



# When less is more

ANNUAL REPORT 2008

# Worldwide presence

One of the driving forces behind the growth of DNV is our global footprint. Almost 300 offices in 100 countries enable us to be close to our customers and to share best practices and quality standards throughout the world.

We continue to strengthen our presence in emerging markets and regions. In Greater China alone, we now have 36 offices in 20 cities. DNV is headquartered in Høvik, Norway.



# 1864

Established in 1864 DNV is a private, independent foundation with the purpose of safeguarding life, property and the environment.

# 300

With 300 offices in 100 countries, DNV serves customers in a wide range of industries worldwide, including shipping, and oil and gas.

# 8,694

The number of employees increased by 13% to a total of 8,694 worldwide by 2008.

# 18%

Revenue increased by 18% to NOK 9,560 million. The average annual growth in revenue over the last four years has been 12.7%.

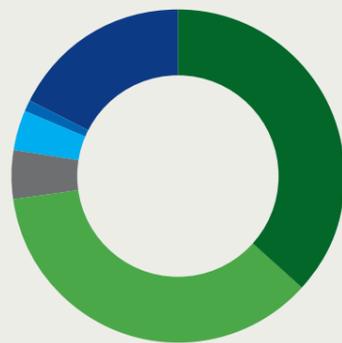


FIGURE 1  
EMPLOYEES

- Bachelor 38%
- Master 37%
- Doctorate 5%
- 2-year college 4%
- Technical 1%
- Other 18%

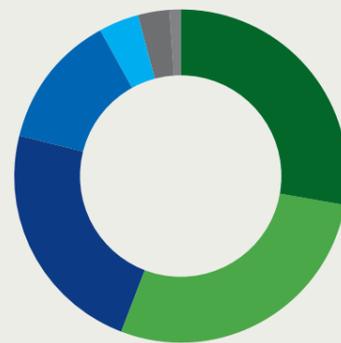
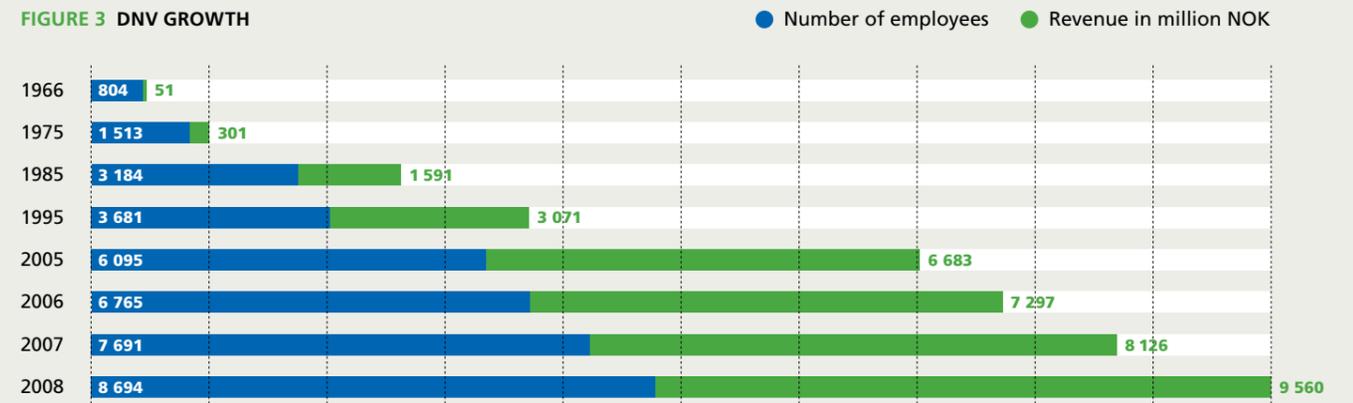


FIGURE 2  
WORLDWIDE PRESENCE

- Norway 28%
- Asia and Oceania 28%
- Europe 23%
- Americas 13%
- Nordic and Baltic countries 4%
- Middle East 3%
- Africa 1%

FIGURE 3  
DNV GROWTH



DNV is a global provider of services for managing risk. We help our customers achieve sustainable performance and turn risks into rewards.

DNV has demonstrated excellence in identifying, assessing and managing risk since 1864. We take leadership through innovation and technology and non-compromising standards of quality and integrity. As an independent foundation we are committed to balancing the needs of business and society.

PURPOSE

To safeguard life, property and the environment

VISION

Global impact for a safe and sustainable future

VALUES

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

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ANNUAL REPORT

2008

# How we make a difference

## → MANAGING RISK

Companies are facing ever greater expectations and complexities due to increased globalisation, environmental concerns and IT vulnerability. This, together with stricter regulations, growing demand for transparency, and zero-tolerance for failure, create a whole new risk environment.

**TAKING RISKS IS** imperative for success in business. The aim is to have a good overview of the most critical risks and manage them professionally, not to eliminate them.

DNV is a global provider of services for managing risk. Our understanding of technology, our risk approach and our industry knowledge, make us a valuable partner for our customers. We assist them in identifying, assessing and managing their operational, financial and societal risks.

We provide decision support for our customers, whether we classify a ship, certify a food company's management system or advise on how to best maintain an aging oil platform. So they can make decisions with increased confidence in this complex risk environment.

**DNV WAS ESTABLISHED** in 1864 by Norwegian marine insurance companies in need of an independent party with skills to inspect the technical condition

of merchant vessels. In order to charge the ship owners the right premium, they needed a reliable assessment of the risk of damage to or loss of a vessel's cargo or of the vessel itself. Since then, our core competence has been to identify, assess and advise on how to manage risk. Not only in the maritime sector, and not on behalf of insurance companies, but in a wide range of industries and on behalf of both private and public stakeholders. We applied the skills and experience gained in the maritime sector to assist the energy industry in oil and gas exploration in the North Sea from the early 1970s. Later, DNV diversified into the certification business in the 1980s, mainly in the field of management system certification.

” The aim is to have a good overview of the most critical risks and manage them professionally, not to eliminate them.

**TODAY, DNV IS ONE OF** the world's leading classification societies. As such, we set standards for how a vessel or an offshore unit should be designed, constructed and operated in order to safeguard life, property and the environment. We verify and document compliance with standards and regulations throughout the life cycle of a vessel or offshore structure.

DNV has also become one of the world's leading certification bodies, accredited to perform certification services to national and international standards such as ISO standards.

**BOTH AS A CLASSIFICATION** and certification company, we are an independent third party providing trust and confidence for our customers' stakeholders. We do this by making sure that companies comply with safety, quality, and environmental standards and regulations. Some of our services extend beyond this third party role, advising companies on how to achieve and maintain sustainable performance.

We have been authorised by governments and national authorities to do this in many circumstances. As such, we perform a balancing act between business and society.

” We help our customers identify, assess and manage their most critical risks, helping them achieve and maintain sustainable performance.



” Both as a classification and certification company, we are an independent third party providing trust and confidence to our customers' stakeholders.

DNV's services for managing risk span over a large number of services. Here, we have defined three terms that are very often used in describing some of our activities. →

### VERIFICATION

Verification means confirmation that a component, product, plant or system is in compliance with specified requirements. Verification can be done by companies themselves related to their own facilities or by a qualified party hired to perform the task on behalf of the company or any other interested party.

### CERTIFICATION

Certification is a process where a third party confirms that a component, product, plant or system complies with specified requirements. Most often the certification confirms compliance with national or international standards, but also other requirements may be specified.

### CLASSIFICATION

Classification is a special type of certification particularly applied to confirm that maritime structures and facilities comply with requirements. Classification implies that the requirements are set by the classification society, i.e. the same third party that performs the classification. The requirements are specified in the DNV Rules. These comprise safety, reliability and environmental requirements that maritime structures in international waters must comply with.

# Business areas

## Maritime



DNV is one of the world's leading classification societies. We assist our customers within the maritime industry to manage their risks in all phases of a ship's life, through ship classification, fuel testing and a range of technical, business risk, environmental and competency-related services.

## Energy



We provide advanced cross-disciplinary competence within technology, operations, management and risk for companies across the energy sector. Our solutions enable companies to manage business risks and enhance safety, environmental and business performance.

## Business Assurance



DNV is a leading certification body and global provider of risk management services. We work to help our customers create trust and confidence and assure a sustainable business performance.

## IT Global Services



We help companies achieve more effective IT risk management. Our consultants help create greater efficiency and predictability of IT-dependent processes and software. We serve primarily the finance, maritime, energy, telecommunications and automotive sectors.

## Independent business units

### Climate Change

Established to be a powerhouse for growing our climate change related services. The main activity is validation and verification of CDM projects and emission trading schemes.

### Research & Innovation

We identify technology trends and build new competence and services that shall ensure DNV's future growth and sustainability.

### Software

We develop software systems for design, strength assessment, risk analysis, asset life cycle management and knowledge-based engineering.

DNV is organised into four business areas. In addition, three focus areas are organised into independent business units.

#### MAIN SERVICES

- Classification according to DNV Rules and IMO Regulations – for all ship types
- Classification / certification of materials, equipment and marine systems
- Safety management certification
- Technical, management and competence advisory services
- Fuel testing

#### MAIN SERVICES

- Classification of mobile offshore units
- Verification, inspection and testing
- Technology qualification
- Enterprise Risk Management
- Safety, health and environmental risk management
- Asset risk management

#### MAIN SERVICES

- Certification
- Verification
- Assessments
- Training
- Risk management and tailored services

#### MAIN SERVICES

- IT risk management
- Software and systems process improvement
- IT service process improvement
- Compliance and Service Level management

#### READ MORE:

- [dnv.com/focus/climate\\_change](http://dnv.com/focus/climate_change)
- [dnv.com/moreondnv/research\\_innovation](http://dnv.com/moreondnv/research_innovation)
- [dnv.com/services/software](http://dnv.com/services/software)

# Turning risks into rewards

## → PRESIDENT'S INTRODUCTION

2008 started with full order books, souring energy prices and a fierce fight for talent. The year ended with a financial turmoil and economies around the world slowing down dramatically. Nobody knows how long the financial turmoil will last. What we do know is this: Now is the time to take action to be prepared for the time when the crisis has passed.

**THE WORLD ECONOMY** is now in its worst recession since World War II. Everyone needs to address the challenges posed by the financial turmoil we all face. But this must not be at the cost of losing sight of the future. Some challenges will remain also after the

world economy recovers, like for example the effects of climate change.

Those who manage the immediate risks properly will be better prepared to seize opportunities later. The credit crunch has clearly revealed that we live in a world



with global interdependence. Businesses need partners who understand this global context and can help them manage the inherent risks in dealing with global operations, global supply chains and global markets.

**WE IN DNV WANT TO** be there for our customers – also when times are tough. In this context, I feel that the strategies and services offered by DNV have never been more relevant. DNV came out of 2008 in a better position than ever to help our customers operate a sustainable business and improve their operations. We delivered strong financial results and our solid financial platform enables us to further invest in research and service development to carry out our strategy. We have had significant focus on incorporating environmental and corporate responsibility related services across our total service portfolio. Going forward, we will continue to step up our ability to help customers achieve and maintain sustainable performance.

**THE FUTURE IS NOT CANCELLED.** The winners of tomorrow are those who manage the current situation by improving operations, while continuing to address the long term issues: Climate change, ethical business, corporate responsibility and safe operations.

*Henrik O. Madsen*

Henrik O. Madsen  
President and CEO



**→ Management.** The Executive Board is the President and CEO's management team, dealing with strategic issues, budgeting and planning. It consists of the Chief Operating Officers from the four business areas and two Corporate Directors in addition to the President and CEO.

**Henrik O. Madsen (1)**  
President and CEO

Appointed President & CEO of DNV in 2006. He was employed in DNV in 1982 - and has held senior positions in all of DNV's business areas, both at Høvik and abroad.

**Remi Eriksen (2)**  
Chief Operating Officer, Energy

COO of DNV Energy and Member of the Executive Board since 2006. Joined DNV in 1993. International management responsibility since 1998.

