We will launch our newly revised Code of Conduct in 2021. In line with DNV's digitalization strategy, the new version makes greater use of digital tools to raise employee awareness and knowledge (see opposite).

Status check

To measure awareness within DNV on the topics covered by our revised Code of Conduct, we plan to conduct a survey on compliance in 2021 with a representative group of employees.

Data protection

Personal data protection will remain in focus in 2021. We will ensure our data protection approach aligns with other initiatives, such as our IT security day and other employee initiatives operated by the Group people function. We will set up a regular personal data protection risk assessment process and continue to provide employee training and to raise awareness (see Data privacy on page 56).

Export control and sanctions

With an increased level of political uncertainty in the world, we will focus more strongly on the interpretation of sanctions in 2021. We will also evaluate new sanctions databases provided by external suppliers to further improve our due diligence checks on business partners.

Approach

Code of Conduct

The DNV Code of Conduct outlines our requirements and expectations for ethical conduct. It clearly expresses what is expected from DNV as a business and from every individual working for, or on behalf of, DNV. The Code of Conduct can be downloaded here.

The Code sets out high-level principles in two main areas: Firstly, the conduct of our business operations overall and, secondly, the personal conduct of people involved in DNV's business at all levels, both in ordinary work situations and when there are challenges to our personal or professional integrity. Separately, instructions and guidelines for employees are in place for all issues covered in the Code of Conduct.

Zero tolerance

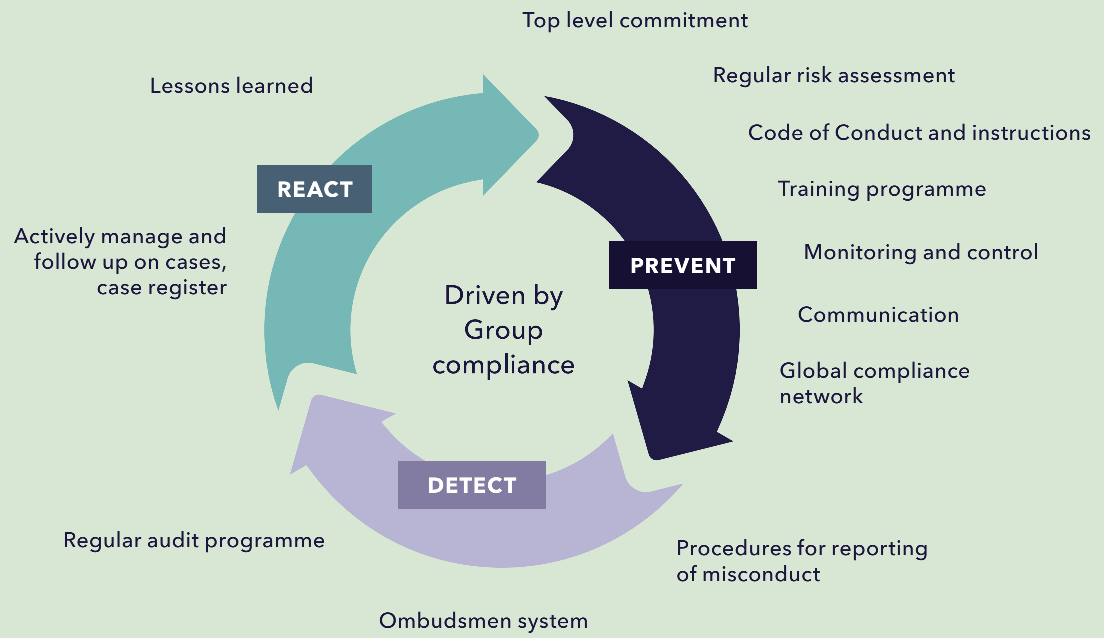
We do not tolerate any violation of applicable laws, including those on anti-corruption, privacy and export control, nor of our Code of Conduct or internal instructions. Violations can result in disciplinary procedures, including termination of employment or contract, as well as potential legal proceedings.

Compliance programme

As a global company operating in over 100 countries and with activities in a range of sectors, we work to multiple sets of local regulations and practices. This results in a diverse landscape of compliance risks. Our compliance programme protects against these and our business areas review risks annually as part of our risk reporting process. We also develop a common understanding of our compliance requirements and integrity performance through tailor-made awareness initiatives.

Our compliance programme is based on the Code of Conduct and is owned by the Board of Directors. All focus areas – anti-corruption, antitrust, export control law and sanctions, and personal data protection – are based on the ISO standard 19600 for compliance management (see over). This creates an integrated and tailormade approach. Lessons learned are used to build competence and resilience, enabling our employees to understand the structure and requirements of the compliance management system and meet customer requirements.

FIGURE 04 | COMPLIANCE PROGRAMME ACCORDING TO ISO 19600



Training

Training and raising awareness are at the core of our approach. Awareness is key to reducing compliance risks and we continually invest in new and updated training on a number of compliance topics (see page 79).

Governance

Effective compliance is based on the global governance of our compliance programme and clear reporting lines. The compliance programme is governed and managed at Group level. It involves close cooperation through a global compliance network incorporating our Group compliance function, all business areas and Global Shared Services. The global compliance network communicates the compliance programme and raises awareness of compliance issues in the countries where we operate.

The CEO and Board Audit Committee receive quarterly updates and the latest legal and political developments through presentations and training. The Board of Directors and Control Committee receive annual updates.

Anti-corruption

We manage corruption and fraud risks through our Group risk management process and the Group compliance officer is a member of DNV's Group risk forum. All business areas conduct an annual risk assessment using the DNV risk management tool, which includes identified and active fraud and corruption risks. In addition, we review risks reported by high-risk countries in a separate risk reporting process.

The risks are evaluated and discussed annually in the Group risk forum. Actions to mitigate identified risks are developed based on these discussions.

Antitrust

Commercial policy and pricing are set independently and never agreed with competitors or other non-related parties. It is a fundamental corporate principle of DNV Group AS and its subsidiaries to compete vigorously and fairly, in full compliance with all applicable antitrust and competition laws. Any obstruction of free and open competition is strictly prohibited.

For employees, antitrust is part of our mandatory training programme and our antitrust instructions are supplemented by a guideline on the 'dos and don'ts for competition law'.

Supply chain

We expect our suppliers and subcontractors to uphold the same standard of business ethics as we do and we have a supplier Code of Conduct outlining our requirements. Training is available for suppliers, emphasizing the ethical and sustainability standards that extend to our relationships with suppliers.

We continue to advise on and actively monitor implementation of our Group-wide instruction on subcontractors and intermediaries, as well as conducting risk-based due diligence checks in all business areas. The sustainable procurement section (page 92) provides more details on how we work with suppliers.

Reporting misconduct

Our employees and customers are encouraged to report actual or suspected misconduct. This could include concerns related to bribery, fraud, labour grievances, discrimination or other ethical issues concerning colleagues, suppliers, subcontractors or agents working on behalf of DNV.

Channels for raising concerns are set out in our instruction on reporting misconduct, the Code of Conduct, the DNV intranet and on our website.

Performance

We observed a decreased number of labour-related cases in 2020, possibly due to the COVID-19 situation and remote working. The number of financial misconduct cases remained steady, although an increase is possible as economic crime tends to increase during and in the wake of a crisis.

Cases concerning breaches of data protection have increased over the years and remained high in 2020, which can be attributed to increased awareness, e.g. through new training measures (see page 58).

The use of our ethical helpline increased, possibly due to remote working and fewer opportunities to discuss cases with managers. We also recorded a number of unsubstantiated allegations which were handled by human resources.

An ongoing case concerns a former employee of DNV who was arrested in Norway and charged with espionage and corruption. The case is being handled by public prosecution in Norway and DNV is assisting with the investigation as required.

TABLE 12 | REPORTED NEW POTENTIAL COMPLIANCE CASES

Case type	2020	2019	2018
Labour (suspicion of harassment, discrimination or breach of other labour-related instructions)	2	10	5
Financial (suspicion of financial misconduct)	8	6	9
Data Protection (suspicion of breach of data protection laws)	16	20	17
Ethical Behaviour (suspicion of unfair treatment)	21	16	15
Other (all other suspicions of breach of law or internal instructions)	17	15	12
Total	64	67	58

VALUE TO SOCIETY

ECONOMIC CONTRIBUTION

Why it matters

Economic performance is part of how DNV views sustainability. We work hard to deliver a profit at the same time as generating value for our local communities and society in general – from creating direct and indirect employment to paying taxes where we operate, which in turn contributes to local communities.

We have always focused on maintaining a strong financial base in order to remain resilient during downturns. This was particularly relevant for the disruption caused by the coronavirus pandemic in 2020 and will enable us to recover strongly in 2021.

Ultimately, being a profitable company enables us to deliver on our strategic ambitions, develop our people by building their skills and competence, and invest in research and innovation to ensure that we remain relevant to our customers and deliver on our purpose.

Activity in 2020

Impact of COVID-19

Economic performance in 2020 was deeply affected by the pandemic, with a sharp drop in activity during the first half of the year. Lockdowns, working from home, travel restrictions and the closure of our offices and those of our customers around the world reduced demand for services and severely impacted our financial performance during the first few months.

Due to the difficulty of creating reliable financial forecasts and to safeguard jobs long term, we implemented local time-limited furloughs and, in some locations and business areas, employees were asked to voluntarily sacrifice 10% of their salary for a time-limited period (see also the people section, page 69).

Fortunately, the slowdown in activity was shorter than expected. In Q4, the Group CEO announced that DNV would compensate employees for the financial sacrifices suffered due to temporary layoffs, furloughs and salary cuts.

Financial performance

Revenue for the year was NOK 20,911 million with an operating profit of NOK 2,406 million. At the end of 2020, DNV Group had a total equity of NOK 15,165 million. We employed 11,614 employees paying a total of NOK 12,089 million in employee wages and benefits. Total tax expenses were NOK 671 million for the year.

We continue to commit 5% of our annual revenues to research and innovation programmes, which helps us to fulfil our purpose to safeguard life, property and the environment.

> Economic performance is part of how DNV views sustainability.

Looking ahead

We launched our new five-year Group strategy at the start of 2021. Running until 2025, it sets out our goal for customer-centric growth within our overarching ambition to shape the future of assurance within our core industries, inspired by our vision to be a trusted voice to tackle global transformations. For more information on the new strategy, see 'How we make an impact', page 15.

Our overarching ambition is to shape the future of assurance within our core industries.

Approach

We are solely owned by Stiftelsen Det Norske Veritas, an independent Norwegian foundation with the long-standing purpose to safeguard life, property and the environment. This purpose is realized mainly through the 100% ownership of DNV Group AS.

Our owner requires DNV to run profitable operations so that society at large benefits from the employment, taxes and other economic activity we create. In addition, our stakeholders, including employees, suppliers and subcontractors, and customers, rely on DNV to maintain a solid financial base.

Robust financial performance is a central tenet of our success. All business areas are expected to meet or exceed their annual revenue targets, but growth must not take place at the expense of sustainability, profitability, quality or the integrity of our operations.

Tax policy

DNV's approach to managing our tax affairs is as follows:

- DNV is dependent upon society's trust
- DNV shall not participate in tax planning or financial transactions which can damage this trust
- DNV is to comply with the letter and spirit of tax law in all countries in which we operate
- All group company transactions are to be made on an arm's length basis as set out under the OECD Guidelines
- Tax cost and risk assessments are to be integrated in all core business considerations, both strategic and in day-to-day operations
- DNV is committed to being fully compliant and will provide sufficient information and economic context when reporting to and negotiating with tax authorities.

More information on our tax liabilities in 2020 is available in the financial statements on page 100.

Performance

TABLE 13 | **ECONOMIC VALUE WE GENERATED AND DISTRIBUTED GLOBALLY**

	Nordics	Central Europe	West, South and East Europe	Great Britain	North America	South America	North Asia	South Asia	India, Middle East and Africa
Revenues [1]	5 695	1 424	2 841	1 437	3 974	267	2 912	1 074	1 224
Operating costs [2]	1 705	32	746	381	1 478	111	891	230	449
Employee wages and benefits	3 178	1 422	1 783	988	2 105	145	1 122	658	688
Payments to providers of capital [3]	5	37	3	1	0	0	1	0	5
Payments to governments	98	6	88	28	94	6	223	43	43
Community investments	7	0	0	0	0	0	0	0	0
Economic value retained	701	-73	221	38	297	4	675	142	39

1 External revenue and interest income
2 Operating costs excluding employee wages and benefits, amortizations and impairment
3 External interest expenses

VALUE TO SOCIETY

ENVIRONMENT AND CLIMATE

Why it matters

There is a need for rapid action to tackle climate change by all parts of society, including governments, businesses and individuals alike. This is a major driver of the energy transition that is likely to affect industries and customers, including DNV. Understanding climate risks and the new opportunities for technology to solve some of these challenges is of immense importance to us.

We are committed to using our technical expertise to accelerate the transformation to a future in line with the Sustainable Development Goals (SDGs) and the 1.5°C target of the Paris Climate Agreement. More broadly, environmental protection is embodied in our purpose to 'safeguard life, property and the environment' and our value, 'We CARE', which reflects caring for one another and the planet.

Our sustainability and climate strategy will reduce our environmental footprint across the business. Our global operations are carbon neutral and we offset our greenhouse gas emissions from offices, laboratories and travel. Our strategy includes a focus on four SDGs where we can contribute the most and have the largest impact. Three of these are environmental Goals – SDG 7: affordable and clean energy, SDG 13: climate action, and SDG 14: life below water.

We contribute in two ways – by reducing our own negative environmental impact and by providing services to our customers that help them do the same (see Sustainable Innovations and Market sections).

Progress in 2020

The restrictions to business travel and office working in 2020 as a result of the pandemic accelerated the use of digital tools and processes in our work. Our consultants conducted more surveys, certifications and inspections remotely using video and online tools. Although not all inspections can be completed remotely, the increase showed both customers and our consultants how work might be organized in the future. Reduced business travel and office working is reflected in our energy use and greenhouse gas (GHG) emissions, which are significantly down compared to 2019.

Carbon neutral operations

We maintained our carbon neutral status in 2020, offsetting our emissions with verified carbon offsets from the Isangi REDD+ project in the Democratic Republic of Congo and the Rainforest Community project in Peru. The offsets are provided by South Pole, a provider of carbon credits.

GHG emissions

In 2020, we emitted a total of 23,383[1] tonnes of CO_2 equivalent (tCO2e) emissions, 70% down from our total emissions in 2019 (77,860[2] tCO_2e). Excluding power testing laboratories, which were sold at the end of 2019, our 2020 emissions are down 55% from 52,302 tCO_2e in 2019. With reduced activity, GHG emissions from air travel fell by 74% compared to 2019.

1 10% of emissions reporting comes from estimated energy use. This is mainly done by estimating average office size.

2 2019 CO_2e emissions figures are corrected from those published in our *2019 Annual Report* (78,635 tonnes) due to replacing estimated data with final measurements.

Based on the share of renewable electricity in the national grids where DNV operates, we assume that the share of renewable electricity used by DNV corresponds to roughly 38% of the total energy consumed by our company.

Energy use

In 2020, we used 57.3 gigawatt hours (GWh) of energy in our operations, down 40% from 2019 (94.8 GWh) and 21% down from 72.7 GWh for energy consumption excluding power testing laboratories. The major users of energy are our facilities in Høvik, Hamburg and Groningen.

12.4% of our energy was purchased with green certificates and 3.3% was generated onsite at DNV facilities, 15% came from burning fuels and 69.3% was grid electricity or district heating. Our drop in energy consumption in 2020 is mainly due to the reduced use of our office facilities and sale of power testing laboratories.

Most of our offices had a sharp drop in energy use due to lockdowns and home working. In some locations, however, energy use increased due to requirements to use more heating, ventilation and air conditioning to ensure the air is clean because of COVID-19.

Incidents and compliance

We had no environmental incidents in 2020 and no non-compliances or fines related to environmental regulations.

Looking ahead

As part of our strategy to 2025, we have ambitious plans to reduce our GHG emissions, switch to renewable electricity for all our offices and laboratories, and contribute to DNV being climate net positive by the end of the strategy period.

DNV will ensure that our worldwide operations are responsible and sustainable. By 2025:

- We will reach 100% renewable electricity for our offices and laboratories worldwide and reduce emissions in line with the 1.5°C pathway of the Paris Climate Agreement
- Our operations will be climate net positive
- We will continue to reduce plastic use with the aim to reach zero plastic at our offices
- Encourage employees to travel less, instead making use of digital technology to interact with external and internal stakeholders
- Engage and involve our employees on environmental topics.