**Jostein Furnes (3)**  
Corporate Finance and Controllership

Appointed CFO in 2006. He was employed in DNV Maritime in 1988 and has held various financial positions within this field both abroad and at Høvik.

**Cecilie Heuch (4)**  
Corporate HR and Organisation

Director of Corporate HR and Safety, Health and the Environment since May 2006. Previously worked for Norsk Hydro in corporate staff, Hydro Aluminium and in the fertiliser division (now Yara) in Norway and Italy.

**Tor E. Svensen (5)**  
Chief Operating Officer, Maritime

COO of DNV Maritime since 1 January 2003. He was appointed deputy CEO of DNV in May 2006, and in June 2007 he took up the position as chairman of IACS (International Association of Class Societies), a position he held for 12 months.

**Annie Combelles (6)**  
Chief Operating Officer, IT Global Services

COO of DNV IT Global Services since 2006. Previously CEO of Q-Labs Group. Former Elected Member of the Board of Governors of IEEE Computer Society and Member of the IEEE Software Editorial Board.

**Bjørn K. Haugland (7)**  
Chief Operating Officer, Business Assurance

COO of DNV Business Assurance since 2008 (former DNV Industry). Former Regional Manager and Country Chair for Region Greater China. Chairman of the Board of DNV's Climate Change Unit and Co-Chairman of the Board of DNV's Sustainability Center in Beijing.

# Board of Directors' report

## → STRONG GROWTH IN 2008

In a year of considerable financial and business volatility and thus an increasingly complex risk environment, the need to manage technical, societal, market and business risk is more urgent than ever. Companies are expected to run safe, reliable and sustainable operations in an environment of uncertainty, and they are challenged by society's zero tolerance for failure.

DNV is well positioned to help companies meet these demands. The growth in the company's revenue of 18% in 2008 demonstrates the demand for services to identify, assess and manage risk.

DNV has strengthened its position in all its main areas of activity in 2008. With growth in both total revenue and number of employees, the company has maintained a sound profit margin. This ensures a strong financial foundation, which is required to secure the independence and integrity of DNV's operations.

More than 20% of all ships contracted in 2008, measured in gross tonnes, were ordered to DNV class. This represents a strong position in a year where the first nine months were characterised by a high number of new contracts, while the last three months of the year witnessed a sharp decrease in contracting and cancellations of newbuilding contracts. A relentless focus on quality has ensured DNV of close to 16% market share of the world fleet. Global Port State detention statistics

show that DNV-classed vessels are among the ones with the lowest detention ratio. This is a key parameter to measure quality. DNV's ambition is to have the lowest detention ratio among the classification societies.

Technology qualification, risk assessment, asset management and offshore classification are services that have contributed to an unprecedented growth of 25% for DNV in the energy sector. The sharp fall in the oil price in the last months of 2008 did not lead to substantial loss of revenue, indicating that there appears to be a continued demand for DNV's line of services. Renewable and cleaner energies represent considerable growth potentials.

Accredited management system certification represents close to 14% of DNV's total revenue, positioning the company among the top three certification bodies world-wide. Certification in the fields of quality, environment, safety, IT security, food safety and healthcare builds the DNV brand among more than 60,000

customers on all continents.

DNV is market leader in the validation and verification of CO<sub>2</sub> emissions as part of the quota trading mechanisms under the Kyoto Protocol and other regional and local schemes, with a market share of Clean Development Mechanism projects of 48%. Services in the field of Corporate Responsibility are also in increasing demand.

### TRULY INDEPENDENT

In order to serve the purpose of "Safeguarding Life, Property and the Environment", DNV needs both competent employees and a strong financial basis. In 2008, DNV delivered strong financial results; with a growth in total revenue of 18% and a net profit of NOK 642 million. At year-end 2008, DNV's equity ratio was 54%. The number of employees showed a net increase of 1,003 to a total of 8,694 employees.

The Board of Directors acknowledges the hard work performed by a dedicated staff. The Board regards DNV's market position as strong, and financial status as satisfactory. This gives the company a robust platform to meet the downturn in the global economy.

In addition to the financial reporting, DNV is also committed to report on environmental and social aspects based on the Global Reporting Initiative (GRI). In 2008, the reporting shifted from level C to a level B in the GRI system.

The Board of Directors initiated an evaluation of the Board Mandate against the Norwegian Code of Practice for Corporate Governance. The Board also ensured an

evaluation of DNV's investment policy against the ethical guidelines of the Norwegian Government Pension Fund Global.

Following the 29 January 2008 inspection of DNV and four other European-based classification societies (BV, GL, LR and RINA) and the office of the International Association of Classification Societies (IACS) by the EU's Directorate for Competition (DG/COMP), DNV has throughout 2008 put significant resources on this case. Considerable effort has been put into replying to the Commission's request for information, and DNV continues to cooperate with DG/COMP. As of December 2008, the matter is not yet closed.

### STRATEGY

The strategy revision in June 2008 focused on the main changes to the previous strategy. These include increased focus on climate change services, food and beverage, healthcare and a systematic risk management of own activities.

The maritime and energy sectors represent mainstream DNV activities and will continue their efforts based on the main elements of their existing strategic directions. The two business areas, which represent close to 73% of DNV's business volume, have a continuously high management attention. The aim is to further grow their market positions and competencies.

Accredited management system certification is a line of service that is exposed to extensive competition from both global certification companies and local service providers. Based on the approach of Risk

Based Certification, DNV has succeeded in differentiating itself as a certification company providing added value. Considerable efforts will be put into further streamlining the certification process in order to be a truly global provider of consistent certification services.

Accredited certification represents an important part of DNV's services to the food and beverage sector. To meet the ambition of building an industry position in this sector, a set of services beyond quality and environmental management system certification is required. Traceability, supply chain risk management and food safety are services developed in response to clear needs in the market.

Patient safety and quality improvement in hospitals are needs that DNV intends to meet by introducing its risk-based approach in the healthcare sector. In UK, risk management auditing is performed in order to improve patient safety at several hundred hospitals, as part of an agreement with the British Ministry of Health.

The US Centres for Medicare & Medicaid Services in September approved DNV as the first new hospital accreditation organisation in the US for more than 40 years.

The World Health Organization is actively promoting safety and security for high risk laboratories based on DNV-developed standards and rating tools.

A multi-dimensional and company wide system for identifying and assessing important areas of risk exposure to DNV is in place. Findings are important input both for management and for the Board,

who are both informed on a regular basis. The objective of the system is to improve handling of risk in important decisions and in day-to-day operations.

### ORGANISATION

On the first of January 2009, the business area DNV Industry changed its name to DNV Business Assurance in order to better reflect that the essence of the business area's services to customers is to assure sustainable business performance.

An organisational structure, with one branch globally responsible for the food and beverage industry, has been put in place to develop and deliver services in the food and beverage sectors in an even more focused manner.

A dedicated Independent Business Unit (IBU) has been established to ensure a focused approach to developing and delivering services in the field of climate change. One important line of service is the validation and verification of CO<sub>2</sub> quotas in the various international and regional quota trading schemes. Energy efficiency, cleaner energies, sustainable mobility and Carbon Capture and Storage (CCS) are other service areas where DNV is developing a position based on its strong technological knowledge and extensive auditing skills.

DNV is establishing a Sustainability Centre in Beijing in order to be better positioned to offer sustainability services to the Chinese industry. There is an increasing interest for services in the fields of environment, energy efficiency, risk management and sustainability. →

→ The year's highlights: 2008 was another eventful year for DNV. The following few selected highlights show some major achievements from the year and illustrate the diversity of our operations.

## Q1 ↓

**DNV classes first ever FPSO in the US Gulf of Mexico.** Petrobras of Brazil awarded DNV the classification contract for the first Floating Production, Storage and Offloading vessel (FPSO) ever in the US Gulf of Mexico.

**Agreement with the Norwegian University of Science and Technology.** DNV signs its largest university agreement ever with the Norwegian University of Science and Technology (NTNU). DNV finances ten professorships, covering four main areas of cooperation: Arctic technology, marine transport, renewable and environmentally-friendly energy, and integrated operations. The financial framework is more than NOK 10 million per year and is initially valid for 5-6 years.

**Acquisition of US-based wind energy company.** US-based wind energy consultancy Global Energy Concepts (GEC) was acquired, positioning DNV as a major wind energy service provider, covering the entire lifecycle of offshore or onshore wind projects. GEC comprised close to 100 employees.

## Q2 ↓

**DNV signs contract with Nord Stream** Crossing the waters of five Baltic Sea countries, Nord Stream will be an important gas pipeline to carry natural gas to Europe. It is being built to DNV's recognised pipeline standard and will transport enough gas to supply 25 million European households.

At the year-end 2008, DNV had 8,694 employees, compared to 7,691 the previous year. 100 nationalities are represented in the staff. The turnover of personnel during 2008 was 9.0%, compared to 9.7% in 2007, and the sickness absence rate was 1.9%. Towards the end of 2008, the turnover of staff fell as a consequence of the downturn in the global economy.

In autumn 2008, one of DNV's employees working for the Seattle office of DNV-GEC died in a field accident while at work for DNV in Texas. The Board wishes to express its condolences to the family and colleagues.

An international attraction and retention project has contributed to an increase in systematic recruitment efforts worldwide, leading to the achievement of ambitious growth targets in most parts of DNV. The Board has encouraged an active and targeted recruitment policy, realising that talented new staff can be transferred to other units in the organisation when change is needed.

DNV has an equal opportunity policy for all employees, irrespective of their nationality, gender or age. As a result of systematic efforts to improve diversity in the organisation, 66% of all managers are from countries outside Scandinavia. This is a slight increase compared with 2007. The number of women in management training programmes is rising, and the ratio of female managers is now at 17.9%, compared with 15.6% in 2007.

**ENVIRONMENT**

As part of its environmental commitment, DNV was certified according to the ISO

“ Despite the difficulties in the global economy, DNV has delivered good financial performance and secured a solid and long-term order reserve. DNV achieved operating revenue of NOK 9,560 million in 2008, NOK 1,434 million or 18% higher than in 2007. All the business areas achieved growth in 2008, with the strongest growth coming from DNV Maritime and DNV Energy.

14001 standard in 2008. Projects have also been carried out to map the environmental impact DNV's services have on the customers' environmental footprints.

Close to 4,000 employees have been engaged in improving their own environmental footprint, funded by an environmental initiative launched early 2008. NOK 40 million was made available for employees to introduce measures in their private lives that would reduce emissions and improve the environment. Typical initiatives have been to buy bicycles, more energy-efficient home appliances, hybrid cars, solar-heated water tanks and improved insulation in houses.

DNV's own activities do not have significant negative impact on the environment. Procedures for waste handling and energy savings have been introduced in the international network of offices as part of DNV's environmental management system. A programme for continuous improvement is in place with regard to areas such as energy consumption and waste handling. In order to reduce the number of non-essential air flights, all flights are to be reported into a central database, and more meetings will be conducted as video conferences.

**FINANCIAL PERFORMANCE**

Despite the difficulties in the global economy, DNV has delivered good financial performance and secured a solid and long-term order reserve. DNV achieved operating revenue of NOK 9,560 million in 2008, NOK 1,434 million or 18% higher than in 2007. All the business areas achieved growth in 2008, with the strongest growth coming from DNV Maritime and DNV Energy.

In spite of the volatility in financial markets, operating profit increased from NOK 873 million in 2007 to NOK 1,188 million in 2008. This represents an operating margin of 12%. The improvement in operating profit from 2007 to 2008 is NOK 315 million or 36%, reflecting a sound underlying financial performance in the business areas.

DNV does business in 70 currencies, and has subsidiaries and branch offices in close to 100 countries. During 2008 the volatility in the currency markets has been high, and in the latter part of the year the Norwegian kroner depreciated sharply compared to DNV's basket of currencies, contributing positively to the 2008 financial performance. The positive currency effects and positive development in hedging cost is more than offset

by the negative return from financial investments, leading to net financial expenses of NOK 82 million in 2008.

The tax cost in 2008 of NOK 465 million gives an average tax cost of 42%, an increase from 38% in 2007, mainly caused by non-deductible losses from financial investments and non-tax deductible goodwill depreciations. The net profit after tax for 2008 is NOK 642 million, which can be compared to NOK 536 million in 2007 and NOK 546 million in 2006.