Approach

Our purpose directs us to safeguard the environment. Our aim is to continuously reduce the environmental footprint of our own operations and to help customers do the same. We aim to use our expertise to make a positive contribution to the SDGs and the 1.5°C target of the Paris Climate Agreement (see also sustainable innovations on page 48).

As signatories to the UN Global Compact, we take a precautionary approach to managing our environmental and climate impacts. Our Code of Conduct also commits us to reduce the environmental impact of our operations, procurement, and investment and property management.

Environmental management system

Since 2008, DNV Group has been independently certified to the ISO 14001 environmental management system standard. Periodic audits take place to maintain our certification, which is key to identifying and reducing our environmental impacts on an ongoing basis. It also contributes to our reputation as a service provider that enables the safe and sustainable performance of our customers.

Environmental management reporting system and tool

We measure and monitor our key environmental aspects and any environmental incidents using Synergi Life software, which was developed in-house. We measure GHG emissions from air and rail travel with reporting tools from our travel agencies.

Green supply chains

As part of our approach to sustainable procurement (page 92), all suppliers are required to adhere to our Supplier Code of Conduct, including our environmental policies and standards.

Climate and environmental governance

Our approach, processes and systems for managing environmental risks and performance is a Group-level responsibility. Our CEO receives regular reports on environmental matters and performance and is monitoring the implementation of the strategy to ensure that we meet our ambitious targets.

How we calculate our GHG emissions

We calculate our GHG emissions in line with the GHG Protocol. We use the financial and operational control approach, with the operational control criteria defining the boundary for consolidating the greenhouse gas emissions. Location-based emissions are reported globally.

We use Defra CO_2 emission factors for calculating air travel.

Indirect emissions from electricity and district heating have been calculated using country-specific grid average emission factors published in the IEA 2021 revision.

We do not report the greenhouse gases CH_4, N_2O, HFCs, PFCs or NF_3. We do not report on SF_6, NO_X and SO_X emissions. We are not aware of having any emissions of ozone depleting substances.

Performance

TABLE 14 **ENERGY CONSUMPTION** (GWH)

	2020	2019	2018
Energy consumption	57.3	94.8	109

TABLE 15 **GREENHOUSE GAS EMISSIONS** (THOUSAND tCO_2e)

	2020	2019	2018
Scope 1: Direct GHG emissions from operations	1.5	25.6	5.7
Scope 2: Indirect GHG emissions from purchased electricity and heat	8.9	13.9	17.2
Scope 3: Indirect GHG emissions from air, car and rail travel	12.9	38.4	41.9
Total GHG emissions	23.4	77.9	64.8

Scope 1, 2 and 3 GHG emissions per person from DNV operations were 2.02 tCO_2e per employee (2020: 6.6).

100% of our emissions in 2020 were offset through verified schemes.

23.4 thousand tonnes of CO_2e emitted from offices, lab operations, air and car travel.

-55% Reduced emissions in 2020, mainly as a result of the pandemic.

FIGURE 05 **GHG EMISSIONS** (THOUSAND tCO_2e)

	2020		2019
Air travel	8.7	(37%)	33.8
Buildings	10.5	(45%)	17.0
Car travel	4.2	(18%)	4.6

Basis of reporting GHG emissions

Scope 1 and 2 emissions come from DNV burning of liquid fuel and gas within our offices and energy consumption.

We have included our scope 3 emissions that come from business air, rail and car travel.

We do not yet have other sources of scope 3 emission data from our vendors, contractors or supply chain.

VALUE TO SOCIETY

SUSTAINABLE PROCUREMENT

Why it matters

As a global organization, DNV is supported by a global network of subcontractors and suppliers to deliver our products and services effectively. It is important for us to build a sustainable supply chain to ensure smooth business operations globally and to support our commitment to business ethics and the environment.

We expect all suppliers to adhere to our Supplier Code of Conduct and to ensure that their operations and activities are in line with DNV's sustainability objectives.

Progress in 2020

Energy use and greenhouse gas emissions

We use our procurement process to focus on energy and greenhouse gas emission reductions. This includes more fuel-efficient company cars and renting environmentally-sound offices.

Company cars

Over the last few years, we have changed how we manage our global fleet of approximately 1,500 company cars to make procurement and administration more efficient. We have a fixed maximum CO_2 emission limit of 160 g/km for passenger cars[1]. In 2020, our Global Shared Services (GSS) procurement team started a feasibility study into increasing the percentage of electric cars in our fleet from 2021 and onwards. Once the feasibility study is complete in 2021, we will pilot the roll out in selected European countries and gradually expand to further global operations, based on the local situation and availability of necessary charging facilities.

Renewable electricity

We are working to ensure that our worldwide operations are responsible and sustainable. By 2025, all our offices and laboratories will be supplied with 100% renewable electricity. We have started a project to switch to renewables at our largest offices first. By the end of 2021, we are targeting 50% of electricity used in business operations to come from renewable sources (see page 89-90).

Improving office efficiency

Most employees in DNV worked from home for a significant portion of 2020 due to COVID-19. In spite of this, we continued to deliver high quality services to customers. This inspired us to consider future ways of working and we established the 'Future Workplace Project' in August, focusing on flexible working and adapting to a situation where more people work remotely.

Our aim is to increase visibility and connectivity between teams and managers in order to enhance teamwork and knowledge sharing, while improving workplace performance and efficiency, and reducing energy consumption. The project started piloting flexible working in selected units in China in November and Norway and Germany will follow in 2021.

For office leases signed in 2020, we have successfully reduced floor space per employee from an average of 25 m^2 in 2017 to 17 m^2 by the end of 2020. This contributes to a reduction in energy consumption and related CO_2 emissions.

Improving procurement processes

In 2020, we continued working on sustainable procurement projects. This included selecting procurement software that will standardize and automate purchasing and payment, as well as supporting our internal and external compliance requirements. The software will be piloted in Poland in 2021 and once proven successful will be rolled out globally. We also completed a procurement guide in 2020 outlining our end-to-end procurement process, including standard templates. This will be published in 2021.

All relevant governance documents for procurement were reviewed and updated in line with business needs and changes. Although most travel was cancelled due to COVID-19, we held our first procurement townhall meeting online in July to reiterate key projects and to highlight the importance of procurement compliance and governance.

> We use our procurement process to achieve energy and greenhouse gas emission reductions.

1 This is based on the latest EU standard WLTP (Worldwide harmonized Light vehicle Test Procedure) for car emissions, which is an update of NEDC (New European Driving Cycle).

27% of our offices are in green-certified buildings.

2024 Our goal is for all our offices with more than 100 employees to have a green building certification by the end of 2024.

Assessing suppliers

All DNV supplier contracts must include our Supplier Code of Conduct and we continued our programme of auditing suppliers against the Code in 2020. We audited 11 indirect suppliers during the year. The supplier audits were carried out by DNV procurement experts and the results showed no significant infringements.

To strengthen our supplier risk assessment and mitigate the risk of breaches of our Supplier Code of Conduct, we will launch a new supplier and contact management tool within our Synergi Life health, safety and environment (HSE) software in 2021. The new module will automate the supplier risk assessment process.

Human rights

Our Supplier Code of Conduct outlines our expectation that suppliers are not complicit in human rights abuses. Human rights are part of our supplier audits and we have not identified any human rights breaches in our audits in 2020.

Looking ahead

We will continue to embed our global procurement programme in 2021. The programme establishes common processes, tools and systems for the whole company with the aim of improving the efficiency, quality and digitalization of procurement. Although a number of elements of the programme were delayed due to COVID-19, the key objectives remain:

- Set up a standardized procurement process and templates across DNV – in 2021, we will launch our procurement guide, which was developed in 2020
- Pilot and roll out a purchase-to-payment software system and contract management tool that combines supplier and contract management – we will pilot the software in Poland in 2021 and roll this out globally following a successful pilot
- Improve supplier assessment, monitoring and management to ensure compliance with DNV governance documents.

Assessing suppliers

Our audit programme for indirect suppliers will continue in 2021, with a minimum of 10 supplier audits. We select the suppliers to be audited based on how critical they are to our business. During 2021, we will also launch a module within our Synergi Life HSE software, which will automate the supplier risk assessment process.

Energy efficiency

We will introduce more battery electric vehicles to our company car fleet in 2021, following completion of the feasibility study started in 2020. We will also continue our project assessing the feasibility of switching to green electricity across the majority of DNV GL, starting with our largest offices.

Reducing plastic use

We will launch a Global Plastic Reduction project in 2021 to reduce single-use plastics use within the company. The focus will be on eliminating single-use plastics by avoiding their use entirely or using alternative degradable materials to replace plastic. We will use digital posters, intranet articles and other communication channels to raise awareness and engage our people, so that we can all be mindful about plastic reduction both at the office and at home.

In 2021, we will update our Energy Efficiency Guideline with new sustainability initiatives, including information about using alternatives to plastic. The guideline was released in 2019 to outline how employees can help to save valuable resources, reduce greenhouse gas emissions and save money at home and in the office.

Approach

Our suppliers must adhere to our Supplier Code of Conduct and consider how they can support our sustainability goals in their own operations. We work closely with our suppliers and monitor their progress towards more sustainable operations through our global procurement programme, which includes systematic and standardized procurement policies and processes across the company.

Setting high standards

Our expectations for suppliers are outlined in our Supplier Code of Conduct. It is aligned with the UN Global Compact's ten principles on human rights, labour standards, environmental performance and anti-corruption. All suppliers must accept our Supplier Code of Conduct and must sign the code or accept it as a mandatory attachment to the contract.

> Our expectations for suppliers are outlined in our Supplier Code of Conduct, which is aligned with the UN Global Compact's ten principles on human rights, labour standards, environmental performance and anti-corruption.

Global governance, local purchasing

Although we procure most of our products and services locally, our procurement strategy, policy and processes are managed centrally by our Global Shared Services (GSS) unit, which also manages global procurement projects.

Our suppliers are divided into two groups: Direct suppliers contribute to our service to customers, for example, subcontractors providing technical expertise or working on customer projects. Indirect suppliers provide goods and services that support our overall business activities but are unrelated to our service to customers. Examples include, facilities management, travel, ICT hardware and software, financial services, insurance and office supplies.

Individual business areas are responsible for direct procurement and indirect procurement is managed by GSS. Our large supplier categories include subcontractors, office and real estate expenses, ICT, travel and car fleet.

Risk management

To manage risk, and ensure cost savings and transparency, we are working to consolidate our suppliers globally, selecting trustworthy suppliers whose values and service quality meet our requirements. The new contract and supplier management module within our Synergi Life software will help us to better manage supplier risk once it is rolled out in 2021.

VALUE TO SOCIETY

PARTNERSHIPS

According to the United Nations, the world has ten years to deliver on the Sustainable Development Goals (SDGs). Achieving them requires a ramping up of ambition and rapid, concerted action to change the systems that we operate in, including energy, healthcare, food, finance, transport and manufacturing. Our vision commits us to tackling these transformations and we can best achieve this in partnership with others.

Why it matters

Our purpose and vision establish a dual ambition for sustainability – to be sustainable in how we operate and how we make a difference with our customers and other partners. Our vision also commits us to tackling global transformations. But the scale of many of today's sustainability challenges means they cannot be tackled in isolation.

Society's challenges are global in nature and delivering solutions with global reach can be best achieved by combining knowledge, ideas and effort across sectors, disciplines and borders.

As a knowledge-based organization, we constantly need to learn, be challenged and inspired by other organizations, and in turn to challenge and inspire them. Collaboration and partnership are the best ways to achieve this.

We have a long history of working on projects of shared interest with our customers, suppliers and competitors in industry associations, and on initiatives at national, regional and global levels. We strive to bring our primary skillsets – technical expertise and market foresight – into our collaborations to help create sustainable business solutions.

Industry partnerships

DNV Group

- United Nations Global Compact (UNGC)
- World Business Council for Sustainable Development (WBCSD)
- Red Cross
- Confederation of Norwegian Enterprise (NHO)

Maritime

- International Association of Classification Societies (IACS)
- Entity for the Quality Assessment and Certification of Organisations Recognised by the European Union (QACE)
- International Council on Combustion Engines (CIMAC)

Energy Systems

- Energy Industries Council
- Global Wind Energy Council (GWEC)
- Eurelectric

Business Assurance

- Independent International Organisation for Certification (IIOC)

Supply Chain and Product Assurance

- International Association of Trusted Blockchain Applications (INATBA)

Digital Solutions

- Institute of Electrical and Electronics Engineers (IEEE)
- American Gas Association (AGA)
- Norwegian Offshore Wind Cluster

UN Global Compact

DNV is a signatory to the UN Global Compact. We are committed to embedding the ten principles on human rights, labour, environment and anti-corruption into our corporate strategy, management system and our day-to-day operations. Our annual report acts as our Communication on Progress, outlining our progress against the ten principles and the Sustainable Development Goals.

During 2020, we collaborated with the UN Global Compact to create the report 'Uniting business in a Decade of Action'. The report looks at two decades of corporate sustainability progress and what needs to happen to accelerate progress towards the SDGs in the Decade of Action.

DNV is a founding member of the UN Global Compact Action Platform for Sustainable Ocean Business. In 2020, we produced the report 'Ocean Stewardship 2030'. The report provides a roadmap for addressing five critical areas for healthy and productive oceans, including sustainable seafood, decarbonized shipping, ocean electricity, ending waste entering the ocean and ocean data collection.

World Business Council for Sustainable Development

DNV has been an active member of the World Business Council for Sustainable Development (WBCSD) since 1999. Our Group President and CEO was re-elected as a member of its Executive Committee in 2020. We use our membership of the WBCSD as a platform to advocate for more sustainable and responsible business practices globally.

In 2020, we joined working groups to contribute to WBCSD's Vision 2050 project, tasked with identifying a pathway to a world in which nine billion people can live well and within the planet's boundaries by mid-century. The project is analyzing the consequences of significant social, economic and political shifts and providing the business community with the positive, opportunity-based, action agenda it needs to achieve the SDGs and progress beyond these. Vision 2050 was officially launched in March 2021.

We have also engaged in projects on enabling a more circular economy and a COVID-19-inspired focus on improving food and health care supply chains. In 2021, DNV will also join projects focusing on energy systems and implementing the SDGs.

The Red Cross

DNV has partnered with the Red Cross since 2004, a commitment that was renewed for two years at the end of 2020. We make an annual financial contribution of NOK 2,000,000 to the Norwegian Red Cross and ad hoc donations to specific projects, including providing consultancy services of NOK 500,000 each year. We aim to strengthen the Red Cross' capacity to carry out humanitarian work and create opportunities for our employees to volunteer their technical, digital, safety and sustainability expertise to Red Cross projects.

We have also worked closely with the Norwegian Red Cross and the International Federation of Red Cross in Geneva to help them utilize data and digital technologies.

Our data specialists have provided training in data management and quality and assisted with competency development. In 2020, we provided advisory services to help develop their digital strategy and anchor it throughout the global Red Cross Red Crescent organization.

We presented at the Red Cross' Digital Transformation workshop (February 2020) and joined digital consultation meetings from March onwards. In return, we learned much about large scale organizations' needs around measurement, data management, and digital transformation. We have also contributed to climate accounting and the climate conference Climate:RED.

PERFORMANCE

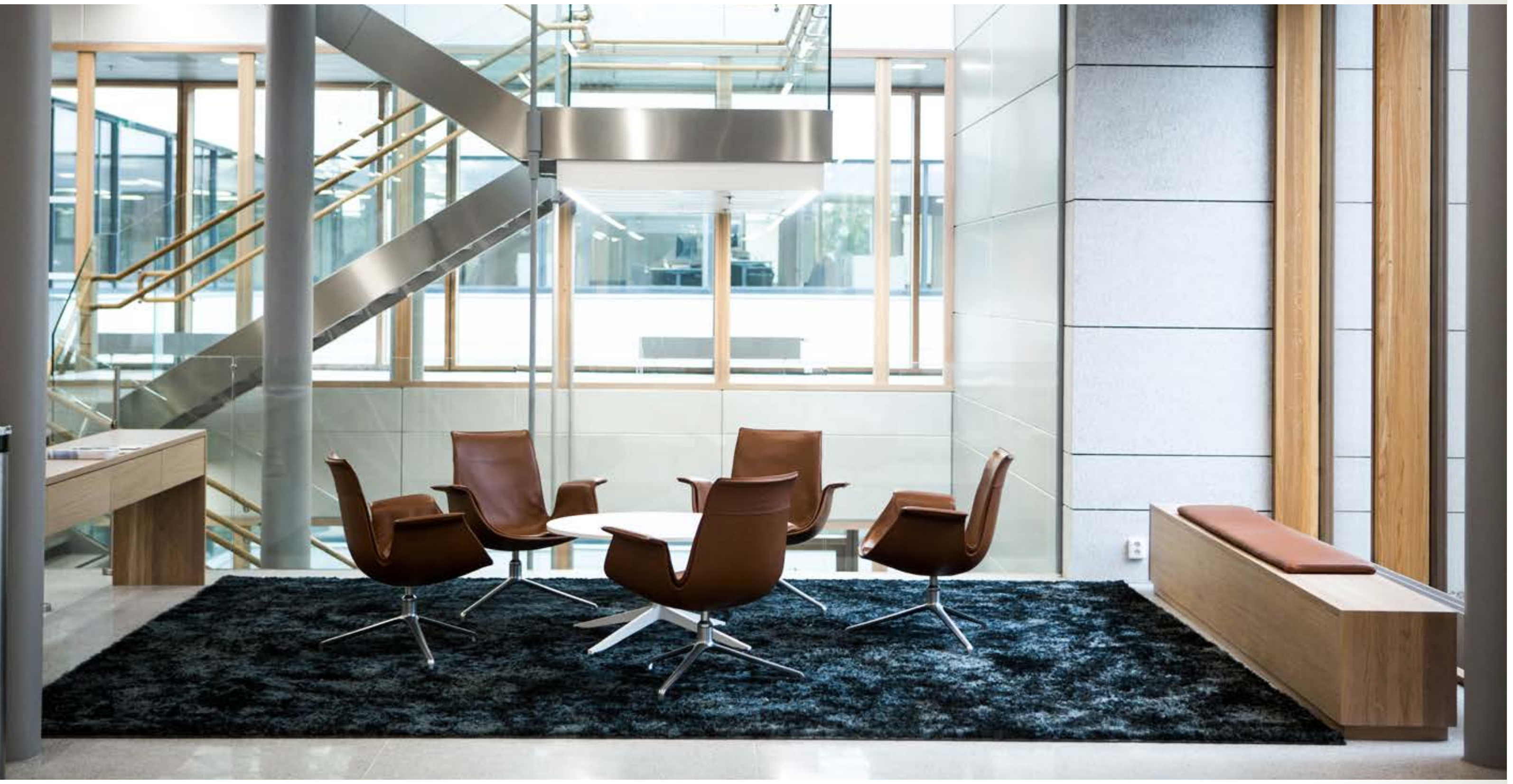
The Board of Directors' report provides a comprehensive review of DNV GL's strategy and performance for the year as well as the Board's outlook for the future.

The financial statements are prepared in accordance with the Norwegian Accounting Act and regulations on simplified IFRS.

The sustainability reporting is according to the GRI Standards Core option. KPMG has audited the financial reporting and provided limited assurance on the sustainability reporting.

BOARD OF DIRECTORS' REPORT 2020

DNV's purpose is to safeguard life, property and the environment. As customers and employees faced acute disruption to their lives and livelihoods during 2020, DNV's purpose and deep-seated values of sharing, caring and daring became all the more relevant to guide the company's activities and response.



Despite the many challenges faced by DNV's customers and employees during 2020, DNV's business models proved resilient and the financial year ended strongly. The company recorded operating revenues of NOK 20,911 million in 2020, a drop of a mere 3.0% from 2019. The emphasis on, and investment in, digitalization in previous years proved critical to DNV's ability to continue operations and serve customers.

The Board sincerely thanks the management and employees for their hard work and commitment throughout 2020.

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

A year in the shadow of COVID-19

Like for most companies, business circumstances were extremely challenging during 2020. As a highly international company, operations were affected in all regions and sectors, and management have monitored developments closely since the outbreak of the COVID-19 pandemic. An emergency response team was convened and has been fully operational since mid-January 2020. To ensure the health and safety of employees and their families, offices were closed, and employees worked from home where possible.

In addition to other cost mitigating actions, more than half of the workforce was placed on partial furloughs or agreed to 10% salary cuts to curtail costs. These tough decisions were taken based on the company's uncertain prospects and the rapidly changing developments in early April and in dialogue with both employee representatives and national governments where possible.

The swift and early response and adjustments made to enable business processes ensured that the financial impact was minimized. DNV's ability to serve customers throughout the pandemic was helped by the successful implementation of the company's digitalization strategy in previous years. Thanks to a robust IT infrastructure and digital tools, the majority of employees were able to work from home and many services were performed remotely – including remote surveys, audits and inspections. As the financial impact to business from COVID-19 proved less severe than expected, employees were compensated for their financial sacrifices due to layoffs/furloughs and salary cuts at year end.

The Board is very satisfied with the way the pandemic has been handled, which has enabled the company to achieve financial year-end results in line with original targets, continue key investments and be in a position to compensate employees for their contributions, hard work and dedication.

Financial Performance

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

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

Earnings before interest, taxes, depreciation and amortization (EBITDA) fell by NOK 48 million from NOK 3,529 million in 2019 to NOK 3,481 million in 2020. The operating profit (EBIT) for 2020 ended at NOK 2,406 million, NOK 71 million up from NOK 2,334 million in 2019. The reduction in EBITDA relates primarily to COVID-19's market impact, weaker oil and gas markets and the continued decline in ship newbuilding activity.

The net financial expenses were NOK 233 million in 2020, compared to NOK 349 million in 2019. The change from 2019 is primarily due to lower net currency losses, reduced net interest on defined benefit pension liabilities and the return on financial investments.

The 2020 tax expense of NOK 671 million represents an average tax cost of 31%. The average corporate income tax is 25% of the pre-tax profit from operations, while the additional tax cost is caused by withholding taxes on remitted earnings, losses from operations without recognition of tax assets and non-tax-deductible items. The net profit for the year was NOK 1,502 million, compared to last year's net profit of NOK 1,375 million.

The cash flow from operations ended at NOK 4,081 million in 2020, compared with NOK 2,679 million in 2019. The cash flow was significantly impacted by the continued reduction in working capital of NOK 1,419 million. The cash flow from investments was NOK -305 million in 2020. The investment of NOK 237 million in intangible assets mainly relates to the development of commercial software by Digital Solutions, in-house Oracle ERP implementation, and system integration in the business areas.

The cash flow from investments was reduced by NOK 136 million due to the acquisition of US energy management company Energy and Resource Solutions (ERS) in December 2020, while the cash effect of the divestment of the US Energy laboratories in February 2020 was NOK 179 million.

Financing activities produced a negative cash flow of NOK 2,235 million, of which NOK 1,750 million pertained to funding Det Norske Veritas Holding AS's repayment of an external loan in 2020. Following from IFRS 16, change in lease liabilities caused a negative impact of NOK 466 million in cash flow from financing activities, with the opposite effect in cash flow from operations.

The total net positive cash flow for the year was NOK 1,541 million.

At year-end, DNV Group had liquidity of NOK 5,365 million plus an unused credit line of NOK 1,000 million. The Group has a strong balance sheet, with an equity ratio of 49% after NOK 1,950 million dividend to Det Norske Veritas Holding AS and group contributions after tax of NOK 33 million were declared in 2020.

A net actuarial loss of NOK 363 million from defined benefit pension plans and positive exchange differences from net investments in foreign subsidiaries of NOK 605 million were recognized in equity at the year-end.

The accounts of the parent company, DNV Group AS, show a net profit for the year of NOK 123 million, mainly generated from group contributions received. As of 31 December 2020, DNV Group AS had total assets of NOK 18,995 million and total equity of NOK 9,258 million after declaring dividend of NOK 1,950 million. The Board proposes to transfer the profit for the year to other equity.

The Board confirms that the going concern assumption applies and that the financial statements have been prepared on this basis. The Board regards DNV Group's financial performance as strong and liquidity as very good, even more so considering the challenging operating conditions during 2020. Both parameters contribute to a robust platform for achieving our strategic targets and maintaining our independence as a financially strong and autonomous company. The Board also confirms that, to the best of its knowledge, the information presented in the financial statements gives a true and fair view of the assets, liabilities, financial position and results of the DNV Group for the period, and that there are no material events after the balance sheet date affecting the 2020 financial statements.

The Board regards DNV Group's financial performance as strong and liquidity as very good, even more so considering the challenging operating conditions during 2020.

Market

MARITIME. The disruption to the world economy in 2020 weighed on shipping, but the effect was very different depending on the segment. Some ship segments – for example container, bulker, tanker – demonstrated remarkable resilience, while the cruise, ferry and offshore segments were hit hard and continue to suffer considerably.

The Maritime business area maintained business continuity and quickly scaled up remote activities to help keep both newbuilding projects moving and the fleet sailing. DNV expanded digital services like Machinery Maintenance Connect, Smart Notation, and Digital Features rules. In addition, a new certification framework provided the cruise and ferry industry with a way to demonstrate they have procedures and systems in place for the proper prevention, control, and mitigation of infection.

Seaborne trade is estimated to have contracted by around 3.8% in 2020. Newbuilding activity slowed, with ordering comparable to that in 2016, one of the lowest levels in 30 years. However, economic indicators have been improving and seaborne trade is expected to return to growth in 2021.

In the newbuilding market, DNV captured the largest market share of all the classification societies, with 25% of orders measured in gross tonnes (GT). At the end of 2020, the DNV-classed fleet stood at 10,978 vessels and mobile offshore units, totalling 284.6 million GT – an increase of almost 1%.

DNV won many notable orders in 2020, including four dual-fuel, 190,000 dwt bulkers for U-Ming that are under construction at Shanghai Waigaoqiao Shipbuilding in China and will be chartered to Anglo American, and a major class entry from Seaspan – the transfer of 18 container vessels – bringing the DNV-classed Seaspan fleet to 73 ships. With 19% of the total world fleet measured by gross tonnage, DNV reinforced its position as the world's largest classification society.

Lloyd's List, one of the top maritime publications, named DNV the No. 1 classification society for the fourth consecutive year.

OIL AND GAS. Amid sharp industry retrenchment as the pandemic weighed on oil and gas prices, business area Oil & Gas experienced a revenue decline of 5.2% compared with 2019. However, this business area has been able to diversify its portfolio over the past 5 years and with its rebalancing strategy it was less severely impacted than in previous oil and gas industry downturns.

DNV laboratories and testing sites continued to play leading roles in internationally significant research, development and innovation programmes. For example, DNV-led research evaluated the varying hydrogen purity levels available in the UK and the potential safety impacts and cost effectiveness of introducing hydrogen at these quality levels into the wider distribution network. The work resulted in a recommended specification for a hydrogen purity level for use in existing UK gas distribution networks that could one day carry hydrogen as a low-carbon alternative to natural gas.

As international oil companies looking to reduce their carbon footprints ramped up investment alongside traditional players in renewables, revenues from offshore wind farm projects continued to rise. The Oil & Gas business area's offshore expertise was also put to use to assist the company-wide initiative on floating offshore wind.

This business area continued to digitalize services for delivery on Veracity, DNV's secure platform for digital innovation and industry collaboration. For example, Veracity users can now explore offshore and onshore reliability data through the OREDA@Cloud database .

ENERGY. DNV's Energy business area performed strongly in 2020, winning large, multi-year contracts with key companies including TenneT, Statnett, Renewables Energy Systems, Invenergy, National Grid USA and many others. As a result, Energy reported 11.4% revenue growth in 2020 compared to 2019 and strengthened its order backlog.

During 2020, carbon emissions fell, but DNV's Energy Transition Outlook forecasted that the COVID-19 pandemic will only reduce energy demand through to 2050 by 8% compared to the pre-COVID forecast. As economies pick up pace, leading voices in the energy industry have called for a green recovery. DNV is well-positioned to support its customers in tackling the energy transition faster to realize deep decarbonization.

> DNV conducts extensive research to understand and inform about the challenges facing the climate, ocean, energy, food, healthcare, and transport systems.

As part of this, DNV's strategy to 2025 includes combining its current Oil & Gas and Power & Renewables businesses into one new business area called Energy Systems. The move will better reflect the emerging energy future and allow the company to expand and continue to support the operation of high-risk assets and systems, both physical and digital, in wind, solar PV, energy storage, hydrogen, oil, gas, synthetic fuels, power grids, and carbon capture and storage, through our advanced technical expertise and regulatory understanding.

BUSINESS ASSURANCE. Although dampened by the pandemic, all Business Assurance's main service lines, except training services, experienced growth. The year ended total revenue roughly on par with the year before.

Most of DNV Business Assurance´s revenue is generated by management system certifications. DNV supported customers despite travel restrictions by successfully utilizing alternative delivery methods for its existing services and by launching new offerings to support business continuity for customers.

Concerns related to data and information security risks in systems, processes and products have increased the demand for assurance services. The demand for greater transparency and traceability throughout supply chains has also brought new market opportunities. The need to verify the identity and ecological footprint of products and assets is growing and DNV continued to launch innovative ecosystems and supply chain solutions in support of this.

Product assurance and management system certification services proved to be most resilient in 2020, and looking forward there are significant additional growth opportunities specifically related to medical devices and industrial services. For all other service lines, DNV will continue to capture assurance opportunities based on increasing trust gaps and demand for transparency, with a particular focus on Environment Social Governance (ESG), Sustainable Development Goal realization, and decarbonization.

DIGITAL SOLUTIONS. Despite the challenging circumstances in 2020, Digital Solutions continued to build a position as a leading, global and trusted provider of software solutions, data analytics and platform services and reported a revenue growth of 8.4% in 2020.

The business area secured large contracts with key companies, including ADNOC Offshore, Goldwind, Frontline Ltd, China Oilfield Services Ltd and many more. In addition, the strategic journey to transition from on-premise business towards more Software-as-a-Service (SaaS) business continued.

Cyber security services grew significantly in 2020 responding well to customer needs in the interface of information and operational technology.

The Digital Health Incubator has developed a patient centric data concept called MyHealthBank to provide patients with better overview of their health data and worked with the Norwegian health authorities to explore assurance of digital health apps. DNV also invested in uMotif, a UK based software company, with the aim of exploring improvements in patient engagement and clinical trials.

DNV continued to invest in data management and platform services. Veracity grew its activated users to 223,000 and reached 1,724,000 subscription services.

Strategy

The Board was involved throughout 2020 in the development of a new five-year strategy for DNV. The company's strategy is informed by wide-ranging consultations with stakeholders, a thorough study of global and sectoral trends and a critical analysis of recent company performance. The strategy is designed to drive the company's purpose of safeguarding life, property and the environment and is inspired by DNV's new vision to be a trusted voice to tackle global transformations.

The 2025 strategy is a customer-centric growth strategy with the overall ambition to shape the future of assurance. As part of the 2025 strategy, the company has set ambitious growth targets for a profitable, robust business portfolio. To deliver on this ambition, the company aims to lead the digital transformation of assurance and the assurance of digital assets.

The strategic market goals include to be the leading maritime classification society through major transformations, to enable customers to tackle the energy transition, to lead the assurance of management systems, supply chains, products, medical technology and aquaculture, and to strengthen the company's digital platforms, software solutions and cyber security portfolio.

DNV aspires to be THE place for employees to grow and make a difference – offering a purpose driven, customer centric, diverse, agile, international, and innovative business environment. DNV's reputation as a knowledge house comes from the exceptional talent and expertise of employees and their ability to be forward-thinking.

DNV strives for responsible and sustainable global operations. The company's greatest impact on sustainability is through the expertise and services it provides to customers. DNV has selected UN Sustainable Development Goal (SDG) 3 (good health and wellbeing), 7 (affordable and clean energy), 13 (climate action) and 14 (life below water) as the goals where it can contribute the most and have the largest impact.

The company is upholding its commitment to invest at least 5% of its annual revenues in research, development and innovation. More than half of these activities are shaped to support the company's digitalization journey. DNV is actively pursuing joint innovation projects and partnerships with academia and business in areas such as artificial intelligence, machine learning and autonomous systems.

The new corporate strategy and the organization to drive its implementation were launched in January 2021 together with strategies for six business areas.

Corporate Governance

DNV considers sound corporate governance to be fundamental for securing trust in the company and a cornerstone for achieving sustainable value creation in the best interests of DNV's customers, employees, owner and other stakeholders.

DNV issues an annual Corporate Governance Report to verify corporate governance in accordance with the Norwegian Code of Practice for Corporate Governance (Code of Practice) to the extent relevant for the DNV Group as a private limited company. DNV's Corporate Governance Report deals with each of the 15 topics covered by the Code of Practice and describes DNV's adherence to this code. The Corporate Governance Report also describes the legal basis and principles for DNV's corporate governance structure.