The cash flow for 2008 is negative, reflecting the growth and increase in working capital. Cash flow and credit collection will be two of the main focus areas for 2009. By year-end the unused available credit lines were NOK 750 million, which will expire in January 2009 and will not be renewed at present levels of pricing. DNV has also financial investments in equity funds and in the money market amounting to NOK 1,134 million.

DNV has a strong balance sheet with

no interest-bearing debt, a total equity of NOK 4,545 million, or 54% of its total assets. The equity has been negatively affected with NOK 720 million, mainly due to increased pension liabilities and reduced return on plan assets.

The accounts for the parent company, Stiftelsen Det Norske Veritas, show a loss after tax of NOK 103 million, which will be covered by other equity. The Board of Directors confirms that the going concern assumption applies and that the financial statement has been prepared under this assumption.

**FUTURE OUTLOOK**

The Board of Directors believes that the demand for DNV's services will continue to grow also in 2009, although at a slower pace than in 2008. The high order reserve at the start of 2009 is satisfactory for all business areas.

The financial risks will be challenging and counterparty credit risk exposures

will have attention as it relates to default risk of large customers and customer groups as well as possible credit collection problems related to the increasingly difficult market conditions for many of our customers.

The outlook beyond 2009 is more uncertain and varies among the business areas. To be prepared for a likely longer financial downturn DNV has identified certain measures and actions to better control and reduce the cost level. Strict control of manning levels and costs is one action implemented. With good collaboration between business areas and with transfer of competence and staff between these as demand dictates, the Board of Directors believes that DNV is well prepared to face some difficult years in the main markets.

The Board of Directors of Stiftelsen Det Norske Veritas, Hovik, 16 April 2009

Atle Bergshaven  
Chairman

Maury Devine

Audun Brandsæter

Silje Grijtoheim

Hilde M. Tonne

Axel C. Eitzen

Yan Ma

Mary Grace Anderson

Niksa Padovan

John H. Wiik

**DNV Petroleum Services opens new laboratory:** A new bunker testing facility was opened in the new DNV Benelux building in Barendrecht, the Netherlands, effectively expanding the company's capacity to meet the foreseeable increased demand for fuel analytical services in Europe. The laboratory complements DNV's four other fuel testing facilities located in Houston, Fujairah, Oslo and Singapore.

**CDM reaches milestone of 1,000 projects.** The Kyoto Protocol's Clean Development Mechanism (CDM) registered its 1,000th project. An energy efficiency project in Andhra Pradesh, India, validated by DNV.

**120 years since first establishment in China.** DNV celebrates 120 years in China. Greater China is DNV's fastest growing region and largest operation outside Norway, with a network of 36 offices in 20 cities and nearly 800 employees.

Q3 ↓

**World's largest shipbuilding order to DNV Class.** DNV was selected as class society for the building of 12 very large ore carriers (VLOC). The vessels will be built by Jiangsu Rongshen Heavy Industries Co. Ltd. for the Brazilian Companhia Vale do Rio Doce (Vale). Never before has a VLOC of this size (400,000 dwt) been built.

**Jardine Technology Ltd. acquired** Through its commercial software house, DNV acquired Jardine Technology Limited. This acquisition comes after DNV's successful acquisition and integration of the Jardine & Associates Limited consultancy company in 2005. This adds to DNV's offering of software and services in the market for reliability, availability and maintainability simulations for the upstream oil and gas, and the downstream refining, petrochemical and chemicals industries.

**Approved to accredit hospitals in the US.** DNV is approved by the US government's Centers for Medicare and Medicaid (CMS) and becomes an Accreditation Organization (AO) for hospitals, the first such approval awarded in 40 years. The DNV hospital accreditation programme, that integrates the inter-nationally recognised ISO 9001 Quality Management System standard, enables hospitals to use their own innovative approach in meeting the NIAHO<sup>SM</sup> standard developed by DNV.

Q4 ↓

**Developing the first global guidelines for CO<sub>2</sub> capture, transport and storage.** DNV is facilitating, on behalf of the industries and authorities, the development of standards for capturing, transporting and storing CO<sub>2</sub>. Guideline for qualifying CO<sub>2</sub> capture technology was finalised in 2008. The remaining projects will be finalised in 2010.

# Board of Directors



## Atle Bergshaven

Chairman of the Board of Directors. Member of the Board since 2003. Chairman and CEO of the Bergshav Group. Chairman of the Board of Sea4 AS and Member of the Boards of the Norwegian Hull Club and North of England P&I Club. Council member of Intertanko.

## Maury Devine

Member of the Board since 2000. Former President and Managing Director, Mobil Exploration Norway, Inc. Former Fellow of Harvard University. Member of the Board of FMC Technologies and JBT Corporation. Member of the Council on Foreign Relations.

## Audun Brandsæter

Member of the Board since 2002. Elected by the Norwegian employees of DNV. Principal Consultant, Safety Excellence and Risk Management, Maritime Solutions. Joined DNV in 1982.

## Sille Grjotheim

Member of the Board since 2007. Elected by the Norwegian employees of DNV. Principal Engineer, Work Processes, Maritime. Joined DNV in 1993.

## Hilde M. Tonne

Member of the Board since 2008. EVP in Telenor since 1 Sept 2007, formerly VP in Hydro and Saga. MSc in Petroleum Technology. Member of the Board of Gassnova SF.

## Axel C. Eitzen

Member of the Board since 2004. Chairman of the Board, Gard AS. Chairman of the Board of the Executive Committee, Gard P&I Club. Chairman of the Board, Camillo Eitzen & Co ASA and of Eitzen Chemical ASA. Chairman of the Board, Eitzen Maritime Services ASA.

## Yan Ma

Member of the Board since 2007. Elected by the Asian and American employees of DNV. Principle surveyor, Site & Project Manager, new-building management in DNV North China. Joined DNV in 1996.

## Mary Grace Anderson

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

## Niksa Padovan

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

## John H. Wiik

Member of the Board since 2003. Managing Director of the Norwegian Hull Club. Chairman of the Board of Fana Sparebank.

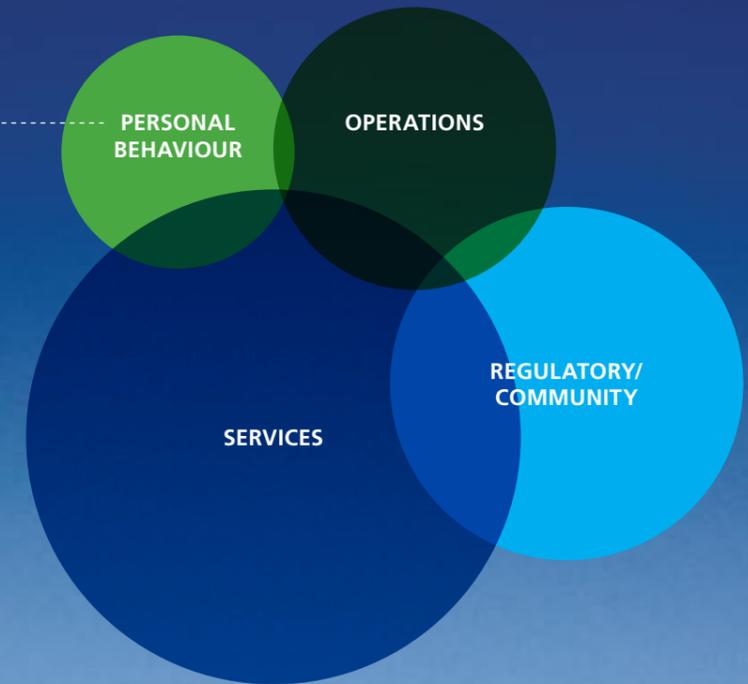
# A safe and sustainable future?

## → WE DO – PERSONAL COMMITMENT

WE do is all about personal commitment. It is a NOK 40 million fund set aside by DNV to partially finance employees' personal environmental initiatives. 50% of DNV's employees globally have applied for funding of a personal project, which has an upper limit of NOK 10,000 per person, per year, regardless of location.

More on page 22, 28, 34, 40 and 46.

## OUR IMPACT ON THE ENVIRONMENT



→ The world uses 30% more resources than the Earth can replenish each year. People have never emitted more greenhouse gases into the atmosphere. Almost half of the world's population lives in poverty. Safety of people and products is becoming increasingly difficult to handle in a globalised world. So are we really heading for a safer and more sustainable future?

The pressure is on for both for businesses and society to address these complex issues. With complexity come risks. The companies that are the most successful in identifying, assessing and managing these risks will not only continue to have a license to operate. They will turn risks into rewards and out-perform their competitors.

DNV's focus is to help companies manage societal, operational and business risks. At the same time, we have been authorised by governments and official institutions

to verify or certify that businesses comply with regulations and standards. So as an independent third party, we feel a special responsibility to balance the needs of business and society.

### ADDRESSING CLIMATE CHANGE

DNV offers a wide range of services that help businesses, organisations and governments improve performance in a safe and responsible manner. In 2008, we further intensified our focus on issues related to climate change. We do this in four ways:

**THROUGH OUR SERVICES.** DNV has the greatest impact on reducing environmental footprint through the services we provide. Be it energy efficiency for ships, technology qualification of carbon capture and storage technology, assessment of wind farm projects or certification of an environmental management system. **More on page 20-45.**

**THROUGH OUR OPERATIONS:** We actively use the ISO 14001 standard to continuously reduce the environmental impact of our own operations. **More on page 52-54.**

**THROUGH COMMUNITIES, REGULATIONS AND STANDARDS:** We take an active role in shaping and enhancing regulations and standards, and seek influence through many fora with an environmental agenda. **More on page 56-57.**

**THROUGH OUR PERSONAL BEHAVIOUR:** DNV has launched a programme that supports the personal commitment of our employees to reduce their environmental impact in daily life. We call it WE do.

[dnv.com/wedo](http://dnv.com/wedo)

# more safety

Following DNV research and recommendations, ships above a certain size will start to use electronic charts in future. Although this will take years to fully implement, important decisions to achieve this were made by the International Maritime Organization in 2008.

# less incidents

The frequency of accidents has increased over the past few years. A ship is twice as likely to be involved in a serious collision today compared with five years ago. In 2008, we were the first class society to offer tailored management tools to halt this negative trend.

## → FOCUS ON SHIP CLASSIFICATION

DNV has a continuous focus on safety at sea. Between focus on technical navigation on the one hand, and the organisation, behaviour and management focus on the other, we presented a wide range of new services and tools throughout 2008.

**MORE THAN 90% OF ALL** collisions, groundings and contact accidents in shipping involve human acts. Over the past few years, the global fleet has grown and the shortage of seafarers has put pressure on education and quality. Over the same years, the number of accidents has increased.

We address what lies behind the human errors on board ships with the aid of our SeaSkill™ services. In 2008, we passed a major milestone when Singapore-based tanker operator Thome Ship Management became the first ship manager in Asia to start using this

scheme to verify and certify its competence management system – to set up a system for its entire fleet of more than 100 vessels.

Asian seafarers are by far the largest group on board the global fleet.

**AN INVESTIGATION** carried out and published by the UK Marine Accident Investigation Branch in 2008 after the container ship Napoli accident a year earlier concluded there were human and technical reasons behind this accident. The vessel was built in 1991 and entered into DNV Class in 2002.

We used our experienced engineers and cutting-edge technology to analyse what had happened, and why, and to propose changes to ensure it will not happen again. The German Shipowner Association, representing some of the largest container ship operators, gave us valuable credit. "Transparency and openness are not common, as the industry normally hides itself after accidents. At the end, we state that DNV deserves all respect for the investigation and the way DNV dealt with it."

Learning from accidents represents one of the best ways of improving safety.

**THE CONTAINER SHIP MARKET** was given special focus during the year. Among other initiatives, we revised our complete rule set for this segment.

It was therefore an important milestone when a German shipowner ordered ten new container ships – to be built in South Korea to DNV class.