The management company of the DNV companies is DNV Group AS, registered in Norway and governed by the Norwegian Private Limited Liability Companies Act. DNV Group AS is wholly owned by Det Norske Veritas Holding AS (DNV Holding). DNV Holding is a private limited company registered in Norway and is fully owned by Stiftelsen Det Norske Veritas. Stiftelsen Det Norske Veritas issues a separate annual corporate governance report available on www.detnorskeveritas.com. The Board of Directors of DNV Group AS consists of ten members. Six of these are elected by the shareholders while four are elected by and from DNV employees worldwide. The Board comprises six men and four women from four nationalities, with an average age of 57.4 years. The Board's combined expertise represents a range of stakeholders, markets and competences.

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

> DNV considers sound corporate governance to be fundamental for securing trust in the company and a cornerstone for achieving sustainable value creation.

The results of the 2020 Board elections are as follows:

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

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

The Board would like to extend a special "thank you" to Leif-Arne Langøy for his contribution to the Board and the company over the past 10 years – first as Vice-Chair for one year and then as Chair of the Board for nine years. Leif-Arne Langøy has been Chair of the Board during a period of significant change and development. He has guided the company through a series of major M&A transactions, significant organic growth, and a digital transformation – in periods of very challenging market conditions. He will leave behind a significant legacy for the company to build on in the years to come.

The Board held six ordinary meetings and one extraordinary meeting in 2020. The average attendance at these Board meetings was close to 100%. The Board's Audit Committee held four ordinary meetings in 2020 and the attendance at these was 100%. The Board's Compensation Committee held three ordinary meetings and one extraordinary meeting in 2020 and the attendance at these was 100%.

Further information related to DNV's corporate governance can be found in the company's Corporate Governance Report for 2020 published on the DNV website.

Corporate risk management

The Board underlines the importance of continuously having a comprehensive understanding of the risks facing DNV that could affect the Group's reputation and key business objectives. DNV has processes in place to proactively identify such risks at an early stage and initiate adequate mitigating measures and actions.

DNV's risk management policy is part of the management system and ensures that the risk management processes are integrated into everything the company does. The policy is aligned with the ISO 31000 framework.

The Board formally reviews the risk management status and outlook, both risks and opportunities twice a year – as part of the strategy revision process and annual plan process.

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

In order to mitigate cyber security risks, DNV's information security management systems for GSS IT, Energy, Oil & Gas, Digital Solutions and Maritime are certified to the ISO 27001 information security standard. The Board continues to review DNV's cyber security risk annually.

Severe quality, safety and integrity risks in the company represent another focus area. Numerous barriers exist to minimize the likelihood of such events occurring, and DNV's management system is constantly scrutinized to ensure the company is managing this risk satisfactorily. To limit the potential financial consequences of such risks, DNV has put in place global insurance policies with a level of insurance cover suited to DNV's operation and risk profile.

DNV's main financial risks are its market risk (interest rate and foreign currency risk), credit risk, liquidity risk, pension plan risk and political risk related to trade sanctions.

Interest rate risk: As the company has limited borrowings, its exposure to interest rate risk is primarily connected to the risk of changes in market interest rates for DNV's forward exchange contracts.

Foreign currency risk: DNV has revenues and expenses in approximately 70 currencies. Of these, six (NOK, EUR, USD, CNY, KRW and GBP) make up 77% of the total revenue. In most currencies, the company has a natural hedge through a balance of revenues and expenses. However, a significant portion of DNV's net income is based on USD or currencies closely correlated to USD. DNV is also materially exposed to the re-evaluation of balance sheet items, including net investments in foreign subsidiaries.

Credit risk: Receivable balances are monitored on an ongoing basis, with the result that the company's exposure to bad debts is limited. There are no significant credit risk concentrations within the company. With respect to the credit risk resulting from the other financial assets, which comprise cash, cash equivalents and certain derivative instruments, DNV's exposure to this arises from any default of the counterparty, with the maximum exposure equal to the market value of these instruments.

Liquidity risk: Det Norske Veritas maintains a liquidity reserve where the targeted amount shall correspond to 15% of the annual revenue for the Group plus NOK 500 million in an acquisition and investment reserve. DNV monitors its liquidity risk on a continuous basis. The liquidity planning considers the maturity of the financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations.

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

Political risk: Compliance with applicable trade sanctions is monitored at business area and Group level. This risk is considered to be limited.

> DNV's vision is to be a trusted voice to tackle global transformations, and safeguarding the environment is part of DNV's purpose.

> DNV will use its technical expertise to accelerate transformation required to make a positive impact on the SDGs and achieve the goal of limiting global warming to 1.5°C.

Information security risk: As delivery of services are increasingly digitally enabled, we also see increased risk in securing technical-, business- and customer critical information. Generally, this risk is considered to be moderate, but a single instance of breech could be critical, and it is therefore high priority to monitor and mitigate this within Group and the Business Areas.

Climate risk: International concerns about the climate emergency have moved up the agenda. Addressing these concerns is a major driver of the energy transition which will affect both DNV and its customers. DNV conducts significant research into this which is fed into our strategy development. An impact analysis in line with the Task Force on Climate-related Financial Disclosures (TCFD) standard will be performed during 2021.

Sustainability and climate

DNV's vision is to be a trusted voice to tackle global transformations, and safeguarding the environment is part of DNV's purpose. DNV conducts extensive research to understand and inform about the challenges facing the climate, ocean, energy, food, healthcare, and transport systems, and how technology can help to address these challenges.

In 2020, DNV had zero cases of non-compliance with environmental regulations and zero fines related to environmental aspects. Internal and external audits are undertaken to assure performance.

DNV pursues continuous improvement in its sustainability performance and its management systems are certified to the ISO 9001, ISO 14001, and OHSAS 18001 standards.

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

DNV is also continuing its active partnership with the World Business Council for Sustainable Development and actively supports the work of the Red Cross. DNV reports in accordance with the core level GRI Standards. KPMG has conducted limited assurance of the sustainability reporting on material topics. The Board's audit committee has reviewed DNV's sustainability reporting, including recommendations made by KPMG.

As part of its new strategy, DNV will use its technical expertise to accelerate transformation required to make a positive impact on the SDGs and achieve the goal of limiting global warming to 1.5°C established by the Paris Agreement. DNV supports the SDGs and SDG 3, 7, 13 and 14 which have been identified as core goals where DNV can make a positive impact through the work we do for our customers.

The new sustainability strategy includes plans for offices and laboratories worldwide to use solely renewable electricity by 2025. In addition, the company will develop and implement projects to become climate net positive.

The Board is monitoring the implementation of the strategy to ensure that DNV meets these ambitious targets and reduces the environmental impact of its operations.

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

Organization and people

The DNV Group has employees in close to 80 countries and corporate headquarters located at Høvik, just outside Oslo, Norway. DNV was in 2020 organized in a group structure with five business areas: Maritime, Oil & Gas, Energy, Business Assurance, and Digital Solutions. Global Shared Services provides support services within areas such as finance, HR, IT, and procurement for all business areas. Following a new 2025 Group Strategy, changes were made to this business area structure in 2021. The new group structure has resulted in six business areas: Maritime, Energy Systems, Business Assurance, Supply Chain and Product Assurance, Digital Solutions, and the Accelerator. Veracity is organised as an internal joint venture.

The total number of employees at year-end 2020 was 11,614, of whom 98.4% are permanent employees.

In addition, 9,189 subcontractors and expert personnel were engaged at the year-end. Employee turnover was 7.4%, with voluntary turnover at 4.7%.

DNV strives for diversity at all levels of the organization and is firmly committed to providing equal opportunity in all aspects of employment. A career in DNV should not be hindered by nationality, gender, or age if the employee has the competence, attitude and values needed for the role. The Board considers the company's purpose, vision, and values to be instrumental in attracting and retaining a diverse workforce necessary in global markets. The Board also emphasizes the importance of sound management of human and labour rights. The Board reviews compliance annually, and HR and people matters are continuously reported to the Board. DNV's statement pursuant to the UK Modern Slavery Act has been signed by the Board and is published on the company website.

The employees represent 115 nationalities, and DNV has 100 or more employees in 19 countries. DNV's largest operations are in Norway, the US, Germany, the UK, and China.

Of the permanent employees, 86.7% have a higher education. The proportion of female employees is 33% and the proportion of female managers is 28%.

As of 31 December 2020, the Executive Committee consisted of three women and seven men. As of 1 February 2021, the Executive Committee consists of four women and seven men. The expansion reflects the new organization with six business areas.

Business ethics and anti-corruption

DNV's business model and success are based upon trust in all business environments. Building trust is enshrined in the company's new vision and values. The Board emphasizes the necessity of reflecting DNV's values and demonstrating ethical leadership in society.

The DNV Group has a zero-tolerance policy for corruption and unethical behaviour that applies to all employees, subcontractors, agents, and suppliers. The compliance programme and related instructions are based on the Code of Conduct prepared by the Board.

The Code of Conduct covers anti-corruption, antitrust, export controls, sanctions and personal data protection, and processes to handle cases are in place. Information on how to report occurrences or suspicions of misconduct is published on the company website and the intranet, and an e-learning module on the reporting of misconduct must be completed by all employees. There is also an ethical helpline and anonymous whistleblowing channel.

Compliance risks are regularly assessed as part of the corporate risk management process and measures are taken accordingly.

The Group Compliance Officer reports on performance to the Board annually, to the Board's Audit Committee quarterly, and to the Executive Committee when relevant.

In 2020, 64 potential compliance cases were reported and handled (versus 67 in 2019). An ongoing case concerns a former employee of DNV who was arrested in Norway and charged with espionage and corruption. The case is being handled by public prosecution in Norway and DNV is assisting with the investigation as required. DNV was not a participant in any legal action regarding anti-competitive behaviour or violations of antitrust or monopoly legislation during the reporting period. DNV was not subjected to any significant fines or non-monetary sanctions and no non-compliance with laws and/or regulations in the environmental, social, or economic areas was identified.

Measures implemented in 2020 to sustain a high level of integrity include training, communication, and updates to governing documents following statutory amendments. The company performed compliance reviews in countries identified for special anti-corruption and fraud measures and determined a new list of countries for special measures in 2021–2023. Web-based classroom training on integrity and personal data protection was provided in the newly established second Global Shared Services Centre in India. Further web-based classroom training on integrity was arranged for new managers and for employees with customer contact. Around 1,000 employees received individual training on compliance programme topics.

Health and Safety

DNV's vision is zero harm to, and a healthy working environment for, its workforce. To achieve these goals, the company has focused on initiatives that support staff resilience and empower employees to make the right decisions about their own safety, health, and wellbeing. No work is so urgent or important that

Building trust is enshrined in the company's new vision and values.

we cannot do it in a safe and healthy way. This has always been our guiding principle and is now more relevant than ever in 2020, a year dominated by the response to the COVID-19 pandemic.

The pandemic made it very challenging to ensure the health and safety of employees working from home or resuming work in offices or at customer sites. During 2020, several extra initiatives were launched to support employees, including a central COVID-19 information hub, regular updates, resilience webinars and tools to support employees' physical, mental, and social wellbeing.

DNV's new Values, adopted at the start of 2020, proved relevant and were embraced by the organization. The Values – We Care, We Share, We Dare – were reflected in the tremendous determination, resilience, and solidarity shown by DNV employees in all corners of the world in 2020.

Although it is too early to assess the pandemic's long-term impact on staff wellbeing, there is evidence from surveys and organizational feedback that employees have coped and adapted well to the disruptions caused by the pandemic. Some employees reported feeling anxious due to the difficult situation but also supported by the company.

The company's main occupational health and safety risks are related to slips, trips and falls, field work, driving, and stress caused by a high workload. Some cases of ill health related to working from home were also recorded and are being monitored.

The long-term trend in the number of injuries and occupational disease cases has been stable for the last couple of years, with an improvement in the injury and absentee rates in 2020 compared with 2019. The number of workdays lost among employees decreased in 2020 compared to 2019. The decrease in reported hours lost relates to fewer hours per work related accident. More details are provided in the health and safety section of the annual report.

Employee health and safety performance is reviewed by the Board twice a year and is included in the CEO's report to every Board meeting. DNV's health and safety performance is on par with industry benchmarks, and a programme is in place to continuously strengthen the resilience of our employees and foster a learning health and safety culture.

Outlook

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

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

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

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

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

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

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

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

LONGER TERM STRATEGIC OUTLOOK. The 2020s is being named the exponential decade, where the pace of the energy transition will be set and where our food, health and transport systems will change immensely. This is the decade where the digital technologies underpinning Industry 4.0 will mature from experimentation into large-scale application. Most importantly, this is the decade where humanity will succeed or fail to deliver on the Sustainable Development Goals.

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

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

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

HØVIK, 25 MARCH 2021

JON FREDRIK BAKSAAS CHAIR	**LASSE KRISTOFFERSEN** VICE-CHAIR	**BIRGIT AAGAARD-SVENDSEN**	**CLEMENS KEUER**
NINA IVARSEN	**JON EIVIND THRANE**	**INGVILD SÆTHER**	**CHRISTIAN VENDERBY**
SILVIJA SERES	**DAVID MCKAY**	**REMI ERIKSEN** GROUP PRESIDENT & CEO	

BOARD OF DIRECTORS' PROFILES

Jon Fredrik Baksaas (Chair)

Member of the board: Since 2019

Nationality: Norwegian **Born:** 1954

Position: Board pluralist

Education: Norwegian School of Economics and Business Administration, 1979, and IMD PED, 1991

Directorships outside DNV: Stiftelsen Det Norske Veritas; Det Norske Veritas Holding AS; Ericsson AB; Handelsbanken AB; Chairman of Statnett SF

Lasse Kristoffersen (Vice-Chair)

Member of the board: Since 2017

Nationality: Norwegian **Born:** 1972

Position: President and CEO Torvald Klaveness; Various board positions in daughter companies of Torvald Klaveness

Education: Executive Manager Program, INSEAD, Paris, 2004. Senior Manager Program, IMD, Lausanne, 2002–2003. MSc Naval architecture and marine engineering, NTH, 1995.

Directorships outside DNV: Stiftelsen Det Norske Veritas; Det Norske Veritas Holding AS; President and CEO; Various board positions in daughter companies of Torvald Klaveness Group; Board member and Vice President of ICS

Jon Eivind Thrane

Member of the board: Since 2018

Nationality: Norwegian **Born:** 1961

Position: Director Group Digital Excellence, DNV

Education: MSc Applied Physics, Trondheim

Directorships outside DNV: Stiftelsen Det Norske Veritas; Det Norske Veritas Holding AS

Nina Ivarsen

Member of the board: Since 2016

Nationality: Norwegian **Born:** 1962

Position: Chair of VEFF and Head of Global Employee Forum, DNV

Education: Master of Management, Stavanger University; a number of courses from other universities, incl. University of Denver, US, and a PhD programme in Psychology from the University of Oslo. Digital Leadership course with INSEAD

Directorships outside DNV: Stiftelsen Det Norske Veritas; Det Norske Veritas Holding AS

Birgit Aagaard-Svendsen

Member of the board: Since 2017

Nationality: Danish **Born:** 1956

Position: Independent Board professional

Education: Constructional Engineering, The Technical University of Denmark, 1980. Graduate Diploma in Business Administration, Copenhagen Business School, 1985. Misc. executive program at IESE, Barcelona. IMD, Lausanne. INSEAD, Paris.

Directorships outside DNV: Deputy Chair Copenhagen Malmö Port AB, Audit Committee Chair in Prosafe SE, Aker Solution AS, Seadrill Ltd., West of England Ship Owners Mutual Insurance Ass. and Kommune Kredit (Danmark), Board member Otto Mønsted A/S, Stiftelsen Det Norske Veritas and Det Norske Veritas Holding AS

Silvija Seres

Member of the board: Since 2017

Nationality: Norwegian (originally Hungarian) **Born:** 1970

Position: Independent Investor and Board Member

Education: Top Leadership Course at the Norwegian Defence College, Oslo, 2015. MBA Program, INSEAD, 2013. PhD and MA in Mathematical Sciences, Oxford University, UK, 2001. MSc and BSc in Computer Science, University of Oslo, 1996.