Advisory services were a key element in achieving this big container ship contract.

An even bigger contract – probably the world's largest ever shipbuilding contract – was signed in August. Twelve very large ore carriers, each of 400,000 dwt, are to be built to DNV Class for the world's

biggest iron ore supplier, Brazilian Vale, in China by Jiangsu Rongsheng Heavy Industries. The biggest bulk carrier ever built so far is 365,000 dwt.

The new DNV Class notation "Easy Loading" (introduced in 2008) will be applied to ensure the vessels' safety and loading flexibility.

**ONE BENEFIT OF LARGE** vessels is less pollution per transported units. Compared to a standard Capesize bulk carrier, a very large ore carrier will use some 30% less fuel and produce some 30% less pollution per tonne carried.

And fuel consumption – both the type and amount of fuel – is a focus area in the years to come. The shipping industry, like the onshore and transportation industries, has to set targets for its emissions – particularly for CO<sub>2</sub>.

In 2008, we introduced a roadmap for reducing CO<sub>2</sub> emissions, which can be reduced by as much as 20-50% per ship by action taken on existing vessels and for newbuildings prior to 2030. Emissions can be reduced by as much as 50-70% per ship by the year 2050.

When the roadmap was introduced, other major stakeholders were invited to take part in its development. The International Maritime Organization, alongside other class societies, shipowners and yards have been positive to the initiative.

Shipping is, however, already the most energy efficient means of transportation and moving more cargo to ships can contribute to reduced global CO<sub>2</sub> emissions.

**IN JUNE 2008**, we completed our chairmanship of the International Association of Classification Societies (IACS). DNV's Tor Svensen used the 12 months at the helm to define the role of class on the new environmental agenda and to continuously focus on safety at sea.

Although our main focus is on improvements for customers, shipyards, shipowners and society at large, internal focus on better safety and fewer accidents is mandatory. There have been too many accidents when working at heights. A new systematic approach to the problem and a new training module have therefore been put into force in 2008 to make surveyors' work safer and decrease the number of accidents.

The objective is to manage risk by avoiding personal accidents and incidents. ■



→ CASE STUDY: MISC BERHAD

COMPETENCE BUILDING ACHIEVES BUSINESS RESULTS

MISC Berhad, the leading international shipping line company of Malaysia, wanted to move the company to an even higher level and achieve tangible improvements in their business competitiveness and environmental performance.

To do so, there was a need to improve the operation and capabilities of the business. MISC partnered with DNV and embarked on a strong capability building drive for its fleet management operations.

MISC's vision is to become the preferred provider of world-class maritime transportation and logistics services. Since 2005, DNV has partnered with MISC to improve capabilities in maintenance, crewing, procurement and fuel management.

DNV assisted with a review of existing fleet management operations and capabilities, setting performance benchmarks and identifying gaps and opportunities. New practices were developed and trialled before implementing the solutions with monitoring of benefit achievements.

Operational efficiency and capabilities have been improved through implementing a new operational fleet team structure supported by new crewing system and various procurement initiatives. A risk-centred programme for vessel maintenance has also been implemented. The fuel efficiency programme has resulted in substantial documented reductions in fuel consumption.

MISC has also defined, together with DNV SeaSkill™, the company's competence management standards for seagoing personnel. This has laid the foundation for improved seafarer training – developing seafarers with improved competence levels and operational readiness.

BACKGROUND

■ MISC Berhad (MISC – Malaysia International Shipping Corp) is one of the top ten shipping companies in the world by market capitalisation. Headquarters in Kuala Lumpur.

■ MISC's business involves the owning and operating of ships and offshore floating facilities as well as marine repair, marine conversion and engineering.

■ MISC operates a modern fleet of more than 100 vessels and is the largest single owner and operator of LNG (Liquefied Natural Gas) tankers in the world.



22% of all newbuildings in 2008 were to DNV Class.

10% Frequency of serious navigational accidents for commercial ships decreased by 10% last year.

18.1 MILLION 391 new vessels, corresponding to 18.1 mill gross tonnes, were contracted to DNV class in 2008.

67 BULK CARRIERS Shipping heading for overcapacity? For every 100 bulk carriers in operation, 67 bulk carriers are under construction or in the orderbook.

ENVIRONMENTAL IMPACT OF OUR SERVICES

■ **EMERGENCY RESPONSE.** For assistance on stability and residual strength of vessels in emergencies, DNV offers a 24/7 emergency response service. In 2008, 12 vessels were assisted. Examples were grounding, water ingress, loss of stability and fire.

■ **BALLAST WATER TREATMENT.** A new IMO convention on ballast water will enter into force addressing problems experienced with harmful aquatic organisms spreading from one area to another through a ships ballast water system. The first ballast water treatment systems have already been approved in accordance with this standard – one of them by DNV. Approval of two more systems by DNV is ongoing.

■ **USE OF CLEANER FUEL.** Use of LNG instead of heavy fuel oil for main propulsion will reduce the emission to air.

Emission of CO<sub>2</sub> can be reduced by 20-24%, SO<sub>x</sub> and particul matter (PM) by 100% and NO<sub>x</sub> by 90%. At year end 2008, 37 vessels classed by DNV was fueled by LNG.

■ **REDUCTION OF VOLATILE ORGANIC COMPOUND.** DNV has also introduced class notations to reduce emission of VOC (Volatile Organic Compound). This is a notation that has "taken off" over the past year. By the end 2008, 661 vessels had this notation. 366 more vessels (in our order-book) will be delivered with this notation.

FIGURE 4 TOTAL DNV ORDERBOOK

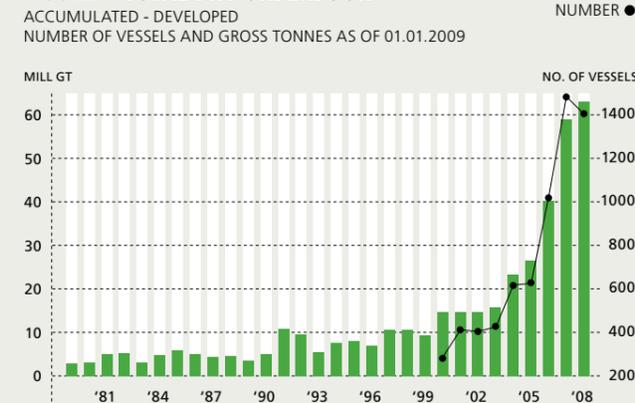
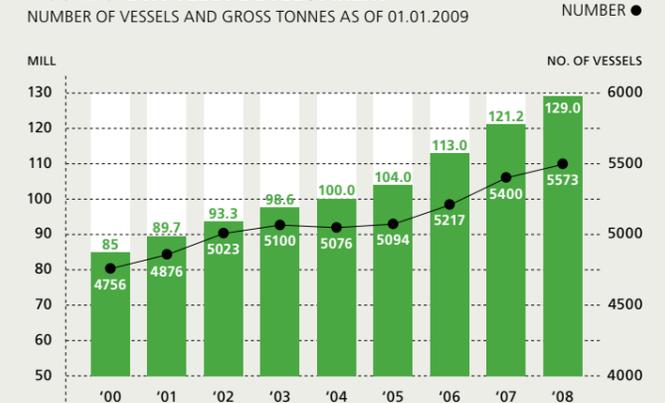


FIGURE 5 DNV FLEET DEVELOPMENT



## Meet Saripaka Srikanth

**Job title:** Surveyor

**Workplace:** Mumbai, India

**WE do project:** Low emission car



### → SARIPAKA'S WE DO PROJECT

” In India, more and more cars run on Liquefied Petroleum Gas (LPG). I save 20 Rupee per litre compared to petrol and I am polluting far less this way. I simply had a second fuel tank installed on the car.

## LPG

Liquefied Petroleum Gas (LPG) is a natural hydrocarbon fuel made up of propane and butane. LPG produces far less carbon dioxide than petrol and fewer particulates and nitrogen oxides than diesel.

## 60%

About 60% of the world supply of LPG comes from the separation of natural gas products, and 40% is a by-product from the refining of crude oil. In the past, LPG has been considered as waste and flared off; now it is recognised as a major energy source.

### → AT WORK WITH SARIPAKA

” My job as a surveyor at Bharati Shipyard in Mumbai is to make sure that vessels constructed here are safe and comply with DNV Class Rules.

## 100

Indian yards placed over 100 new building orders for ships to DNV class in 2008, and DNV has a market share of 48% at new-building yards in India.

## 30%

Approximately 30% of the Indian-owned fleet of ships in operation are classed by DNV. With 75 maritime staff, DNV is the largest class society in India.

# more energy

A long-term energy demand growth is expected. There is an abundance of energy resources, but environmental, economic and resource access constraints will curb energy demand growth. The world must develop, produce and consume energy in a more efficient way to ensure sustainable growth.

# less carbon

Renewables' share of the total energy mix must be increased. Wind energy is the most mature and fastest growing renewable energy source. At the same time we must extract and consume fossil fuel in a more efficient way and develop new solutions to capture, transport and store CO<sub>2</sub> – safely.

## → FOCUS ON ENERGY

**Oil and gas are finite resources. However, renewable energy is not going to replace fossil fuels anytime soon. But it will make up a growing part of the world's energy supply and will be critical in efforts to reduce carbon emissions.**

**AN UNSTABLE** financial situation, highly volatile energy prices and climate change issues have made the future more uncertain. However, we believe that with every uncertainty there is at least one opportunity.

The world has probably never experienced such an extreme economic turmoil as in 2008. From a situation with record high investments and all-time-high energy consumption and oil price, the year ended with a total about-turn. The word "crisis" has never been used so much as in 2008. The Chinese word for crisis is made up of two words, Wei (danger) and Ji (opportunity). And that is exactly our view

of the pressing challenges now facing us. Behind every threat and danger, there are opportunities for rewards.

**DNV HAS DONE PIONEERING** work to solve some of the most difficult tasks the energy industry is facing. We help customers define and address their challenges and recognise their opportunities, by combining risk, technology and management expertise.

Norway is still our single biggest operations location, but countries like Brazil, China, India and the USA are playing an increasingly important role in our portfolio of energy projects.

We aim to provide state-of-the-art knowledge through a very broad range of services covering the entire value chain from source to market. Our services support both oil and gas operations as well as cleaner energy solutions. Our clean energy organisation grew to 200 people in 2008. This includes the acquisition of the wind consultancy company GEC in Seattle, which complemented our existing wind expertise and service-lines. DNV is now the second biggest wind consultancy in the world and the largest independent certifier of wind projects.

**CARBON CAPTURE** and Storage is a significant activity in our operations, and we are currently working for the European Union and a number of other governments and companies. In addition, We are taking the lead in joint industry projects, aiming to create standards for the capture, transportation and storage of CO<sub>2</sub>. This is supported by all the major players and key international authorities.

Due to our technology expertise, knowledge-sharing philosophy and the trust we enjoy from both the industry and authorities, we are managing a

number of joint industry projects to ensure new standards and innovations are developed for the good of all stakeholders.

**TRUST WAS ALSO THE** basis for one of our greatest achievements in 2008, when Petrobras of Brazil awarded us the classification contract for the first Floating Production, Storage and Offloading vessel (FPSO) ever in the US Gulf of Mexico.

Worldwide, DNV is running 80 offshore newbuild or conversion projects, and 200 Mobile Offshore Units (MOUs) are in operation to DNV Class.



**IN ALGERIA**, we helped national oil company Sonatrach with a comprehensive analysis of the operational management systems of its downstream activities related to Liquefied Natural Gas (LNG) and Liquefied Petroleum Gas (LPG) plants. Sonatrach employs 120,000 people and is the world's second-largest LNG and LPG exporter.

**IN THE UK**, asset integrity performance is a major focus area. We have worked closely with the BG Group to develop an innovative educational tool that improves the understanding of major incident hazards and risk management. The jointly developed Asset Integrity training and awareness programme has been rolled out across its international asset portfolio during 2008.

LNG use is developing rapidly, and we are involved in more than 30% of the global projects. Many of these are strategically important to the nations concerned. One such project is South Hook, a receiving terminal at Milford Haven in Wales. The first gas delivery is planned for early 2009, and the terminal aims to supply a significant proportion of the UK's future gas needs.

**IN THE US**, biofuel is considered an important energy source, especially for the automotive industry. However, there are a number of challenges involved in transporting this liquid through existing pipelines, especially related to stress corrosion cracking. To solve this, our corrosion and material experts are assisting customers and conducting research programs, e.g for the Pipeline Research Council International.

**IN CHINA**, one of the world's largest energy companies, China National Petroleum Corporation (CNPC), is growing fast and we are helping in its progression towards world-class operations; for example by providing risk and integrity management consulting to its pipeline division. In the downstream sector, We are helping in safeguarding the operations of China's largest refinery, Dalian Refinery, and the leading West Pacific Refinery. Both use DNV's ISRS7 PSM process safety management approach.

**BRAZIL** plans to quadruple the natural gas in its energy matrix to 12% by 2012. Petrobras is building the first two re-gasification terminals in the country, and we are providing risk consulting services to address safety and business critical issues in addition to performing basic design and construction verification. Brazil needs an extensive, complex pipeline network connecting all its production and consumption regions. Operational reliability is a major issue, and we are supporting with our asset integrity and performance forecasting knowledge in integrating all the networks into a single national network. ■

→ CASE STUDY: NORD STREAM

APPLYING STANDARDS FOR NEW ENERGY SUPPLY

Crossing the waters of five Baltic Sea countries, Nord Stream will be an important gas pipeline to carry natural gas to Europe. It is built to DNV's recognised pipeline standard and will transport enough gas to supply 25 million European households.

This natural gas highway will be 1,220 kilometres long. It will be routed from Vyborg, northwest of St. Petersburg in Russia, under the Baltic Sea, with a maximum water depth of 211 meters, terminating in Lubmin near Greifswald, Germany. It will consist of two parallel lines, with a total annual capacity of approximately 55 billion cubic metres. They will be ready for transporting gas in 2011 and 2012 respectively.

Nord Stream directly connects Russia's large gas reserves with the growing European energy consumer markets. The new pipeline will supply Europe with a significant share of its additional future energy needs, and is an important factor of energy security.

The pipeline is being built to DNV's recognised offshore pipeline standard. Nord Stream has also hired DNV as an independent third party to confirm that the pipeline complies with the standard.

Once the pipeline is ready for operation, a certificate of compliance with the standard will be issued. This assures stakeholders such as finance institutions, insurers, authorities, shareholders and the public at large that Nord Stream is a safe pipeline.

DNV has been involved in many of the world's most complex subsea pipeline projects. Read more: [dnv.com/offshorepipelines](http://dnv.com/offshorepipelines)

BACKGROUND

■ Pipeline systems represent significant financial investment and constitute a key element of the industrial and public value chain.

■ Ensuring that each pipeline is designed, fabricated and operated in a safe, reliable and cost-effective manner involves a multitude of professional disciplines.

■ This is why our pipeline standard is being adopted as the most recognised standard, giving support to 70% of all offshore pipelines. The reason for its success is the accumulated knowledge from DNV in combination with the developing needs of the industry players.



30% of the world LNG terminal projects are supported by DNV.

75% of the global offshore wind projects are certified and verified by DNV.

31 oil & gas and energy-related Joint Industry Projects were managed by DNV in 2008.

40% of the world's FPSOs are built to DNV class.

ENVIRONMENTAL IMPACT OF OUR SERVICES

- DNV has released the world's first standard for qualification of carbon capture technology.
- We are running two global joint industry projects, which will conclude standards of how to and where to transport and store CO<sub>2</sub>.
- DNV has carried out 42 renewable certification and qualification projects for customers.

- We carried out 16 carbon capture and storage project evaluations during the year.
- In 2008, we presented more than 10 papers related to renewable energy at major conferences world-wide. We participated in more than 14 conferences related to renewable energy.

SAFETY FIRST

DNV has a strong focus on helping the industry manage safety issues. Analyses that we have performed show that the hydrocarbon processing industry has not yet managed to reduce the occurrence of major accidents. Solving this critical issue will require a clearer understanding of the potential root causes related to people, plant and process. DNV has tracked and recorded accidents and incidents reported in the process industry since 2005. →

FIGURE 6 RECENT FATALITY STATISTICS FOR ENERGY INDUSTRIES

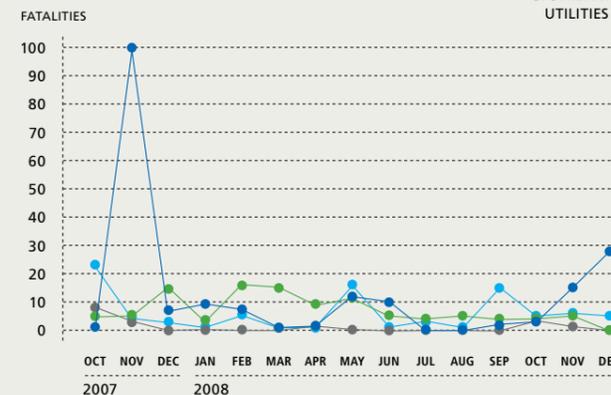
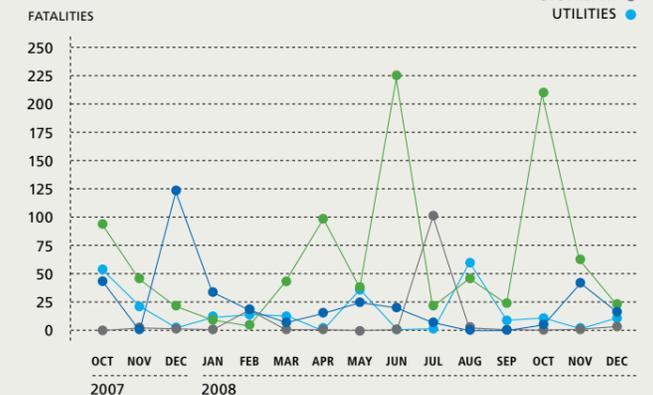


FIGURE 7 RECENT ENERGY INDUSTRY INJURY STATISTICS



## Meet Tara Podnar

**Job title:** Project Engineer

**Workplace:** Columbus, Ohio, USA

**WE do project:** On-demand water heater



### → TARA'S WE DO PROJECT

“ With the funding provided by DNV, I installed an on-demand water heater. This has not only kick-started an effort to make our home more energy efficient, but also impressed our friends and family.

40%

The on-demand water heater saves up to 40% of the energy used by conventional water heaters. Tara has experienced only few adverse effects. There is a bit of a delay in receiving hot water at tap locations furthest from the system, but it provides endless hot water.

2/3

Buildings account for more than 2/3 of energy used in most countries. The potential for energy savings is great and compelling, and can often be achieved at low or no costs.



### → AT WORK WITH TARA

“ I work with pipeline operators to ensure the integrity and safe operation of their systems. Here at the Columbus office we have expertise in managing corrosion, materials and structural integrity risks for the pipeline industry.

103

In 2008, 21.4% of the 103 incidents involving hazardous gas lines were caused by corrosion, according to the Office of Pipeline Safety.

65%

60-70% of the world's offshore pipelines are designed and installed to DNV's pipeline standard. DNV has issued its fourth revision of its recognised standard.

# more trust

In times with increased uncertainty, markets, consumers and other stakeholders are looking for firm assurance that they can trust and have confidence in the companies with whom they do business or the products and services they buy.

# less uncertainty

The globalised world poses complex challenges for companies everywhere. To ensure sustainable operations, they must minimise uncertainties in a continual and systematic way to stay sharp, robust and competitive.

## → FOCUS ON CERTIFICATION

**Globalisation, consolidations, complex value chains and demands for sustainability has strengthened the need for independent and third party certification services. The financial crisis has only increased the need for trust and confidence.**

**CERTIFICATION CONTINUES** to be a core business for DNV with the largest service being management system certification. The financial crisis did not have a great negative effect on the certification business in 2008. Companies typically tend to need more trust and confidence in such situations. Thus we saw a growth both in certification to the ISO 9001 quality standard and the environmental standard ISO 14001.

Emerging markets such as China, India, Eastern Europe and South America, where certification is the ticket-to-trade, continues to contribute to growth in certification

services. Corporate responsibility and supply chain management has been placed on the corporate agenda by media and stakeholders. The certification process is increasingly becoming a powerful means for companies to get on top of and manage complex supply chains. Fragmented supply chains, as well as ethical and environmental demands, forces companies to gain control, and manage their supply chain in a proactive, responsible and sustainable manner.

There is a trend that companies see the benefit of having one certification body that can handle their needs in a holistic

and integrated way. This to ensure consistency, synergy and effectiveness in the management system. This one-stop-shop approach also includes integration of company specific needs beyond management system certification .

Focus on the product's environmental footprint is growing. Awareness on the part of society and consumers increases focus on environmental management and the product footprint throughout its life-cycle. Production continues to take place in fewer places with the world as the market place. However, each country needs to ensure that products introduced

to citizens are safe and environmentally sustainable, which creates a need for conformity assessment and certifications of products.

**NEW STAKEHOLDER** requirements related to environmental and social concerns are emerging alongside a rapidly growing focus to ensure sustainable business performance. We continue to deliver verification and rating services, in particular related to health, safety and security. Globalisation, complexity of product/service realisation processes, linked to outsourcing of activities along the value chain,

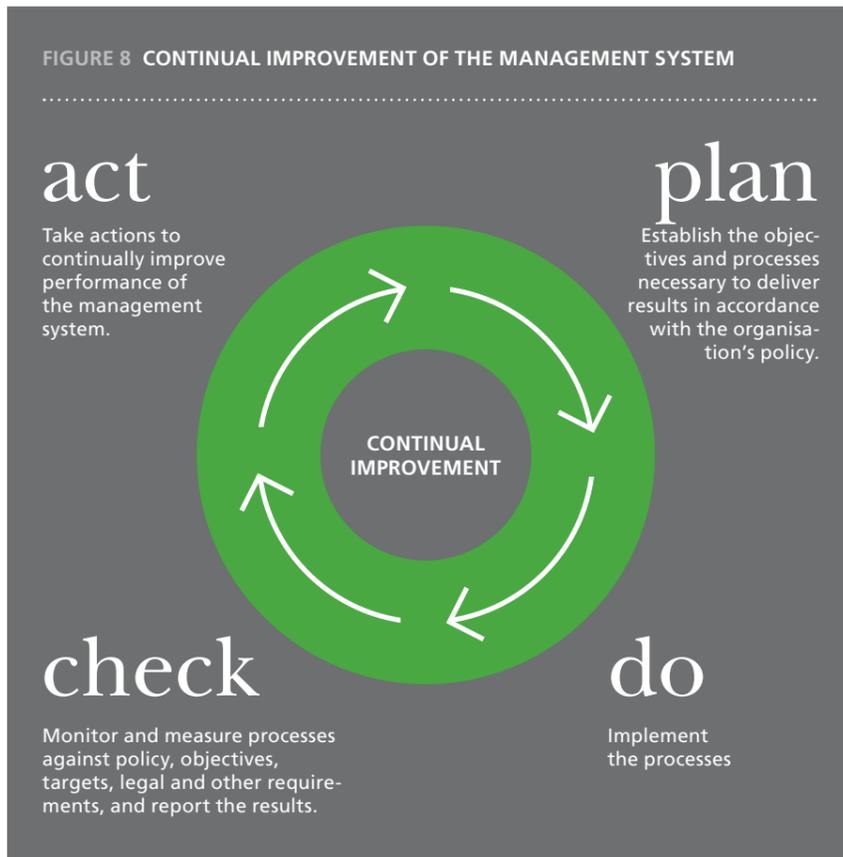
fuels the need for a holistic risk-based assessment services. These are assessments that provide clear insight into management performance and best practice, and facilitate benchmarking within and outside the organization. We are responding to this need by continuous development of new services in close collaboration with customers and other stakeholders.