Directorships outside DNV: Stiftelsen Det Norske Veritas; Det Norske Veritas Holding AS; Academedia AB; Ruter AS; Chairman Rikstoto; Owner of Technorocks AS; President of Polytechnic Society of Norway; Corporate Assembly Member of Telenor ASA; Advisory Board of Digital Norway

Ingvild Sæther

Member of the board: Since 2020

Nationality: Norwegian **Born:** 1968

Position: President and CEO, Altera Infrastructure

Education: Shipping Management, Agder University, 1990. General Course at London School of Economics and Political Science, 1993. Executive Master Shipping Management, NHO, NTNU, UiO (final thesis not complete), 1998. Advanced Management Programme, Wharton School of the University of Pennsylvania, 2006

Directorships outside DNV: Stiftelsen Det Norske Veritas; Det Norske Veritas Holding AS, Altera Infrastructure L.P

Christian Venderby

Member of the board: Since 2020

Nationality: Danish **Born:** 1969

Position: EVP Head of Service, Vestas Wind Systems A/S

Education: B.S. HD-Finance, Copenhagen Business School, Denmark, 1994. FLS General Leadership Program, Center for Creative Leadership, Greensboro, NC, 1999. General Management Program, INSEAD, Paris, 2006.Vestas Executive Leadership Program, IMD, Lausanne, 2008

Directorships outside DNV: Chairman of Utopus Insight, USA. Stiftelsen Det Norske Veritas; Det Norske Veritas Holding AS

Clemens Keuer

Member of the board: Since 2013

Nationality: German **Born:** 1959

Position: Chair of German Works Council, DNV

Education: Msc in Computer Science, University of Hamburg

Directorships outside DNV: Stiftelsen Det Norske Veritas; Det Norske Veritas Holding AS

David McKay

Member of the board: Since 2019

Nationality: British **Born:** 1963

Position: Chief Surveyor Offshore / Director of Projects, North America, DNV

Education: BSc in Naval Architecture, University of Strathclyde, 1985

Directorships outside DNV: Stiftelsen Det Norske Veritas; Det Norske Veritas Holding AS

FINANCIAL PERFORMANCE

The financial statements for DNV Group AS include income statement, statement of comprehensive income, statement of financial position, statement of cash flow, statement of changes in equity and notes for DNV Group AS and all companies in which DNV Group AS directly or indirectly has actual control.

KEY FIGURES

AMOUNTS IN NOK MILLION	2020	2019[1]	2018	2017	2016
INCOME STATEMENT					
Operating revenue	20 911	21 551	19 639	19 475	20 834
EBITDA	3 481	3 529	1 972	1 342	1 352
Depreciation	641	765	358	336	364
Impairment of fixed assets	0	0	552	14	4
EBITA	2 840	2 764	1 062	993	984
Amortization	420	420	513	503	519
Impairment of goodwill	15	9	0	15	311
and other intangible assets					
EBIT / Operating profit	2 406	2 334	549	474	154
Net financial income (expenses)	(233)	(349)	(273)	(110)	(18)
Profit before tax	2 173	1 985	276	364	136
Profit for the year	1 502	1 375	116	61	(216)
BALANCE SHEET					
Non-current assets	18 313	18 350	17 155	16 631	15 469
Current assets	12 444	11 821	10 992	12 112	11 533
Total assets	30 758	30 171	28 147	28 743	27 002
Equity	15 165	15 419	15 951	18 810	17 509
Non-current liabilities	6 409	7 167	5 423	4 010	3 798
Current liabilities	9 184	7 585	6 773	5 924	5 695
CASH FLOW ITEMS					
Net cash flow from operations	4 081	2 679	1 091	656	662
Net cash flow from investments	(305)	733	(425)	(669)	(682)
Net cash flow from financing activities	(2 235)	(2 234)	(1 698)	45	(607)
Net cash flow	1 541	1 178	(1 032)	32	(628)
Liquidity	5 365	3 809	2 631	3 660	3 628
FINANCIAL RATIOS					
PROFITABILITY					
EBITDA margin	16.6%	16.4%	10.0%	6.9%	6.5%
EBITA margin	13.6%	12.8%	5.4%	5.1%	4.7%
EBIT / Operating margin	11.5%	10.8%	2.8%	2.4%	0.7%
Pre-tax profit margin	10.4%	9.2%	1.4%	1.9%	0.7%
Net profit margin	7.2 %	6.4%	0.6%	0.3%	-1.0%
LEVERAGE					
Equity ratio	49.3%	51.1%	56.7%	65.4%	64.8%
NUMBER OF EMPLOYEES	11 614	11 832	12 101	12 715	13 550

DEFINITION OF RATIOS

Profitability

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

EBITDA margin:
EBITDA x 100 / Operating revenue

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

EBITA margin:
EBITA x 100 / Operating revenue

Operating margin:
Operating profit x 100 / Operating revenue

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

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

Cash flow

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

Liquidity:
Cash and bank deposits

Leverage

Equity ratio:
Equity x 100 / Total assets

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

INCOME STATEMENT

DNV GROUP AS 2020	DNV GROUP AS 2019	AMOUNTS IN NOK MILLION	NOTE	DNV GROUP AS CONSOLIDATED 2020	DNV GROUP AS CONSOLIDATED 2019
		OPERATING REVENUE			
32.0	28.0	Sales revenue	4	20 910.9	21 409.9
0.0	0.0	Gain divestment (sale of operations)	3	0.0	141.1
32.0	28.0	Total operating revenue		20 910.9	21 551.0
		OPERATING EXPENSES			
0.0	0.0	Payroll expenses	5,7,8	12 088.5	11 715.6
31.9	29.8	Other operating expenses	6,7	5 341.7	6 306.6
0.1	(1.8)	EBITDA		3 480.7	3 528.8
0.0	0.0	Depreciation and amortization	12,14	1 060.1	1 179.4
0.0	0.0	Impairment	12,13,14	15.0	15.0
0.1	(1.8)	**Operating profit (loss)**		2 405.6	2 334.4
		FINANCIAL INCOME AND EXPENSES			
0.0	0.0	Gain / (Loss) from associates	15	4.5	(5.6)
325.4	1 670.6	Other financial income	8,9	57.8	48.0
(172.8)	(169.4)	Financial expenses	8,9	(295.2)	(391.5)
152.6	1 501.2	Net financial income (expenses)		(232.9)	(349.1)
152.7	1 499.5	**Profit before taxes**		2 172.6	1 985.3
(29.8)	(21.5)	Tax expense	11	(670.6)	(610.4)
122.9	1 478.0	**Profit for the year**		1 502.0	1 374.8
		Profit for the period attributable to:			
		Non-controlling interest		11.8	14.1
		Equity holders of the parent		1 490.3	1 360.7
		Total		1 502.0	1 374.8

STATEMENT OF COMPREHENSIVE INCOME

DNV GROUP AS 2020	DNV GROUP AS 2019	AMOUNTS IN NOK MILLION	NOTE	DNV GROUP AS CONSOLIDATED 2020	DNV GROUP AS CONSOLIDATED 2019
122.9	1 478.0	**Profit for the year**		1 502.0	1 374.8
		Other comprehensive income not to be reclassified			
		to profit or loss in subsequent periods:			
		Actuarial gains/(losses) on defined benefit pension plans	8	(363.2)	460.2
		Other comprehensive income to be reclassified			
		to profit or loss in subsequent periods:			
		Currency translation differences /			
		Translation differences foreign operations		604.3	44.4
		Share of other comprehensive income from associates		0.0	4.6
0.0	0.0	**Other comprehensive income for the period, net of tax**		241.1	509.2
122.9	1 478.0	**Total comprehensive income for the period**		1 743.1	1 884.0
		Total comprehensive income attributable to:			
		Non-controlling interest		11.8	14.1
		Equity holders of the parent		1 731.4	1 869.9
		Total		1 743.1	1 884.0

STATEMENT OF FINANCIAL POSITION

ASSETS

DNV GROUP AS 31 DEC. 20	DNV GROUP AS 31 DEC. 19	AMOUNTS IN NOK MILLION	NOTE	DNV GROUP AS CONSOLIDATED 31 DEC. 20	DNV GROUP AS CONSOLIDATED 31 DEC. 19
		NON-CURRENT ASSETS			
		INTANGIBLE ASSETS			
0.0	0.0	Deferred tax assets	11	1 086.7	1 012.1
0.0	0.0	Goodwill	12,13	9 164.6	8 531.7
0.0	0.0	Other intangible assets	12	2 396.2	2 536.2
0.0	0.0	**Total intangible assets**		12 647.6	12 080.0
		TANGIBLE FIXED ASSETS			
0.0	0.0	Land, buildings and other property		1 716.5	1 812.5
0.0	0.0	Office equipment, fixtures and fittings		434.2	563.0
0.0	0.0	Right-of-use assets		1 583.7	1 796.8
0.0	0.0	**Total tangible fixed assets**	14	3 734.5	4 172.3
		NON-CURRENT FINANCIAL ASSETS			
11 813.4	11 813.4	Investments in subsidiaries	2	0.0	0.0
0.0	0.0	Investments in associates	15	186.8	182.3
0.4	0.5	Equity instruments		44.9	27.4
411.0	411.0	Other investments	8	0.0	0.0
0.0	0.0	Net pension asset	8	1 366.0	1 483.9
2 550.9	2 472.9	Loan to subsidiaries		0.0	0.0
0.0	0.0	Other long-term receivables	18	333.7	403.8
14 775.8	14 697.8	**Total non-current financial assets**		1 931.3	2 097.5
14 775.8	14 697.8	**Total non-current assets**		18 313.4	18 349.8
		CURRENT ASSETS			
0.0	0.0	Trade receivables	17	3 756.6	4 479.2
0.0	0.0	Contract assets		2 355.9	2 630.8
245.7	186.7	Other receivables group companies		6.3	7.2
159.9	22.3	Other receivables		960.5	895.1
3 814.0	2 354.0	Cash and bank deposits	21	5 365.1	3 809.0
4 219.6	2 563.0	**Total current assets**		12 444.4	11 821.4
18 995.4	17 260.8	TOTAL ASSETS		30 757.8	30 171.1

STATEMENT OF FINANCIAL POSITION

EQUITY AND LIABILITIES

DNV GROUP AS 31 DEC. 20	DNV GROUP AS 31 DEC. 19	AMOUNTS IN NOK MILLION	NOTE	DNV GROUP AS CONSOLIDATED 31 DEC. 20	DNV GROUP AS CONSOLIDATED 31 DEC. 19
		EQUITY			
		PAID-IN CAPITAL			
100.0	100.0	Share capital	24	100.0	100.0
9 158.3	9 323.5	Share premium		9 158.3	9 323.5
		RETAINED EARNINGS			
0.0	1 661.9	Other equity		5 870.4	5 953.7
0.0	0.0	Non-controlling interest		35.9	42.0
9 258.3	11 085.4	**Total equity**		15 164.6	15 419.2
		LIABILITIES			
		NON-CURRENT LIABILITIES			
0.0	0.0	Interest bearing loans and borrowings	22	0.0	0.0
0.0	0.0	Pension liabilities	8	2 994.9	2 651.5
32.6	2.8	Deferred tax liabilities	11	366.1	373.5
1 846.9	2 563.8	Loan from group companies	23	1 300.0	2 100.0
0.0	0.0	Lease liabilities	20	1 307.1	1 550.5
0.0	0.0	Non-current provisions	19	102.1	95.0
0.0	0.0	Other non-current liabilities		338.6	396.1
1 879.4	2 566.6	**Total non-current liabilities**		6 408.7	7 166.7
		CURRENT LIABILITIES			
0.0	0.0	Overdrafts		13.3	22.0
0.0	0.0	Trade creditors		490.0	427.8
0.0	0.0	Taxes payable	11	386.9	515.1
0.0	0.0	Public duties payable		593.1	439.1
7 857.1	3 607.6	Current liabilities group companies	23	2 085.5	1 113.8
0.0	0.0	Lease liabilities	20	426.1	409.9
0.0	0.0	Current provisions	19	238.2	163.2
0.5	1.3	Other current liabilities	16	4 951.2	4 494.3
7 857.6	3 608.8	**Total current liabilities**		9 184.4	7 585.3
9 737.0	6 175.4	**Total liabilities**		15 593.1	14 751.9
18 995.4	17 260.8	TOTAL EQUITY AND LIABILITIES		30 757.8	30 171.1

HØVIK, 25 MARCH 2021

JON FREDRIK BAKSAAS CHAIR	LASSE KRISTOFFERSEN VICE-CHAIR	BIRGIT AAGAARD-SVENDSEN	JON EIVIND THRANE	NINA IVARSEN	CLEMENS KEUER
INGVILD SÆTHER	CHRISTIAN VENDERBY	SILVIJA SERES	DAVID MCKAY	REMI ERIKSEN GROUP PRESIDENT & CEO	

STATEMENT OF CASH FLOW

DNV GROUP AS		AMOUNTS IN NOK MILLION		DNV GROUP AS CONSOLIDATED	
2020	2019		NOTE	2020	2019
		CASH FLOW FROM OPERATIONS			
152.7	1 499.5	Profit before tax		2 172.6	1 985.3
0.0	0.0	Gain on disposal of tangible fixed assets	14	(1.3)	(2.8)
0.0	0.0	Loss (gain) on divestments	3	2.8	(141.1)
(4.5)	0.0	Loss (gain) on equity instruments		(9.2)	0.0
0.0	0.0	Loss (gain) from change of defined benefit pension plans	8	(6.9)	(6.4)
(213.8)	(150.7)	Group contributions recorded as financial income		0.0	0.0
0.0	0.0	Depreciation, amortization and impairment	14	1 075.1	1 194.4
0.0	0.0	Tax payable	11	(611.6)	(614.6)
0.0	0.0	Change in contract assets, contract libilities, trade receivables and trade creditors		1 419.2	(2.5)
(191.9)	(62.6)	Change in accruals, provisions and other		40.4	267.2
(257.5)	1 286.2	**Net cash flow from operations**		4 081.3	2 679.4
		CASH FLOW FROM INVESTMENTS			
0.0	0.0	Acquisitions	3	(136.4)	0.0
0.0	0.0	Divestments of subsidiaries	3	178.9	1 138.9
0.0	0.0	Investments in tangible fixed assets	14	(118.3)	(146.8)
0.0	0.0	Investments in intangible assets	12	(237.2)	(279.9)
0.0	0.0	Sale of tangible fixed assets (sales value)		16.9	20.3
4.7	0.0	Change in other investments		(8.3)	0.0
4.7	0.0	**Net cash flow from investments**		(304.5)	732.6
		CASH FLOW FROM FINANCING ACTIVITIES			
(795.0)	1 180.8	Change in loan from subsidiaries		(800.0)	0.0
0.0	0.0	Change in overdraft		(8.7)	(8.6)
3 057.1	110.6	Change in net position towards participants in the cash pool system		(93.1)	(194.6)
0.0	0.0	Change in lease liabilities		(465.9)	(420.9)
(700.0)	(1 400.0)	Dividend paid		(700.0)	(1 400.0)
150.7	43.1	Group contribution (paid) /received		(167.6)	(209.4)
1 712.8	(65.5)	**Net cash flow from financing activities**		(2 235.3)	(2 233.6)
1 460.0	1 220.8	**Net increase/(decrease) in cash and bank deposits**		1 541.5	1 178.4
2 354.0	1 133.2	Liquidity at beginning of period		3 809.0	2 630.6
0.0	0.0	Cash in acquired companies		14.6	0.0
3 814.0	2 354.0	**Liquidity at end of period**		5 365.1	3 809.0

STATEMENT OF CHANGES IN EQUITY

CHANGES IN EQUITY IN DNV GROUP AS

AMOUNTS IN NOK MILLION	SHARE CAPITAL	SHARE PREMIUM	OTHER EQUITY	TOTAL
Equity at 1 January 2019	100.0	9 323.5	2 283.9	11 707.4
Profit for the period			1 478.0	1 478.0
Dividend accrued			(700.0)	(700.0)
Dividend paid			(1 400.0)	(1 400.0)
Equity at 31 December 2019	100.0	9 323.5	1 661.9	11 085.4
Profit for the period			122.9	122.9
Dividend accrued		(165.2)	(1 784.8)	(1 950.0)
Equity at 31 December 2020	100.0	9 158.3	0.0	9 258.3

CHANGES IN EQUITY IN DNV GROUP AS CONSOLIDATED

AMOUNTS IN NOK MILLION	SHARE CAPITAL	SHARE PREMIUM	OTHER EQUITY	CURRENCY TRANSLATION DIFFERENCES	NON-CONTROLLING INTEREST	TOTAL
Equity at 1 January 2019 (restated)	100.0	9 323.5	2 435.9	3 881.4	51.7	15 792.6
Profit for the period			1 360.7		14.1	1 374.8
Dividend declared			(1 400.0)			(1 400.0)
Dividend accrued			(700.0)			(700.0)
Group contribution payable			(130.7)			(130.7)
Actuarial gains/(losses) on defined benefit pension plans			460.2			460.2
Exchange differences				44.4		44.4
Share of other comprehensive income from associates			4.6			4.6
Other equity changes			(2.9)		(23.8)	(26.7)
Equity at 31 December 2019	100.0	9 323.5	2 027.9	3 925.8	42.0	15 419.2
Profit/(loss) for the period			1 490.3		11.8	1 502.0
Dividend paid						0.0
Dividend accrued		(165.2)	(1 784.8)			(1 950.0)
Group contribution payable			(32.8)			(32.8)
Actuarial gains/(losses) on defined benefit pension plans			(363.2)			(363.2)
Exchange differences				604.3	0.3	604.6
Other equity changes			3.0		(18.2)	(15.2)
Equity at 31 December 2020	100.0	9 158.3	1 340.3	4 530.1	35.9	15 164.6

NOTES

01 SIGNIFICANT ACCOUNTING POLICIES

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

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

CONSOLIDATION PRINCIPLES. The consolidated statements include the parent company DNV Group AS and all companies in which the parent company directly or indirectly has controlling interest. The group controls an entity when the group is exposed to, or has rights to, variable return from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group and deconsolidated from the date that control ceases. The group accounts show the Group's consolidated Income statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Statement of Cash Flow as a single economic entity. Subsidiaries follow the same accounting principles as the parent company. All intra group assets and liabilities, equity, income, expenses and cash flows relating to transactions between Group entities are eliminated in the consolidated accounts. In the consolidated financial statements, the term 'group companies' include the parent company Det Norske Veritas Holding AS and the ultimate parent company, Stiftelsen Det Norske Veritas which are not part of the DNV Group AS consolidated financial statements.