**THE FOOD AND BEVERAGE** industry continues to be an industry with global focus. Food safety is the primary issue in this industry with an increased focus on supply chain management. In 2008, the

perspective became truly global when major players in the US implemented food safety requirements on suppliers. The US Food and Drug Administration (FDA) started considering food safety certification as a tool to increase food market governance's effectiveness and efficiency, and guarantee food safety in every step of the value chain.

There is also a continued focus on environmental aspects, and the need for services like carbon footprint is increasing. Companies are increasingly being held responsible for their entire value chain, and we have been more involved in managing their total risk picture. For example through auditing and certification of suppliers.

The need for trust and confidence in this industry sector was underscored in 2008 by international food related incidents, such as the melamine affair in China (affecting milk and confectionary). Consumers' and other stakeholders' expectations impose effectiveness, transparency and sustainability through the entire supply chain. We see that building and maintaining efficient and sustainable supply chains is a source of competitive advantage in the market and a necessary condition to ensure the survival of food and beverage companies. DNV continued to grow quickly within food and beverage industry through 2008. ■



→ CASE STUDY: KATOKICHI

**NATIONWIDE FROZEN FOOD RECALL**

Katokichi, one of the leading frozen food companies in Japan, experienced in 2008 a nationwide recall on a portion of its frozen products. The culprit was revealed to be a pesticide contamination; the source remained unknown.

The company recognised an immediate need to improve its food safety management system at manufacturing factories and among suppliers to reduce food safety risks, preventing similar future incidents and communicate trust to the market.

Partnering with DNV, Katokichi went to work to strengthen their food safety management throughout their value chain. A plan was created for increased monitoring and audits of manufacturing factories and suppliers. Starting in 2008, the plan includes second party audits on more than 120 suppliers in Asia and Europe. DNV will also certify 30 Katokichi plants in Japan to the food safety management system standard ISO 22000.

After taking control back, Katokichi has already minimised their risk of another recall and communicated trust. Reinforcement of the quality management system framework enabled Katokichi to take better control of their food safety processes and the supply chain. The use of a third party organisation has helped Katokichi communicate trust and confidence to customers.



**BACKGROUND**

- Consumers demand that what they put on their table is safe and traceable to its origin.
- The food and beverage industry has become global, creating more complex supply chains, affecting the way global food players operate.
- Certification to recognised national or international standards is an important means to facilitate global trade. Specific food safety standards ensures implementation of best practices and communicates this to the business and consumer segment.
- DNV offers a wide range of certification and assessment services aimed to create trust and confidence in the food and beverage industry.
- Read more about our services to this industry on [food.dnv.com](http://food.dnv.com)

82

ACCREDITATIONS WORLDWIDE HAVE BEEN RE-ACCREDITED



In 2008, we were reaccredited for all our 82 accreditations worldwide to ensure compliance with the new ISO 17021 standard for accreditation bodies.

2,200

healthcare related organisations have had their quality management system certified by DNV.

” There is a trend that companies see the benefit of having one certification body that can handle their needs in a holistic and integrated way.

**RISK-BASED CERTIFICATION™**

DNV's Risk-Based Certification methodology provides companies with more value from the management system certification. The DNV auditor will ask the company what their most significant business risks are, and based on that tailor the audit to address the identified key processes.

This helps identify key areas for improvement and provides structured information to top management on the organisation's ability to meet their business goals and objectives.

**MOVING INTO HEALTHCARE**

As the first company in 40 years, DNV was approved by the US government's Centers for Medicare and Medicaid (CMS) to accredit hospitals. Working to have an impact on quality and patient safety improvements, DNV developed the NIAHO<sup>SM</sup> standard against which hospitals are audited and accredited. The standard was launched in the US,

but it is also branched out in countries where healthcare tourism is promoted such as in Brazil.

Also, DNV continues to serve the UK government's NHS in maintaining standards and evaluating and rating over 600 hospitals and clinics in England that are directly controlled by that agency. We have also certified the quality management system of over 1,200 healthcare related organisations (hospitals, clinics, long-term care, diagnostic centres, pharmacies and other suppliers).

**CERTIFICATION SERVICES**

- Management System Certification (ISO 9001, ISO 27000, ISO 14001, OHSAS 18001 and industry specific standards)
- Product certification
- Food safety schemes
- Healthcare schemes
- EU ETS (European trading scheme for green house gases)

## Meet Davide Busani

**Job title:** Food Sector Manager

**Workplace:** Milan, Italy

**WE do project:** Bicycle



### → DAVIDE'S WE DO PROJECT

“ I used the environmental fund WE do to buy a bicycle. I realised that I could use a bike instead of a car for many small errands, like buying bread on Saturday morning or visiting friends at the other end of the village.

50%

In Europe, nearly 50% of all trips by car are shorter than 5 km, and almost 30% of these are shorter than 1 km.

4,000

More than 4,000 employees, equalling nearly 50% of the workforce, applied for WE do funding in 2008. The environmental impact is estimated to an annual reduction of 1,500 tonnes CO<sub>2</sub>.



### → AT WORK WITH DAVIDE

“ My team helps companies in the food and beverage sector improve the quality, safety and sustainability of their products.

no.2

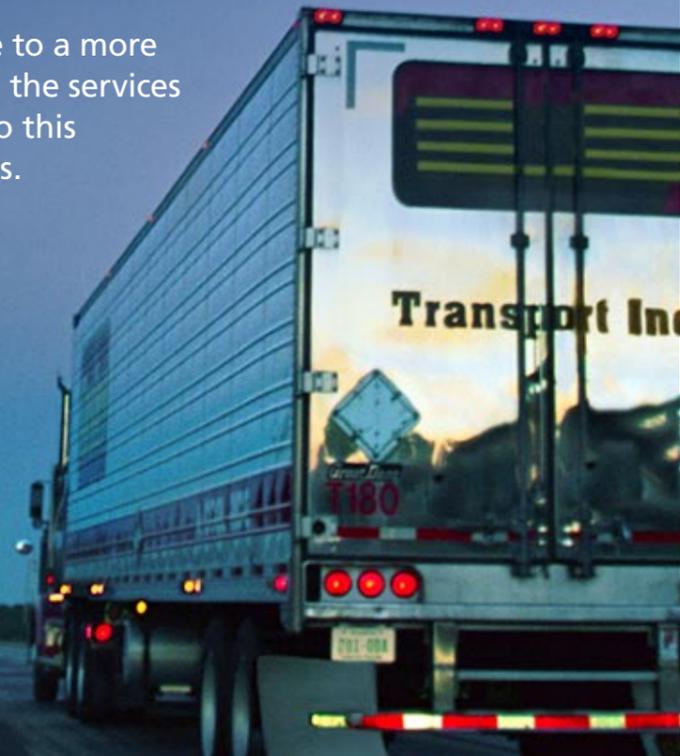
Food safety is the number 2 concern for decision-makers, who are heading retail and consumer goods companies in 54 countries according to the 2009 Top of Mind CIES survey (the first one being “the Economy and Consumer Demand”).

92%

A recent survey conducted by Infratest on behalf of DNV revealed that 92% of Italian consumers would not buy a product from a company whose activities have a negative impact on the environment or do not respect employees' rights.

# more action

DNV has stated an ambition to contribute to a more sustainable development, mainly through the services and standards we provide. Responding to this challenge requires efforts on many fronts.



# less talk

In 2008, we initiated three joint industry activities to take the groundbreaking work within the capture, transportation and storage of CO<sub>2</sub> to a new level. Also, we became the first to verify that new hydropower projects are fulfilling a new sustainability protocol.

## → FOCUS ON SUSTAINABILITY

**In 2008, we intensified our focus on offerings related to climate change and corporate responsibility. We believe demand for sustainability-related services will only increase in the future.**

**DNV PLAYS A CRUCIAL ROLE** in the carbon market by validating greenhouse gas emission reduction projects and verifying that emission reductions actually take place, using our independent status, technology expertise and experience within among others the energy sector.

The "carbon market" is a financial mechanism that allows emitters (companies, countries or individuals) to meet mandatory or voluntary emissions commitments. This is done by buying credits from offset projects which reduce emissions or by buying emission allowances from someone who has not used their allowances. In 2008,

this developed into a USD125 billion global carbon market. It includes mandatory and voluntary emission trading schemes as well as the so-called flexible mechanisms under the Kyoto protocol.

One such scheme is the Clean Development Mechanism (CDM), administered by the UN. DNV was one of the first two organisations to be accredited to perform third party validation and verification of CDM projects and has been involved in almost the half of all projects<sup>1</sup>. In addition, We are involved in forming new standards and ensuring integrity of the rapidly growing voluntary carbon trading schemes.

2008 also saw DNV launching the Climate Change Academy and Network. This will build and share competence within the carbon market as access to competent people has proven a bottleneck for many companies in the business.

**SWITCHING TO RENEWABLE** energy sources is another significant way to address climate change. We are active on several fronts, but have held a particularly crucial role in the wind energy industry almost since its infancy. In addition to being the world's largest independent certifier of wind farm projects, we became the second largest

wind consultant in 2008, by acquiring the US based company GEC. DNV addresses technical, environmental, and financial challenges that investors and developers are likely to meet in wind energy projects, which now also includes a new capability of measuring and verifying wind resources.

**CAPTURING, TRANSPORTING** and storing CO<sub>2</sub> is another area where we take a lead. Large-scale carbon capture and storage (CCS) is still at an immature stage for both coal and gas power plants. However, the technology has the potential to be one of the most significant

contributors to solving the future's global climate challenges. We are facilitating, on behalf of the different industries and authorities, the development of recommended practices for capturing, transporting and storing CO<sub>2</sub>. This work will be finalised in 2010, but the first recommended practice was finalised in 2008.

**FUEL SAVINGS OF** up to of 5-15% are realistic to achieve for shipping companies today, according to our research. Since the fuel bill can account for as much as 50-70% of the total voyage cost, savings could have big financial impact. We offer energy



management services that focus on process improvements, and take a holistic approach by addressing organisational and technical issues. A project with an Asian container company resulted in fuel savings of USD50m and a reduction of 290,000 ton CO<sub>2</sub> emissions annually.

DNV's corporate responsibility (CR) services have seen steady growth the past year.

These services cover a wide range of risks and opportunities arising from organisations' environmental and labour practices, human rights, business ethics, corporate governance, fraud resistance, community and marketplace activities. Our portfolio of CR services includes assessment of current practices, verification of reporting as well as training courses.

**OUR REPORT VERIFICATION** service is most in demand, and we can verify against our proprietary protocol for verification, VeriSustain (launched in 2004), but also other standard criteria. Continued growth is anticipated in our CR services. External assurance in CR areas is increasingly recognised as important to driving performance improvements and ensuring credible communication with stakeholders, including investors. We are already seeing how the economic downturn is focusing organisations' attention on managing new areas addressed in our CR services, such as risks to reputation and human capital.

**SUSTAINABILITY CONSIDERATIONS** in the supply chain are opening new doors to strategic collaboration and integration between buyers and suppliers. Emerging issues that go beyond price and delivery, such as energy efficiency, workplace considerations and carbon footprinting, are also raising considerable challenges to both established and new relationships with suppliers. A robust yet wider consideration of risk management is required to seize these potential opportunities and maximise both stakeholder and shareholder value. ■



→ CASE STUDY: THE ERICSSON GROUP

**ASSESSING CORPORATE RESPONSIBILITY (CR)**

Customers of Ericsson require external and independent assessment of Ericsson's management system. Facing increasing calls for further assurance from stakeholders, Ericsson has incorporated Corporate Responsibility (CR) in their management system – the Ericsson Group Management System (EGMS). CR has become an integral part of Ericsson's culture.

The EGMS is continuously assessed and certified by DNV. The annual assessments include CR report verification, assessing elements of the Code of Conduct Policy, and testing of the company's process for the management of its Supplier Code of Conduct. In addition to providing a global view of compliance to its requirements through a management report, coverage of these perspectives are reflected in the Assurance Statement.

The value of the EGMS and DNV's approach to assessing it were well tested when a Danish documentary broadcast in 2008 associated Ericsson with suppliers in Bangladesh where workplace conditions were found to be in violation of interna-

tional conventions and the corporate code of conduct. Ericsson was able to demonstrate the systems and controls already applied to its suppliers globally and the actions proactively implemented to enhance the effectiveness of these through the external verification by DNV.