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

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

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

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

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

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

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

DIVIDEND TO EQUITY HOLDERS OF THE PARENT COMPANY. Dividends declared to shareholders are recognized as a liability at the end of the reporting period according to the Norwegian Regulation of simplified IFRS § 3-1.

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES. An associate is an entity in which the Group has a significant influence but does not control the management of its financial and operating policy decisions (normally when the Group owns 20%–50% of the company).

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control, are similar to those necessary to determine control over subsidiaries.

Investments in associated companies and joint ventures are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The income statement reflects the Group's share of profits after tax of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The aggregate of the Group's share of profits (or losses) of an associate and a joint venture is shown in the income statement as financial items.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group.

The recognized value of the associate or joint venture in the Statement of Financial Position is tested for impairment annually or more frequently when deemed necessary.

NON-CONTROLLING INTEREST. The non-controlling interest in the consolidated financial statements, represent the minority's share of the carrying amount of the equity in entities with minority shareholders.

CLASSIFICATION AND VALUATION OF ASSETS AND LIABILITIES. The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period

or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

Current and non-current liabilities are classified correspondingly.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Current assets are valued at the lower of cost and net realizable value. Short-term debt is recognized at fair value and subsequently measured at amortized cost. Transaction cost on short-term borrowings are usually minor, and the value of short-term debt at amortized cost is therefore normally identical with face value.

Fixed assets are valued at cost. However, if a decline in value is expected not to be temporary, fixed assets are impaired to the recoverable amount. Fixed assets with a limited useful economic life are depreciated in accordance with a linear depreciation plan.

REVENUE RECOGNITION. Revenue is recognized when control of a product or service is transferred to the customer. For sale of services, the revenue is recognized over time by applying percentage of completion method. Stage of completion is measured by reference to actual expenses incurred to date as a percentage of total estimated expenses for each contract. When the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable. A contract asset is recognized for all work performed, not yet invoiced.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

Revenue from sale of software licenses are recognized at a point of time. For software maintenance services delivered in the maintenance period, revenue is recognized over time based on the stage of completion of the contract.

RECEIVABLES. Trade receivables and other current receivables are recorded in the balance sheet initially at fair value and subsequently measured at amortized cost less provision for impairment. The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. DNV Group use a provision matrix as a practical expedient to calculate the expected credit losses on trade receivables. The provision matrix represents the group's expected credit risk. Impairment of trade receivables are recognized in the income statement.

TAXES. Income tax expense comprises both current tax and deferred tax, including effects of changes in tax rates. Current and deferred tax is recognized in income statement, except to the extent that they relate to items recognized in equity or other comprehensive income, of which the tax is also recognized in equity or other comprehensive income.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The current and deferred income tax is calculated based on tax rates (and tax laws) that have been enacted or substantively enacted, in the countries where the Group operates and generates taxable income at the end of the reporting period. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is recognized on temporary differences between the carrying amount of assets and liabilities and the corresponding tax bases as well as on tax losses carried forward at the reporting date. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets for temporary differences and tax loss carry forwards are recognized to the extent that it is probable that future taxable income will be available at the level of the relevant tax authority for utilization. Tax increasing and tax reducing temporary differences expected to reverse in the same period are offset and calculated on a net basis as far as this relate to the same taxable entity and the same taxation authority.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

FOREIGN CURRENCIES. The Group's consolidated financial statements are presented in Norwegian Kroner (NOK), which is also the parent company's functional currency. The functional currency of an entity is the currency of the economic environment in which the company primarily operates. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in the Income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Forward exchange contracts are included at market value at the reporting date.

On consolidation, the assets and liabilities of foreign operations, including goodwill and fair value adjustments are translated into NOK at the rate of exchange prevailing at the reporting date. The Income statements are translated at the average exchange rate for the financial year. Exchange rate differences arising are recognized in other comprehensive income (OCI). On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognized in the Income statement.

Realized and unrealized currency effects not reflected in OCI are included on a net basis in either other financial income or other financial expenses.

PROPERTY, PLANT AND EQUIPMENT. Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight-line basis over the expected useful life of the assets. The estimated useful life, residual values and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. Periodic maintenance costs are capitalized and depreciated over the expected maintenance period. Other repair and maintenance costs are recognized in the Income statement as incurred. Improvement and upgrading are assigned to the purchase cost/ carrying amount and depreciated along with the asset.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gains or losses is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

LEASES. The Group has applied IFRS 16 using the modified retrospective approach.

IDENTIFYING A LEASE. At the inception of a contract, The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A contract conveys the right to control the use of the identified asset if the lessee has the right to obtain substantially all the economic benefits from the use of the identified asset (e.g. by having the exclusive right to use the asset throughout that period) and the right to direct the use of the identified asset throughout the period of use.

RECOGNITION OF LEASES AND EXEMPTIONS. At the lease commencement date, the Group recognises a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee, except for the following practical exemptions applied:

- Short-term leases (defined as 12 months or less)
- Low value assets

For these leases, the Group recognises the lease payments as other operating expenses in the statement of profit or loss when they incur.

MEASURING THE LEASE LIABILITY. The lease liability is initially measured at the present value of the lease payments for the right to use the underlying asset during the lease term that are not paid at the commencement date. The lease term represents the non-cancellable period of the lease, together with periods covered by an option to extend the lease when the Group is reasonably certain to exercise this option, and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

The lease payments included in the measurement comprise of:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- Amount expected to be payable by the Group under residual value guarantees
- The exercise price of a purchase option, if the Group is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The Group do not include variable lease payments in the lease liability arising from contracted index regulations subject to future events, such as inflation. Instead, the Group recognises these costs in profit or loss in the period in which the event or condition that triggers those payments occurs.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect adjustments in lease payments due to an adjustment in an index or rate.

Group presents its lease liabilities as separate line items in the statement of financial position.

MEASURING THE RIGHT-OF-USE ASSET. The right-of-use asset is initially measured at cost. The cost of the right-of-use asset comprise:

- The amount of the initial measurement of the lease liability
- Any lease payments made at or before the commencement date, less any lease incentives received
- Any initial direct costs incurred by the Group
- An estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories

The right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated on a straight-line basis over the lease term or the useful life of the leased asset, whichever is shorter.

Group presents it's right-of-use assets as separate line items in the consolidated statement of financial position.

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

INTANGIBLE ASSETS. Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Except for capitalized development costs, all other internally generated intangibles are reflected in the Income statement in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

RESEARCH AND DEVELOPMENT COSTS. Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

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

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

IMPAIRMENT OF NON-FINANCIAL ASSETS. The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated.

These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

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

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

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

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

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

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

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

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

POST EMPLOYMENT BENEFITS. The group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

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

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

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

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

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

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

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

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

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

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

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

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

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

02 INVESTMENTS IN SUBSIDIARIES

DNV GROUP AS CONSOLIDATED CONSISTS OF THE PARENT COMPANY DNV GROUP AS AND THE FOLLOWING SUBSIDIARIES:

AMOUNTS IN NOK MILLION

	BUSINESS OFFICE		SHARE CAPITAL IN 1000 LOCAL CURR.[1]	OWNERSHIP	BOOK VALUE
DNV AS	Bærum, Norway	NOK	11 441 280	100%	11 804.2
DNV Business Assurance Group AS	Bærum, Norway	NOK	1 033	100%	1.1
Det Norske Veritas Eiendom AS	Bærum, Norway	NOK	8 129	100%	8.1
Total investment in subsidiaries					11 813.4

[1] incl. share premium

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

03 BUSINESS COMBINATIONS AND DIVESTMENTS

SIGNIFICANT CHANGES IN GROUP STRUCTURE 2020

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

ACQUISITIONS 2020

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

COMPANY / ACTIVITIES	TRANSACTION DATE	OWNERSHIP	PURCHASE CURRENCY	ACQUISITION COST, LOCAL CURRENCY MILL	EXTERNAL REVENUE INCL. IN 2020 ACCT. MILL NOK
Energy and Resource Solutions Inc.	30/12/2020	100%	USD	19.1	0

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

CASH FLOW ON ACQUISITION

AMOUNTS IN NOK MILLION

Net cash acquired with the subsidiary	14.6
Consideration paid in cash	(136.4)
Net cash flow from acquisition	(121.8)

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

SIGNIFICANT CHANGES IN GROUP STRUCTURE 2019

30 December 2019, the KEMA Laboratories in Arnhem (KEMA B.V.) and Prague (Zkusebnictvì a.s.) were sold to CESI. The transfer comprised KEMA and all the high-voltage and high-power testing and inspection activities performed by its personnel in its own laboratories in Arnhem and Prague. A sales gain of NOK 141 million from the transaction is included in the income statement for 2019. The net sales amount of NOK 1 139 million was settled in cash in 2020.

04 EXTERNAL SALES REVENUE

DNV GROUP AS CONSOLIDATED

GEOGRAPHICAL AREA

AMOUNTS IN NOK MILLION

	2020	2019
Nordic countries	5 617.7	5 697.7
Europe and Africa	5 777.8	6 298.8
Asia Pacific	5 167.8	5 183.4
North and South America	4 347.6	4 230.0
Total sales revenue	20 910.9	21 409.9

BUSINESS AREA

AMOUNTS IN NOK MILLION

	2020	2019
Maritime	7 556.7	7 743.6
Oil & Gas	3 715.1	3 919.5
Energy	3 939.4	3 536.7
Business Assurance	3 595.0	3 626.4
Digital Solutions	1 134.6	1 046.3
Inspection	834.3	919.3
Real Estate	15.5	8.2
Other	120.3	609.9
Total sales revenue	20 910.9	21 409.9

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

Operating revenue in DNV Group AS of NOK 32.0 million (NOK 28.0 million in 2019) mainly consist of global liability insurance expenses charged to subsidiaries.

05 PAYROLL EXPENSES

DNV GROUP AS CONSOLIDATED

AMOUNTS IN NOK MILLION

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

06 OTHER OPERATING EXPENSES

DNV GROUP AS CONSOLIDATED

AMOUNTS IN NOK MILLION

	2020	2019
Travel expenses (refundable and non-refundable)	491.8	1 091.6
External hired assistance	1 845.8	1 890.9
IT and communication expenses	583.8	588.5
Rent and real estate expenses	378.7	433.6
Losses on accounts receivables	40.5	56.2
Loss on divestment KEMA laboratories US	2.8	0.0
Other expenses (refundable and non-refundable)	1 998.3	2 245.8
Total other operating expenses	5 341.7	6 306.6

REMUNERATION GUIDELINES FOR THE GROUP CEO AND THE MEMBERS OF THE EXECUTIVE COMMITTEE. The remuneration guidelines for the members of the Executive Committee (EC) and the Group CEO support DNV Group's vision of being a global and trusted organization with long-term perspective. The main compensation elements are a market-based salary, a bonus/profit-share scheme, and selected common employee benefits in line with the local market.

The Group CEO and Executive Committee participate in the pension and insurance schemes applicable in the country where their employment contracts are signed (currently Denmark, Italy and Norway).

DNV Group has a bonus/profit-share scheme in place for employees in higher employment grades, including the Executive Committee except for the Group CEO. The scheme is based on a combination of the DNV Group results at Group and Business Areas levels: achievement of financial targets (EBITA) at Group level (60%); and achievement of financial targets (EBITA) at Business Area level (40%). Target bonus for the Executive Committee is 25% of base salary with maximum value at 50% of base salary, this is in line with the guidelines for all companies organised as ASAs in Norway.

EXECUTIVE COMPENSATION DURING 2020. Ahead of the salary review process that takes effect as of 1 April every year, the senior executive compensation is compared to external benchmarks at a home country and pan-European level. Benchmark data was primarily collected by Korn Ferry ahead of the review in 2020. Information publicly accessible from other comparable companies is also reviewed in this process.

The Group CEO has a separate bonus programme, which is a discretionary bonus determined annually by the Board of Directors. The bonus calculation is reviewed against the principles for the other EC members, as well as specific individual goals for the Group CEO. The bonus should stay within 50% of annual base salary. The bonus payout is subject to individual taxation and eligible for vacation accrual. Bonus pay-out for the Group CEO in 2020 based on the 2019 results was NOK 2 500 thousand.

The compensation package for Remi Eriksen consists of: Annual base salary of NOK 6 150 thousand and a car allowance of NOK 250 thousand. Eriksen has a right to retire at the age of 65. If terminated from DNV Group while in the position as Group CEO, Eriksen is entitled to 12 months of base salary beyond notice period.

REMUNERATIONS TO THE EXECUTIVE COMMITTEE FOR 2020

AMOUNTS IN NOK THOUSAND

	SALARY	OTHER BENEFITS	BONUS	PENSION COST
Remi Eriksen	6 413	243	2 500	385
Thomas Vogth-Eriksen	1 544	88	1 088	175 [1]
Kjetil Monssen Ebbesberg	1 765	71	NA	74 [2]
Gro Gotteberg	1 835	161	429	110
Luca Crisciotti	3 562	108	609	939 [3]
Kenneth Vareide	2 100	151	259	183
Ditlev Engel	3 894	308	1 558	312
Knut Ørbeck-Nilssen	3 633	160	1 135	292
Liv Hovem	2 671	162	748	266
Klas Bendrik	3 391	424	1 057	110
Ulrike Haugen	1 837	147	626	110

1 Member of the Executive Committee until 30 June 2020, remuneration disclosed for January to June 2020
2 Member of the Executive Committee from 1 July 2020, remuneration disclosed for July to December 2020
3 Statutory payments to the Italian social security institute INPS

REMUNERATIONS TO THE BOARD OF DIRECTORS PAID OUT IN 2020

AMOUNTS IN NOK THOUSAND

	REMUNERATION BOARD OF DIRECTORS	REMUNERATION BOARD AUDIT COMMITTEE	REMUNERATION BOARD COMPENSATION COMMITTEE
Leif-Arne Langøy [1]	378		34
Jon Fredrik Baksaas [2,6]	376	41	45
Nina Ivarsen	302		
Clemens Keuer	302		
Liselott Kilaas [3]	252	41	
Lasse Kristoffersen [4]	314	14	
David McKay	302		
Silvija Seres	302		37
Birgit Aagaard-Svendsen	302	66	
Ingvild Sæther [5,6]	53		29
Jon Eivind Thrane	302		
Christian Venderby [4,5]	53	14	

1 Chair of the Board of Directors until 28 October 2020
2 Chair of the Board of Directors from 29 October 2020
3 Member of the Board of Directors until 28 October 2020
4 Member of the Board Audit Committee from 29 October 2020
5 Member of the Board of Directors from 29 October 2020
6 Member of the Board Compensation Committee from 29 October 2020

FEES TO THE AUDITORS FOR 2020

AMOUNTS IN NOK THOUSAND

	DNV GROUP AS	GROUP AUDITOR OTHER NORWEGIAN ENTITIES	GROUP AUDITOR NON-NORWEGIAN ENTITIES	OTHER AUDITORS	TOTAL
Statutory audit	3 223	3 083	28 385	850	35 541
Other audit related services	330	-	32	15	377
Non-audit services	-	1 466	947	0	947

08 PENSION COSTS, PLAN ASSETS AND DEFINED BENEFIT PENSION LIABILITIES

DNV Group has both defined contribution pension plans and defined benefit pension plans. 10 076 employees are covered by the defined contribution pension plans while 2 904 persons (employees and pensioners) are covered by defined benefit pension plans. All defined benefit pension plans are closed for new entrants, however active members still build up their pension rights under these plans. End of service benefit plans in some countries outside Norway (mainly Middle East and Asian countries with statutory defined benefit plan requirements) are still open for new entrants. These end of service benefit plans are required by law and fully settled at retirement/resignation.

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

The defined benefit pension plans in Norway are financed mainly through a separate pension fund. For defined benefit pension plans in Germany, the major plans are unfunded with the gross liability reflected as a pension liability, however there are also pension plans in Germany financed through independent insurance companies.

Of the other defined benefit pension plans, the major UK plans (closed in 2017) are financed through a separate pension fund, while the other plans are mainly financed through independent administrative funds/insurance companies. The pension cost and the pension liabilities as included in the accounts and in this note, are based on the presented actuarial assumptions, together with remuneration of the employee and length of service.

Contribution to the Group's pension plans are made in accordance with common actuarial methods and statutory regulations in the country where the pension plan is administered. Total pension costs for 2020 are NOK 752.6 million of which NOK 172.3 million are related to the defined benefit pension plans and NOK 580.3 million are related to the defined contribution pension plans and end of service benefit plans.

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

MARKET VALUE OF PLAN ASSETS IN NORWAY

AMOUNTS IN NOK MILLION	31 DEC. 20	31 DEC. 19
Buildings and property	189.0	188.0
Mutual equity funds and hedge funds	4 921.6	4 355.7
Norwegian bonds and bond funds	1 851.3	1 843.8
Non-Norwegian bonds and bond funds	110.7	110.3
Bank accounts, other assets and liabilities	614.7	640.2
Total market value of plan assets Norway (DNV Pension fund)	7 687.3	7 138.0
Actual return /(loss) on plan assets	578.5	960.9

Capital contributed from DNV Group AS to the Norwegian Pension Fund, NOK 411 million, is reflected as other investments in the balance sheet for DNV Group AS.

PENSION COST – DEFINED BENEFIT PENSION SCHEMES

AMOUNTS IN NOK MILLION	FUNDED NORWEGIAN DEFINED BENEFIT PENSION PLANS 2020	2019	GERMAN DEFINED BENEFIT PENSION PLANS 2020	2019	OTHER DEFINED BENEFIT PENSION PLANS 2020	2019
Net present value of this year's pension contribution	118.6	129.0	38.4	39.2	5.5	5.1
Effect of plan changes/curtailments	0.0	0.0	(5.8)	(6.4)	(1.1)	0.0
Payroll tax	16.7	18.2	0.0	0.0	0.0	0.0
Net present value of this year's pension contribution and curtailm. incl. payroll tax	135.3	147.1	32.6	32.7	4.4	5.1
Net interest on the net defined benefit liability (asset)	(37.1)	(16.1)	41.4	46.8	(0.6)	(1.7)
Payroll tax	(5.2)	(2.3)	0.0	0.0	0.0	0.0
Net interest on the net defined benefit liability (asset) incl. payroll tax	(42.4)	(18.3)	41.4	46.8	(0.6)	(1.7)

NET PENSION ASSET (LIABILITIES) - DEFINED BENEFIT PENSION SCHEMES

AMOUNTS IN NOK MILLION	FUNDED NORWEGIAN DEFINED BENEFIT PENSION PLANS 31 DEC. 20	31 DEC. 19	GERMAN DEFINED BENEFIT PENSION PLANS 31 DEC. 20	31 DEC. 19	OTHER DEFINED BENEFIT PENSION PLANS 31 DEC. 20	31 DEC. 19
Market value of plan assets	7 687.3	7 138.0	89.6	75.9	2 402.6	2 185.9
Actuarial present value of pension liabilities	(6 240.0)	(5 617.0)	(3 014.5)	(2 700.8)	(2 454.0)	(2 194.0)
Payroll tax	(99.9)	(93.1)	0.0	0.0	0.0	0.0
Net pension asset (liabilities)	1 347.4	1 427.9	(2 924.9)	(2 624.9)	(51.4)	(8.0)

END OF SERVICE BENEFIT SCHEMES

AMOUNTS IN NOK MILLION	NORWEGIAN PLANS 31 DEC. 20	31 DEC. 19	GERMAN PLANS 31 DEC. 20	31 DEC. 19	OTHER PLANS 31 DEC. 20	31 DEC. 19
Net liability	0.0	0.0	0.0	0.0	(256.0)	(184.9)
Hereof recorded in the balance sheet as:						
Net pension asset	1 347.4	1 427.9	0.0	0.0	18.6	56.0
Pension liabilities	0.0	0.0	(2 924.9)	(2 624.9)	(70.0)	(64.1)
Other non-current liabilities	0.0	0.0	0.0	0.0	(256.0)	(184.9)

08 PENSION COSTS, PLAN ASSETS AND DEFINED BENEFIT PENSION

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

The assumptions (discount rate) for calculation of the pension liabilities in Germany have been changed from 2.0% to 1.0%.

The changed assumptions led to increased pension liabilities of NOK 164 million in 2020.

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

THE CALCULATIONS OF THE PENSION LIABILITIES ARE BASED ON THE FOLLOWING ACTUARIAL ASSUMPTIONS:	NORWEGIAN PLANS[2]		GERMAN PLANS		OTHER PLANS	
	31 DEC. 20	31 DEC. 19	31 DEC. 20	31 DEC. 19	31 DEC. 20	31 DEC. 19
Discount rate[1]	1.70%	2.30%	1.0%	1.3%	0.5–3.0%	0.5–5.3%
Projected annual salary adjustment	2.25%	2.25%	2.5%	2.5%	3.0–5.0%	2.0–5.0%
Projected annual increase in pension benefit	1.50%	1.58%	1.5%	1.5%	0.0–2.7%	0.5–2.9%
Projected annual increase of Norwegian						
government basis pension	2.00%	1.75%				
Expected annual return on plan assets	1.70%	2.30%	1.0%	1.3%	0.5–3.0%	0.5–5.3%

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

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

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

ASSUMPTIONS, SENSITIVITY LEVEL AMOUNTS IN NOK MILLION	DISCOUNT RATE		FUTURE SALARY INCREASES	
	0.5% INCREASE	0.5% DECREASE	0.5% INCREASE	0.5% DECREASE
Impact on defined benefit obligation Norwegian plans	495.8	(563.7)	(176.8)	203.2
Impact on defined benefit obligation German plans	218.4	(223.6)	(22.3)	22.1

09 FINANCIAL INCOME AND FINANCIAL EXPENSES

DNV GROUP AS 2020	DNV GROUP AS 2019	AMOUNTS IN NOK MILLION	DNV GROUP AS CONSOLIDATED 2020	DNV GROUP AS CONSOLIDATED 2019
0.0	1 406.4	Dividend from subsidiaries	0.0	0.0
213.8	150.7	Group contribution received	0.0	0.0
7.5	0.0	Return on financial investments	7.5	0.0
0.0	0.0	Profit (loss) from investment in associates (note 15)	4.5	(5.6)
4.5	13.1	Gain from sale of available for sale investments	9.2	0.0
0.0	0.0	Net interest on the net defined benefit liability (asset) (note 8)	(1.6)	(26.8)
5.7	(3.5)	Other net interest	25.9	6.5
(3.4)	6.5	Net interest income (expense) group companies	(69.1)	(61.6)
0.0	0.0	Interest expense for lease liabilities	(58.1)	(66.8)
(63.2)	(66.5)	Currency gains (losses)	(96.0)	(143.2)
(12.3)	(5.4)	Other financial items	(55.3)	(51.5)
152.6	1 501.2	**Net financial income (expenses)**	(232.9)	(349.1)

10 FINANCIAL MARKET RISK

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

LIQUIDITY RISK. The Group monitors its liquidity risk on an ongoing basis. The liquidity forecasting considers planned investments in non-current assets, financing activities, working capital needs, as well as projected cash flows from operations.

FOREIGN CURRENCY RISK. The Group has revenues and expenses in approximately 65 currencies. Of these, six currencies (EUR, USD, NOK, GBP, CNY and KRW) make up for 76% of the total revenue. In many currencies the group has a natural hedge through a balance of revenue and expenses. The policy of the Group is to hedge significant project exposures and future cash flows through forward exchange contracts. As part of the hedging strategy, the Group has nominal value of forward exchange contracts equivalent to NOK 1 875 million. The Group does not apply hedge accounting and realized and unrealized gains and losses are recognized in the income statement. Unrealized gain at year-end is NOK 149.9 million. The present hedging policy will be discontinued and the plan is to unwind the forward exchange contracts during 2021.

A change in USD exchange rate of +/- 1 percentage point will lead to a change in operating revenue of approximately +/- NOK 37 million and a change in operating profit (EBIT) of approximately +/- NOK 4 million.

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

CREDIT RISK. Receivable balances (NOK 3 906 million) are monitored on an ongoing basis with the result that the Group's exposure to bad debts is limited. There are no significant concentrations of credit risk within the Group. With respect to credit risk arising from the other financial assets of the Group, which comprises cash and cash equivalents and money market funds (NOK 5 365 million) and certain derivative instruments (NOK 149.9 million), the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the market value of these instruments.

INTEREST RATE RISK. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's forward exchange contracts and the multi-currency revolving credit facility. Both risks are considered to have limited effect.

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

11 TAX

DNV GROUP AS 2020	DNV GROUP AS 2019	AMOUNTS IN NOK MILLION	DNV GROUP AS CONSOLIDATED 2020	DNV GROUP AS CONSOLIDATED 2019
		Tax expense consists of:		
0.0	(0.0)	Norwegian income tax	53.8	82.8
0.0	1.0	Income tax outside Norway	557.8	531.8
0.0	1.0	Total tax payable	611.6	614.6
0.0	0.0	Tax effect group contribution	9.3	36.9
29.8	20.5	Change in deferred tax in Norway	107.5	35.4
0.0	0.0	Effect of changed tax rates	(9.0)	0.0
0.0	0.0	Change in deferred tax outside Norway	(48.7)	(76.4)
29.8	20.5	Total change in deferred tax	49.8	(41.0)
29.8	21.5	**Tax expense**	670.6	610.4
33.6	329.9	Tax on profit at 22%	478.0	436.8
		Tax effect of:		
0.0	1.0	Non refundable foreign withholding taxes	65.5	61.0
0.0	0.0	Gain sale of shares	34.0	(114.3)
(3.8)	(309.4)	Other permanent differences	38.9	41.3
0.0	0.0	Effect of changed tax rates	(9.0)	0.0
0.0	0.0	Changes of previous years taxes	19.5	152.9
0.0	0.0	Tax assets not recognized current year	27.8	21.8
0.0	0.0	Differences between tax rates in Norway and abroad	15.9	11.0
29.8	21.5	**Tax expense**	670.6	610.4
		Effective tax rate	31%	31%
		Net tax-reducing / tax-increasing temporary differences:		
0.0	0.0	Non-current assets	1 130.9	1 355.2
148.0	12.7	Current assets	171.0	40.1
0.0	0.0	Liabilities	(2 889.2)	(2 620.2)
0.0	0.0	Tax loss to be carried forward	(1 017.8)	(1 133.7)
148.0	12.7	**Basis for deferred tax asset/liability**	(2 605.1)	(2 358.6)
22%	22%	Tax rates applied	17%-42%	17%-42%
0.0	0.0	**Deferred tax asset**	1 086.7	1 012.1
(32.6)	(2.8)	**Deferred tax liability**	(366.1)	(373.5)

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

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

12 INTANGIBLE ASSETS

AMOUNTS IN NOK MILLION	GOODWILL	CUSTOMER CONTRACTS AND RELATIONS	TRADEMARKS	SOFTWARE AND SOFTWARE DEVELOPMENT	TOTAL
Acquisition cost					
1 January 2019	9 140.5	2 753.5	561.5	2 718.0	15 173.4
Additions	0.0	0.0	0.0	279.9	279.9
Disposals from divestments	(188.5)	(92.8)	(130.5)	(3.9)	(415.6)
Currency translation differences	(60.8)	(19.4)	(3.6)	(8.3)	(92.1)
Total acquisition cost 31 Dec. 2019	8 891.2	2 641.3	427.4	2 985.7	14 945.6
Additions	0.0	0.0	0.0	236.9	236.9
Additions from acquisitions	105.2	33.1			138.3
Disposals from divestments	(30.4)	0.0	0.0	(65.6)	(96.0)
Currency translation differences	559.3	174.8	25.7	81.5	841.3
Total acquisition cost 31 Dec. 2020	9 525.3	2 849.2	453.1	3 238.5	16 066.1
Accumulated amortization and impairment					
1 January 2019	(359.3)	(1 727.1)	0.0	(1 453.7)	(3 540.1)
Amortization	0.0	(233.8)	0.0	(186.7)	(420.5)
Impairment	0.0	0.0	0.0	(9.3)	(9.3)
Disposals	0.0	72.8	0.0	0.0	72.8
Currency translation differences	(0.3)	11.9	0.0	7.6	19.3
Total accum. amortization and impairment 31 Dec. 2019	(359.6)	(1 876.2)	0.0	(1 642.0)	(3 877.8)
Amortization	0.0	(209.4)	0.0	(210.2)	(419.6)
Impairment	0.0	0.0	0.0	(15.0)	(15.0)
Disposals from divestments (note 3)	0.0	0.0	0.0	3.0	3.0
Currency translation differences	(1.1)	(119.8)	0.0	(74.8)	(195.8)
Total accum. amortization and impairment 31 Dec. 2020	(360.7)	(2 205.4)	0.0	(1 939.1)	(4 505.1)
Net book value					
31 December 2019	8 531.7	765.2	427.4	1 343.6	11 067.9
31 December 2020	9 164.6	643.9	453.1	1 299.4	11 561.0
Useful life	Indef.	1-10 years	Indef.	5-10 years	

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

13 IMPAIRMENT TESTING OF GOODWILL

Goodwill obtained through acquisitions is allocated to the Group's business areas and followed up and tested collectively for the group of cash-generating units that constitute the business area. The cash-generating units correspond to DNV Group's business areas Maritime, Oil & Gas, Energy, Business Assurance, Inspection and Digital Solutions. The test is performed at year end. An impairment loss is recognized if the estimated recoverable amount is lower than the carrying amount of the cash generating unit.

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

Goodwill is allocated to the business areas as follows:

AMOUNTS IN NOK MILLION	2020	2019
Maritime	3 314.0	3 121.4
Oil & Gas	3 005.0	3 488.5
Energy	1 893.6	1 688.1
Business Assurance	189.9	185.8
Inspection	714.0	0.0
Digital Solutions	48.0	47.9
Total goodwill	9 164.6	8 531.7

The Group has used value in use to determine recoverable amounts for the cash-generating units. Value in use is determined by using the discounted cash flow method. The expected cash flows are based on the business areas' budgets and long term plans, which are approved by the Board of Directors and executive management.

Budgets and long-term plans cover maximum a five year period. The growth rates used to project cash flows beyond the explicit 5 year plan period are based on management's past experience and market development expectations.