While the Assurance Statement provides a valuable tool for external stakeholders, the management report identifies opportunities for improvement. This allows Ericsson to drive internal efficiency. The site visits carried out at Ericsson Market Units are perceived as an effective communication and engagement mechanisms to motivate buy-in for the internal stakeholders.

**BACKGROUND**

■ DNV's assessments identify not only possible non-compliance in the parts of the management system.

■ It also provides opportunities for improvement as well as acknowledgment of efforts that can help to drive internal change for improvement.

■ DNV is able to track progress and maturity of the management of emerging requirements, particularly within CR dimensions.

■ While DNV has only entered its second year of CR assessment delivery, it is already reporting considerable improvements across the Ericsson Group.



87%

The CDM provides offsets that are generated from primarily private investments in clean energy technologies. CDM accounts for 87% of the project-based carbon market.

\* In November 2008, DNV's accreditation was temporarily suspended after a spot check audit. The non-conformities related to practices for internal audits, and how DNV documents the allocation of specific competencies to the projects and refer to emerging requirements for allocating competencies. DNV quickly addressed the issues and regained accreditation in February 2009. Ongoing customer dialogue revealed that the suspension had limited impact on customer projects.

240 >  
MILLION

240 million Certified Emission Reductions (CER, 1 CER is equal to one tonne of CO<sub>2</sub> equivalent) were generated from CDM projects by year end. 130 million (54%) came from projects validated by DNV and DNV has verified 67 million CERs (28%).

**OUR RESEARCH ON CLIMATE CHANGE**

Within the area of climate change, DNV has carried out research in 2008 addressing the following areas:

■ How can emissions be reduced in a cost-effective way from shipping? New ship design, use of fuel cells on-board ships and implementation of operational measures were aspects covered.

■ How can hydrogen be used safely as an energy carrier in land-based transportation systems? Several years of research in this area has resulted in tools and methods that are now ready for industrial application.

■ How can existing infrastructure be used for transporting biofuels? The behaviour of equipment designed for transportation of petroleum products when exposed to various biofuels has been investigated.

■ Can CO<sub>2</sub> be stored safely in underground reservoirs for 1,000 years? How can this be verified?

**FRAUD AND CORRUPTION RESISTANCE**

International surveys estimate corporate fraud and corruption to 7% of the revenue<sup>1</sup>. Several large cases of corporate fraud have recently figured in media and brought more focus from corporations as well as governmental bodies on these sensitive topics. DNV offers a valuable tool for assessing how resistant organisations are to fraud and corruption. Through assessment, opportunities for improvement can be located which can help organisations turn them into strategic, organisational and operational advantages.

**SUSTAINABILITY CENTRE IN CHINA**

Our ambition is have global impact for a safe a sustainable future. This cannot be done without China being part of the solution. DNV has established a Sustainability Centre in Beijing to be part of that solution. From here, we will develop new services and a global competence centre on sustainability.

<sup>1</sup> 2008 Report to the Nation on Occupational Fraud & Abuse, Association of Certified Fraud Examiners, [www.acfe.com/documents/2008-rttn.pdf](http://www.acfe.com/documents/2008-rttn.pdf), page 4

**SUSTAINABLE HYDROPOWER VERIFICATION TO INCREASE TRANSPARENCY**

As a renewable energy source, hydropower is seen as an attractive way to help countries meet their energy needs. Much of the unleashed hydropower potential is in developing nations, but several projects have created severe social and environmental problems.

In response to this, DNV launched a new verification service that assesses the social, economic and environmental performance of new hydropower projects.

With this, companies demonstrate their commitment to the International Hydropower Association's Sustainability Assessment Protocol.

DNV is now the only company in the world to provide third party assessments according to the protocol.

## Meet Guo Kang

**Job title:** Technical Manager,  
Climate Change Services

**Workplace:** Beijing, China

**WE do project:** Solar water heater



→ KANG'S WE DO PROJECT

“ In China, we have a saying that ‘children are our future’, so I used the WE do funding to install a solar water heater in my daughter’s school. It benefits almost 1,000 school children, who also get increased environmental awareness.

95%

The solar water heater on the roof of the school in Guo Kang’s local community in Beijing generates enough hot water for the needs of the school kitchen. Even with help from electricity, it can save 95% electricity compared to a standard electrical water heater in summer months.

639

The maximum amount of WE do funds from DNV per employee per year is NOK 10,000 – regardless of country. 639 employees from China applied for WE do funding in 2008.



→ AT WORK WITH KANG

“ I make sure that DNV’s validation and verification of emission reducing projects under the Clean Development Mechanism in China are in line with the requirements from the United Nations and our own internal standards.

48%

48% of all Clean Development Mechanism (CDM) projects under the Kyoto protocol are validated by DNV.

CDM

China is the country which has registered most CDM projects. Credits generated from these projects (Certified Emission Reductions) are sold to buyers in developed countries.

# more know- ledge

Our independent nature, broad involvement with the industry, and our own leading research give us the opportunity to collect and build new knowledge and best practice from all angles of an industry. Then we can both share the knowledge and build competence.

# less short- cuts

Why make the same mistake twice? Why go through painful trial and error to make progress? Building knowledge into standards and tools is the opposite of expensive guesswork. It's about sharing accumulated knowledge and bringing everyone to a higher level.

## → FOCUS ON KNOWLEDGE

Sharing knowledge is a key driver of progress. Making new methodologies and knowledge available to the industry is therefore an important part of DNV's mission. So is our work with research and innovation to break new barriers and build knowledge and services for the future.

**ONE OF OUR CORE** activities is to codify our accumulated knowledge and experience in the form of new standards and recommended practices, and provide both software tools and training for capturing and applying knowledge.

We provide the maritime and energy industry with numerous publications covering Rules for Classification, Standards for Certification, Guidelines and Classification Notes and Offshore Standards. In 2008, this amounted to 423 such publications. Our standards are continuously updated in close cooperation with the industry.

As a ship classification company we are uniquely positioned to gain experience during the entire life-cycle of a vessel – from conception to recycling. This constant flow of knowledge is continuously being built into the DNV Class Rules, so also in 2008.

**EXPLORATION OF OIL** and gas in deeper, harsher and more remote waters coupled with increasing environmental challenges imply a constant need for innovation. New standards are crucial to address just that. DNV is currently involved in 37 joint industry development projects

(JIPs) for the oil, gas and energy sector and 35 JIPs for the maritime sector. These are projects where we join forces with leading companies, research institutes and authorities to develop new competences and innovations. Many of these projects will result in new standards and recommended practices in the years to come.

**SOFTWARE IS ALSO AN** important knowledge tool. The use of our Sesam, Nauticus and Safeti software represents a vital part of our delivery to customers in the maritime and energy industries.

Software tools are needed to perform proper verification in DNV and for our customers. Software solutions are also required to store information and status regarding assets. Some tools are off the shelf software from commercial software companies, while other tools are developed and maintained by our internal software house in DNV. These tools have embedded DNV knowledge and best practices to gain productivity and get the work done.

**TRAINING AND COMPETENCE** building makes up an important part of our services and is another way of sharing

knowledge and competence; from traditional training in basic skills and technical knowledge via open courses and seminars, to network-based competence building and customised programmes.

Efforts continued in 2008 to create a common, high-quality learning experience for our customers. The basic idea is to provide the knowledge, the insights and the expertise we derive from our daily practice in the form of effective, interactive training that helps participants apply new knowledge directly to their own working environment.

**KNOWLEDGE AND SERVICES FOR THE FUTURE.** An important vehicle for building new knowledge and continuously developing our services is DNV's research and innovation activities.

These activities focus on two aspects: Strategic and long-term research and maintenance and development of services and tools within the different business units.



In early 2008, the publication "Technology Outlook 2015" was launched, describing DNV's assessment of development trends, both in our focus industries and on a macro level. During 2008, a wide range of research topics were identified that will address technology needs and solutions arising from these trends.

- Research topics in 2008 included:
- The criticality and vulnerability of IT systems in oil and gas operations
  - Participation in projects focusing on methods for analysing security issues in general, aims at developing new approaches and knowledge within the field of security.
  - In the biorisk area (biosafety and bio-security), tools and methods developed over the last years were successfully tested in the market, and are now offered as services in the market.
  - "Operational risk management for the 21st century" is addressing an integrated approach to risk management, covering the physical aspects as well as the human behaviour and organisational issues.
  - Sustainable shipping and oil and gas operations in the arctic are considered in a number of projects.
  - Traceability in the food value chain.

→ CASE STUDY: EUROCONTROL

**A WIKI FOR THE WORLD'S AVIATION SAFETY KNOWLEDGE**

The European aviation industry's 'umbrella' safety organisation EUROCONTROL is helping to promote safety-critical processes and operational best practice using a knowledge management platform. This was developed in conjunction with DNV's IT experts.

The goal is to create a flexible content management system, named SKYbrary, to organise the world's aviation safety knowledge and make it universally accessible and used by 2010. As well as using corporate-style 'wikis' to disseminate expert knowledge, the project is providing insight into the way that complex organisations and their wider networks ascertain, model and manage their knowledge.

EUROCONTROL is a pan-European organisation which encompasses professions from air traffic controllers to government ministers. Aware that there was ultimately no single point of reference for safety knowledge, EUROCONTROL envisaged a mix of 21st century shared platforms such as Wikipedia with quality information.

Such a strategy demanded information delivery within information-intensive networks, while balancing functionality of systems with processes and outputs. To meet these demanding requirements, EUROCONTROL selected DNV's IT Global Services because of its risk-based philosophy and effective knowledge management expertise.

Although it's a three-year project, the SKYbrary programme is meeting its early success measures, making good progress towards its original target of 1,000 safety-related articles.

The SKYBrary wiki demonstrates that knowledge management processes, and appropriate supporting systems can be captured and shared in fast changing and complex safety-critical environments.

**BACKGROUND**

- IT Global Services is a business area within DNV addressing IT risk management.
- One of our deliveries is to help build knowledge strategies for a wide range of companies.
- It includes planning and implementation of plans, processes and tools to safeguard and distribute your key knowledge assets, lessons learned and best practices and help turn knowledge into action.
- More on our IT related services: [dnv.com/services/consulting/it](http://dnv.com/services/consulting/it)



**2,850** >  
PEOPLE TO BE TRAINED

In Vietnam, state shipbuilder Vinashin and DNV entered a three year programme, where more than 1,200 people will be trained by DNV Academy every year.

In China, 1,650 people from design institutes, shipyards, shipowners and manufacturers participated in DNV's training programmes in 2008, more than twice as many as the year before.

**40**  
YEARS  
In 2008, the software tool Sesam celebrated 40 years of addressing design and analysis needs for the offshore industry.

**IMPACT THROUGH TRAINING**

DNV is a provider of customised training and competence building within many different areas.

For the maritime industry, we have a long tradition for competence building through training. 2008 saw the signing of a memorandum of understanding with India's national maritime university, AMET, to establish a shipbuilding academy.

DNV has had similar set-ups for a long time in other countries such as Korea, China, and Vietnam. In Korea alone, more than 9,500 people have been trained by DNV.

One of the new offerings introduced in 2008 was the Climate Change Academy and Network, aiming to raise competence level within the carbon industry and create a platform for exchanging knowledge and experiences.

Within management systems, we provide a variety of courses ranging from standard, auditor competence and operational excellence. This is relevant for companies in most industry sectors.

DNV is a recognised training provider within IT education. In 2008, the DNV Academy was selected as preferred supplier to the Dutch Tax Office, one of the largest IT organisations in the Benelux. Education services cover areas like IT architecture, business intelligence, security, IT management & process improvement and knowledge management.

**NEW DNV STANDARDS IN 2008**

Within the maritime sector we published some 45 new or updated standards in 2008. From cable-laying barges to passenger vessels; from complex strength analysis of liquefied gas carriers to verification of complex automation systems; and from lifting appliances to fuel cell technology.