KEY ASSUMPTIONS PER CASH-GENERATING UNIT	COST OF CAPITAL (WACC) – POST TAX	LONG-TERM NOMINAL GROWTH RATE
Maritime	6.5%	1.5%
Oil & Gas	6.5%	1.5%
Energy	6.4%	1.5%
Business Assurance	6.5%	1.5%
Digital Solutions	7.0%	1.5%
Inspection	7.1%	1.5%

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

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

14 FIXED ASSETS

AMOUNTS IN NOK MILLION	LAND, BUILDINGS AND OTHER PROPERTY	OFFICE EQUIPMENT, FIXTURES AND FITTINGS	RIGHT-OF-USE ASSETS	TOTAL
Acquisition cost				
1 January 2019	3 494.2	4 427.3	1 879.2	9 800.8
Additions	48.8	97.9	318.1	464.9
Disposals	(8.6)	(48.0)	0.0	(56.5)
Disposals from divestments (note 3)	(355.3)	(1 085.6)	0.0	(1 441.0)
Currency translation differences	7.9	14.7	25.2	47.8
Total acquisition cost 31 Dec. 2019	3 187.0	3 406.4	2 222.5	8 815.9
Additions	26.0	92.3	167.9	286.2
Additions from business combinations	0	0.9	0	0.9
Disposals	(13.8)	(67.8)	0	(81.6)
Disposals from divestments (note 3)	(92.2)	(180.5)	0	(272.7)
Currency translation differences	4.7	20.0	33.0	57.7
Total acquisition cost 31 Dec. 2020	3 111.7	3 271.2	2 423.4	8 806.3
Accumulated depreciation and impairment				
1 January 2019	1 351.5	3 393.2	0.0	4 744.7
Depreciation	135.5	203.4	425.7	764.6
Impairment	0.0	0.0	0.0	0.0
Disposals	(4.3)	(34.8)	0.0	(39.0)
Disposals from divestments (note 3)	(111.9)	(727.6)	0.0	(839.5)
Currency translation differences	3.7	9.2	0.0	12.9
Total accumulated depreciation and impairment 31 Dec. 2019	1 374.5	2 843.5	425.7	4 643.7
Depreciation	66.4	160.2	413.9	640.5
Impairment	0.0	0.0	0.0	0.0
Disposals	(2.5)	(63.5)	0	(66.0)
Disposals from divestments (note 3)	(41.5)	(111.5)	0	(153.0)
Currency translation differences	(1.7)	8.4	0	6.7
Total accumulated depreciation and impairment 31 Dec. 2020	1 395.2	2 837.1	839.6	5 071.9
Net book value				
31 December 2019	1 812.5	563.0	1 796.8	4 172.3
31 December 2020	1 716.5	434.2	1 583.7	3 734.6
Useful life	15-67 years indefinite (land)	3-15 years	1-15 years	
Depreciation plan	Linear	Linear	Linear	

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

15 INVESTMENT IN ASSOCIATES

DNV Group AS' ownership (through DNV AS) in StormGeo Holding AS is 26.4 %. The investment is recognized in accordance with the equity method in the consolidated financial statements.

COMPANY AMOUNTS IN NOK MILLION	BUSINESS OFFICE	OWNERSHIP	ACQUISITION COST	SHARE OF LOSS FOR THE YEAR	BOOK VALUE
StormGeo Holding AS	Bergen	26%	145.5	(4.5)	186.8
Total investment in associates				(4.5)	186.8

16 OTHER CURRENT LIABILITIES

	DNV GROUP AS CONSOLIDATED	
AMOUNTS IN NOK MILLION	31 DEC. 20	31 DEC. 19
Contract liabilities	2 565.3	2 241.8
Accrued bonus to employees	546.0	597.0
Accrued holiday allowances	382.8	428.4
Accrued expenses and other current liabilities	1 457.1	1 227.1
Total other current liabilities	4 951.2	4 494.3

17 TRADE RECEIVABLES

	DNV GROUP AS CONSOLIDATED	
AMOUNTS IN NOK MILLION	31 DEC. 20	31 DEC. 19
Gross trade receivables	3 906.5	4 633.7
Provision for bad debts	(149.9)	(154.5)
Net trade receivables	3 756.6	4 479.2

18 OTHER LONG-TERM RECEIVABLES

	DNV GROUP AS CONSOLIDATED	
AMOUNTS IN NOK MILLION	31 DEC. 20	31 DEC. 19
Loans to employees	15.8	19.7
Other long-term receivables	317.9	384.2
Total other long-term receivables	333.7	403.8

19 PROVISIONS

DNV GROUP AS CONSOLIDATED

AMOUNTS IN NOK MILLION	CLAIMS AND CONTINGENCIES	RESTRUCTURING	OTHER PROVISIONS	TOTAL
Balance at 1 January 2019	82.0	127.0	96.7	305.7
Currency translation differences	(0.3)	1.4	(1.2)	(0.2)
Additions	34.1	76.7	16.5	127.2
Utilization	(26.1)	(83.5)	(11.1)	(120.7)
Reversal	(41.5)	(12.4)	0.0	(53.8)
Balance at 31 December 2019	48.2	109.2	100.8	258.2
Current	16.2	109.2	37.8	163.2
Non-current	32.0	0.0	63.0	95.0
Balance at 1 January 2020	48.2	109.2	100.8	258.2
Currency translation differences	0.0	4.2	1.8	6.0
Additions	0.0	176.8	18.0	194.8
Utilization	(13.0)	(84.1)	(15.4)	(112.5)
Reversal	0.0	(4.5)	(1.7)	(6.2)
Balance at 31 December 2020	35.2	201.6	103.5	340.3
Current	10.0	201.6	26.6	238.2
Non-current	25.2	0.0	76.9	102.1

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

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

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

20 LEASE LIABILITIES

DNV GROUP AS CONSOLIDATED

OVERVIEW OF FUTURE MINIMUM LEASE

AMOUNTS IN NOK MILLION	31 DEC. 20	31 DEC. 19
Within one year	426.1	409.9
After one year but not more than five years	1046.2	1 148.2
More than five years	341.5	469.9
Future minimum lease	1 813.8	2 027.9

SUMMARY OF THE LEASE LIABILITIES IN THE FINANCIAL STATEMENTS

	31 DEC. 20	31 DEC. 19
Total lease liabilities 1 January	1 960.4	1 976.7
New lease liabilities recognised in the year	213.3	244.9
Cash payments for the principal portion of the lease liability	(465.9)	(420.9)
Interest expense on lease liabilities	58.1	66.8
Reassessment of the discount rate on previous lease liabilities	(65.7)	65.7
Currency exchange differences	33.0	27.2
Total lease liabilities at 31 December	1 733.2	1 960.4
Non-current lease liabilities	1 307.1	1 550.5
Current lease liabilities	426.1	409.9

21 CASH AND BANK DEPOSITS

DNV Group AS has the following cash pool systems:

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

Balances on bank accounts participating in the cash pooling systems are considered as internal assets or liabilities vis-à-vis other Group participants. Cash pool balances 31 December are included in Cash and bank deposits in the balance sheet at 31 December.

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

BANK	OVERDRAFT FACILITY (MILL)	PARTICIPATING ENTITIY	DRAWN 31 DEC. 2020 (MILL)
Citibank China	CNY 50	Det Norske Veritas China Company Ltd	Undrawn
Citibank India	INR 40 + INR 30	DNV GL Business Assurance India Private Ltd	Undrawn
Citibank India	INR 200	Garrad Hassan India Private Ltd	Undrawn
Citibank India	INR 370	DNV GL Shared Services India Private Limited	INR 35
Citibank Korea	KRW 17 000	DNV GL Korea Ltd	Undrawn
Citibank Brazil	BRL 5	DNV GL Business Assurance Avaliacoes e Certi Brasil Ltda	Undrawn
Citibank Brazil	BRL 20	DNV GL Classificacao Certificacao e Consultoria Brasil Ltda	BRL 6

Cash and bank deposits in the balance sheet comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

22 INTEREST BEARING LOANS AND BORROWINGS

DNV Group AS has an agreement for a NOK 1 000 million multi-currency revolving credit facility with Handelsbanken Norwegian branch of Svenska Handelsbanken AB. The facility expires in May 2022 and was undrawn per year-end 2020. The credit agreement supporting this facility has certain covenants, including a negative pledge clause, and also restrict DNV Group AS' ability to freely dispose of material assets. The credit agreement requires that DNV Group AS on a consolidated basis maintains a certain minimum level of equity and that the net interest bearing debt does not exceed a set level relative to total equity. DNV Group AS was well within all covenants at year-end.

23 LIABILITIES GROUP COMPANIES

DNV GROUP AS		AMOUNTS IN NOK MILLION	DNV GROUP AS CONSOLIDATED	
31 DEC. 20	31 DEC. 19		31 DEC. 20	31 DEC. 19
		Non-current liabilities		
1 300.0	2 100.0	Group internal loan from Det Norske Veritas Holding AS	1 300.0	2 100.0
546.9	463.8	Group internal loans from subsidiaries	0.0	0.0
1 846.9	2 563.8	**Total loan from group companies**	1 300.0	2 100.0
		Current liabilities		
0.0	0.0	Group contribution	42.1	167.6
1 950.0	700.0	Dividend accrued	1 950.0	700.0
5 897.0	2 839.9	Debt to cash-pool participants	92.7	185.8
10.0	67.7	Group internal accounts payable	0.7	60.4
7 857.1	3 607.6	**Total current liabilities group companies**	2 085.5	1 113.8
9 703.9	6 171.4	**Total liabilities group companies**	3 385.5	3 213.8

24 SHARE CAPITAL AND OWNERS

The share capital of DNV Group AS consist of 1 000 000 shares, with par value of NOK 100 each. The company is owned 100% by Det Norske Veritas Holding AS, with business office in Bærum, Norway.

25 RELATED PARTY TRANSACTIONS

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

DNV AS has a management services agreement for the delivery of general management and administrative services with the related party Det Norske Veritas Holding AS (100% shareholder).

The total amount invoiced for services rendered and pass-through of supplier invoices in 2020 is NOK 9.8 million (2019: NOK 7.5 million).

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

26 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	31 DECEMBER 2020				31 DECEMBER 2019			
	DNV GROUP AS CONSOLIDATED				DNV GROUP AS CONSOLIDATED			
AMOUNTS IN NOK MILLION	FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH P&L	AMORTIZED COSTS	FAIR VALUE THROUGH P&L	OTHER FINANCIAL LIABILITIES	FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH P&L	LOANS AND RECEIVABLES	AVAILABLE FOR SALE	OTHER FINANCIAL LIABILITIES
ASSETS								
Non-current assets								
Equity instruments			44.9				27.4	
Loans to employees		15.8				19.7		
Other long-term receivables		317.9				384.2		
Current assets								
Cash and bank deposits		5 365.1				3 809.0		
Trade debtors		3 756.6				4 479.2		
Other debtors		966.8				902.3		
Forward contracts	149.9				12.7			
FINANCIAL LIABILITIES								
Non-current								
Other non-current liabilities				338.6				358.7
Current								
Trade creditors				490.0				427.8
Overdrafts				13.3				22.0
Forward contracts								

27 GUARANTEES

DNV GROUP AS		AMOUNTS IN NOK MILLION	DNV GROUP AS CONSOLIDATED	
31 DEC. 20	31 DEC. 19		31 DEC. 20	31 DEC. 19
0.0	0.0	Guarantee commitments not included in the accounts	367.6	304.6

These guarantees are not secured by mortgage.
Guarantee commitments are mainly related to customer contracts entered into by DNV Group AS subsidiary companies.

The 100% shareholder of DNV Group AS, Det Norske Veritas Holding AS, has an agreement for a NOK 1 500 million multi-currency revolving credit facility and a NOK 3 250 million term loan with a bank syndicate consisting of Danske Bank, Handelsbanken Norwegian branch of Svenska Handelsbanken AB and Nordea.

The facilities are secured with a pledge in properties belonging to Det Norske Veritas Eiendom AS.

26 March 2021, the term loan will be transferred from Det Norske Veritas Holding AS to DNV Group AS. The NOK 1 300 million Group internal loan from Det Norske Veritas Holding AS and the NOK 1 950 million accrued dividend will be exchanged with the NOK 3 250 million term loan.

INDEPENDENT AUDITOR'S REPORT

TO THE GENERAL MEETING OF DNV GROUP AS

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION. We have audited the financial statements of DNV Group AS, which comprise:

- The financial statements of the parent company DNV Group AS (the Company), which comprise the statement of financial position as at 31 December 2020, the income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of DNV Group AS and its subsidiaries (the Group), which comprise the financial position as at 31 December 2020, the income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

BASIS FOR OPINION. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER INFORMATION. Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.
We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE GROUP PRESIDENT AND CEO FOR THE FINANCIAL STATEMENTS. The Board of Directors and the Group President and CEO (Management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINION ON THE BOARD OF DIRECTORS' REPORT. Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

OPINION ON REGISTRATION AND DOCUMENTATION. Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 25 March 2021
KPMG AS

Mona Irene Larsen
State Authorised Public Accountant

(This document is signed electronically)

INDEPENDENT AUDITOR'S ASSURANCE REPORT

TO THE READERS OF DNV GROUP'S SUSTAINABILITY REPORTING 2020

We have been engaged by the management of DNV GROUP AS ('DNV') to provide limited assurance in respect of the sustainability reporting in the Annual Report of DNV. Included in the scope is the following sections; How we make an impact, Sustainability, Value to customers, Value to employees, Value to Society and GRI index 2020 (hereafter sustainability reporting 2020). The scope excludes future events or the achievability of the objectives, targets and expectations of DNV and information contained in webpages referred to in the sustainability reporting 2020.

OUR CONCLUSION. Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

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

Based on the limited assurance procedures performed and the evidence obtained, as described below, nothing has come to our attention, to indicate that the sustainability reporting 2020 is not presented, in all material respects, in accordance with the criteria as defined by the GRI Standards; Core option.

MANAGEMENT OF DNV'S RESPONSIBILITY. The management of DNV is responsible for the preparation and presentation of the sustainability reporting 2020 in accordance with the criteria as defined by the GRI Standards; Core option. It is important to view the information in the sustainability reporting 2020 in the context of these criteria.

These responsibilities include establishing such internal controls as management determines are necessary to enable the preparation of the information in the sustainability reporting 2020 that are free from material misstatement, whether due to fraud or error.

OUR RESPONSIBILITY. Our responsibility is to provide a limited assurance conclusion on DNV's preparation and presentation of the sustainability reporting 2020.

We conducted our engagement in accordance with the International Standard for Assurance Engagements (ISAE 3000): "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board.

ISAE 3000 requires that we plan and perform the engagement to obtain limited assurance about whether the information in the sustainability reporting 2020 is free from material misstatement.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

LIMITED ASSURANCE OF THE SUSTAINABILITY REPORTING 2020. The procedures selected depend on our understanding of the sustainability reporting and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. Our procedures for limited assurance on the sustainability reporting 2020 included, amongst others:

- A risk analysis, including a media search, to identify relevant sustainability issues for DNV in the reporting period;
- Interviews with senior management and relevant staff at corporate level concerning sustainability strategy and policies for material issues, and the implementation of these across the business;
- Enquiries to management to gain an understanding of DNV's processes for determining material issues for key stakeholder groups;
- Interviews with relevant staff at corporate level responsible for providing the information, carrying out internal control procedures and consolidating the data in the sustainability reporting 2020;
- Reviewing relevant internal and external documentation, on a limited test basis, in order to determine the reliability of the sustainability reporting 2020;
- Assessment of the GRI index;
- Reading the sustainability reporting 2020 to determine whether there are any material misstatements of fact or material inconsistencies based on our understanding obtained through our assurance engagement.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

PURPOSE OF OUR REPORT. In accordance with the terms of our engagement, this assurance report has been prepared for DNV for the purpose of assisting the management in determining whether DNV's limited assurance sustainability information is prepared and presented in accordance with the GRI Standards; Core option and for no other purpose or in any other context.

Oslo, 25 March 2021
KPMG AS

Mona Irene Larsen
State Authorized Public Accountant

Anette Rønnov
Director

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GRI INDEX

The DNV 2020 annual report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards, core level. The report is independently assured by KPMG and their independent auditors assurance report concludes that the report is presented, in all material respects, in accordance with the core level of the GRI Standards. This report also constitutes our Communication on Progress to the UN Global Compact.

Omissions from the GRI Standards

[1] **205-2 DISCLOSURE PARTLY REPORTED.** The reason for the omission is a lack of information on employee category and region for our communication of anti-corruption policies and procedures. As 99% of all employees across categories and regions have completed the mandatory Code of Conduct and Anti-corruption and Antitrust e-learning respectively, we will not register more details.

[2] **403-10 DISCLOSURE PARTLY REPORTED.** DNV monitors the work-related ill health of employees, but we have chosen not to report on this fully.

Reporting period and format

The reporting period for the information provided is the 2020 calendar year. Our sustainability reporting is integrated into our Annual Report. The Annual Report for 2019 was made available on 3 April 2020 on the company website.

GENERAL STANDARD DISCLOSURES

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ABOUT DNV

We are the independent expert in risk management and quality assurance. Driven by our purpose, to safeguard life, property and the environment, we empower our customers and their stakeholders with facts and reliable insights so that critical decisions can be made with confidence. As a trusted voice for many of the worlds most successful organisations, we use our knowledge to advance safety and performance, set industry benchmarks, and inspire and invent solutions to tackle global transformations.

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