Within the oil, gas and energy sector we published 46 new or updated standards and recommended practices in 2008. They cover a wide range of areas – from revised standards for mobile offshore drilling and production units, through new methodologies and criteria for environmental conditions and environmental loads, to riser integrity management.

## Meet Inez Marhaug

**Job title:** Senior Software Developer

**Workplace:** Høvik, Norway

**WE do project:** Public transport travel pass



### → INEZ' WE DO PROJECT

” It takes 30 minutes longer each way for me to take the bus to work instead of the car. But because my employer supports me in making an environmental impact, and pays 2/3 of my public transportation costs, I think it is worth it.

x4

In Oslo, Norway, it is four times more polluting to travel by car than to travel by public transport. 33% of Oslo's population travel by public transport every day.

23%

In 2004, transport was responsible for 23% of world energy-related GHG emissions with about three quarters coming from road vehicles. Over the past decade, transport's GHG emissions have increased at a faster rate than any other energy using sector.



### → AT WORK WITH INEZ

” I develop software that makes inspection routines more efficient in the process industry. Helping for example a refinery address the most critical risks related to their operations, assets and their peoples' safety.

2,000

Users worldwide rely on the Safeti software for managing their plant throughout its life. It helps to improve business performance, minimise downtime and reduce effects on people, property and the environment.

50

Years ago, DNV launched its first software tools to manage safety at sea. Our Sesam software has led the way in the design and analysis of offshore and marine structures for more than 40 years, and Nauticus is an integrated part of operations for ship-owners and yards all over the world.

# Facilitating sustainable growth

## → MANAGING OUR PEOPLE

Growing at an unprecedented speed while working with a younger demographic than ever before, we are actively maintaining, supporting and promoting competence levels.

**HAVING HIRED 1,600 NEW** employees in 2008 alone, a net growth of 1,000 employees, DNV's demographic is undergoing a fundamental shift. 57% of current employees have been with the company for five years or less. Targeted efforts towards attraction and retention resulted in us meeting our ambitious manning targets, while at the same time adjusting its recruitment efforts as the financial crisis set in at the end of the year.

Growing in the same direction, in the sense of creating a common culture across DNV, was a priority in 2008. This also included the acquisition of Global Energy Concepts (GEC), a wind energy consulting firm in the USA. During the integration process, DNV worked purposefully to speed up systems integration, and to improve internal communication and the exchange of people between GEC and the rest of DNV.

All new employees are introduced



to DNV, in particular our mission, vision and values, through an updated "We in DNV" course, where senior employees are lecturers. The course is also intended to help employees begin building their network. Course attendance exceeded the 2008 target by 63%, with 1,568 employees taking part.

The new TopTech programme was piloted in 2008, where our top technical employees are given recognition for their unique expertise and the opportunity to hone their skills in an interdisciplinary business environment at UC Berkeley. To address a growing need for management capacity, more people than ever attended DNV's Manager Development Programme. 349 managers from DNV attended one or more of the modules in 2008, which is a 56% increase from 2007, and follows up on our goal to employ more female managers; an average of 21.7% of the participants were women. Other leadership initiatives to promote diversity at all levels in the organisation included the continuation of the European Female Mentoring Programme, and a brand new Asian Mentoring Programme.

**THE BUSINESS AREAS** also focused on specific competence building, such as a surveyor training programme designed to consolidate and provide experience at accelerated speed to new employees in DNV Maritime. DNV Energy put extra resources in its knowledge booster programmes, exchanging employees across the regions.

In addition to environmental measures already in place within the company, we introduced a programme to encourage



personal environmental commitment – the WE do project. By receiving financial funding for pre-approved private projects, employees were supported in reducing their environmental footprint. Employees were also encouraged to contribute by defining the pre-approved projects through online discussion forums. Following the launch of the WE do project, a Hot Topic forum was opened for employees to submit their ideas on tackling global warming.

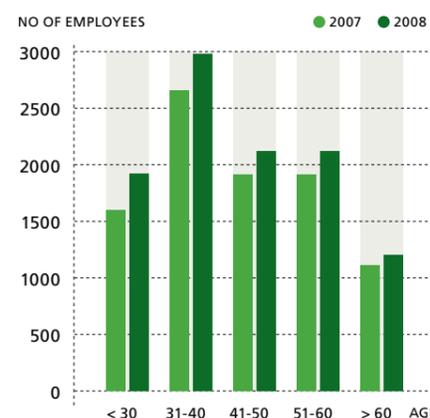
**IN 2008, WE IMPLEMENTED** a new International Assignment policy to step up efforts to enable employee mobility across borders, while ensuring contractual consistency. This was important to assisting the development of local competence.

The Global Employee Forum (GEF) was designed during 2008 and is set to be implemented in 2009. Created to facilitate employee involvement in the strategy formulation process, GEF will ensure that employee representatives worldwide are informed and consulted regarding major activities and strategies affecting them. These representatives will have the opportunity to discuss strategy with the CEO and members of the DNV Executive Board.

Improved internal communication within the business areas was a result of the People Satisfaction Survey in 2007, where employees requested more access to job-related information. The heads of the business areas responded with initiatives such as quarterly emails, updating employees on the most pertinent information in their particular area. ■

**FIGURE 9 WORKFORCE BY AGE**

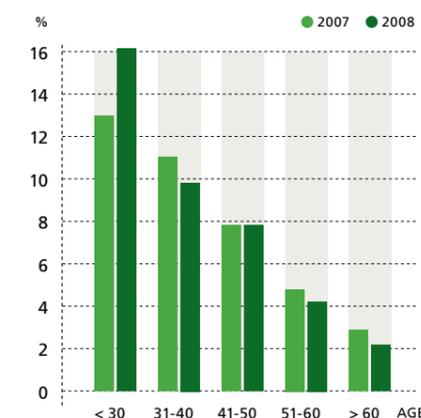
Calculated from Class A and C employees.



**FIGURE 10 TURNOVER BY AGE, %**

Calculated from Class A employees.

Turnover by gender is 11,1% females and 8,1% males.



**TABLE 1 DNV WORLDWIDE**

	Employees <sup>1</sup>		Females (%)		Turnover <sup>2</sup> (%)		Expatriates (%)		Local management <sup>3</sup> (%)	
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
Africa	76	76	25	28	16.7	14.1	11.8	11.8	36.4	40.0
Americas	906	1 127	34	35	15.3	14.5	2.9	2.6	74.8	76.7
Asia/Oceania	1 977	2 427	28	28	8.2	6.8	10.5	9.9	62.6	64.8
Europe	1 892	2 003	36	36	10.7	9.7	2.7	2.4	88.7	89.3
Middle East	218	227	24	26	10.6	17.3	12.4	12.8	12.0	17.6
Nordic/Baltic	375	389	34	33	6.4	7.9	1.1	0.8	90.7	88.9
Norway	2 247	2 445	30	31	6.3	7.4	1.1	1.4	92.5	93.7

<sup>1</sup> Number of Class A and C employees <sup>2</sup> Percentage turnover (calculated from Class A employees) <sup>3</sup> Local managers – managers who are native to country

**TABLE 2 WORKFORCE BY EMPLOYMENT CONTRACT**

	2007	2008
DNV Employees, permanent contract (Class A*)	7 245	8 259
DNV Employees, long-term contract (Class C)	446	435
Sub-contractors, non-DNV employees	2 777	3 016
Extra personnel, non-DNV employees	571	584

\*Approximately 30% of DNV employees (Class A) are covered by collective bargaining agreements. DNV's management has taken active steps to allow employees to participate in DNV's governing bodies and strategy development process. DNV full-time and part-time employees (Class A) generally have the same benefits per salary grade per country. Some benefits vary between permanent and temporary employees, e.g. eligibility for bonus.

# Health and safety

## → MANAGING OUR OWN RISK

Managing the health and safety of our own employees goes hand-in-hand with our purpose of safeguarding life, property and the environment. Sadly, 2008 was not a year without tragedy for us. A fatal accident happened near Corpus Christi, Texas, on 9 November.

This accident involved a section of a lattice tower, which was to be used for wind measurements. The employee, from the DNV-GEC Seattle office, was using a harness when the section tipped over, and he was hit by the falling tower section.

**THERE WERE 521 INCIDENTS** reported in 2008; 482 of these were work-related. We have seen a 30% increase in reports compared to 2007, and; nearly half of these were related to hazards. This increase is not believed to reflect deterioration in health and safety standards but to be a result of improved reporting.

■ Approximately half of the absences due to accidents are related to surveys and inspections, and one quarter is related to transport and travelling.

■ Nearly two-thirds of the absences due to occupational health issues are related to office work, and one-third is related to surveys.

■ Approximately half of the accidents were caused by employees slipping,

tripping or falling, and more than one-quarter were caused by employees hitting or being struck by objects.

■ More than one-quarter of the occupational health issues were related to overstrain, exertion or repetitive strain, and another quarter were related to exposure to extreme temperatures or inadequate air quality.

**THE NUMBER OF INCIDENT REPORTS** per million hours worked varies for the different regions. To some extent, these differences are assumed to reflect differences in reporting culture. The number of incident reports per employee is expected to continue to grow as the process is embraced throughout the organisation.

The sickness absence rate is reduced since 2007 and is considered to be acceptable.

In 2008 DNV continued the implementation of processes and activities to meet the OHSAS 18001 requirements. The development and implementation of necessary safety and health training will be a focus for 2009. An assessment of the implementation of the system will be made at year's end, and the

time schedule for an OHSAS 18001 certification will be set.

Stress scanning is becoming more common throughout the organisation as units recognise the importance of identifying and minimising stress amongst employees. The scanning is based on a standardised questionnaire with questions related to health, lifestyle and perception of life in general. Employees that are prone to suffer from stress are given the opportunity to talk with a work coach.

**A PRACTICAL SAFETY COURSE** lasting two and a half days for surveyors has been rolled out globally in DNV during 2008. The course consists of a half-day theoretical introduction followed by two days of practical training at a specialised training centre. We have contracted training centres in Norway, Korea and China. The training programmes have been tailor-made for surveyors in DNV, and all newly employed surveyors will go through this training course as safety induction from 2009.

A training module has been developed for our surveyors because the focus on the hazards of working in confined spaces is intensifying due to fatalities among workers who work in confined spaces in the maritime industry. We have also developed training module for learning to work at heights, in response to our own reported incidents and hazards. The roll-out began in 2008, but will mainly take place in 2009, where we plan to develop two more training modules, one for 'emergencies' and one for 'transfers to ship'.



As driving is seen as one of the significant risks faced by our employees, defensive driver training is being implemented in larger parts of the organisation.

One example of reported exposure to extreme temperature comes from the Fujairah laboratory where the outdoor temperature can reach 40°C. The Fuel sample burning processes can elevate the temperature to an intolerable level during the summer season. The existing fresh air system is now being upgraded to an air conditioning system.

**AWARENESS OF OFFICE SAFETY** issues is improving and we have seen an increase in regular office evacuation exercises being implemented in different countries.

Risks related to employee safety are closely monitored in geographical areas suffering from war, terrorist threats, high crime rates, serious epidemics or natural disasters; this information is shared throughout the organisation. The risk assessment process and principles related to business travel have been improved during the year. For example, safety and security issues were discussed in detail before the election in Angola in September, drawing on valuable experiences from the earlier election in Nigeria. It was emphasised that the safety of all employees comes first, and extra security measures were taken to ensure the safety of our employees. The contract which ensures that employees will be evacuated in critical situations due to either a medical condition or civil unrest has been effectively utilised once in 2008. ■

TABLE 3 HEALTH AND SAFETY STATISTICS

	2004	2005	2006	2007	2008
Fatal Accidents	0	0	0	1	1
Accident:					
- Lost time accident (Harm to people, absence > 8hrs)	31	27	32	41	34
- Injury accident (Harm to people, absence < 8hrs)	41	48	61	66	85
Occupational Health Issue, with absence	0	10	10	14	13
LTA	2.8	2.3	2.8	3.1	2.1
SAI	37.6	32.8	24.3	50.8	23.0
Sickness Absence Rate (%)	2.3	2.3	2.0	2.0	1.9

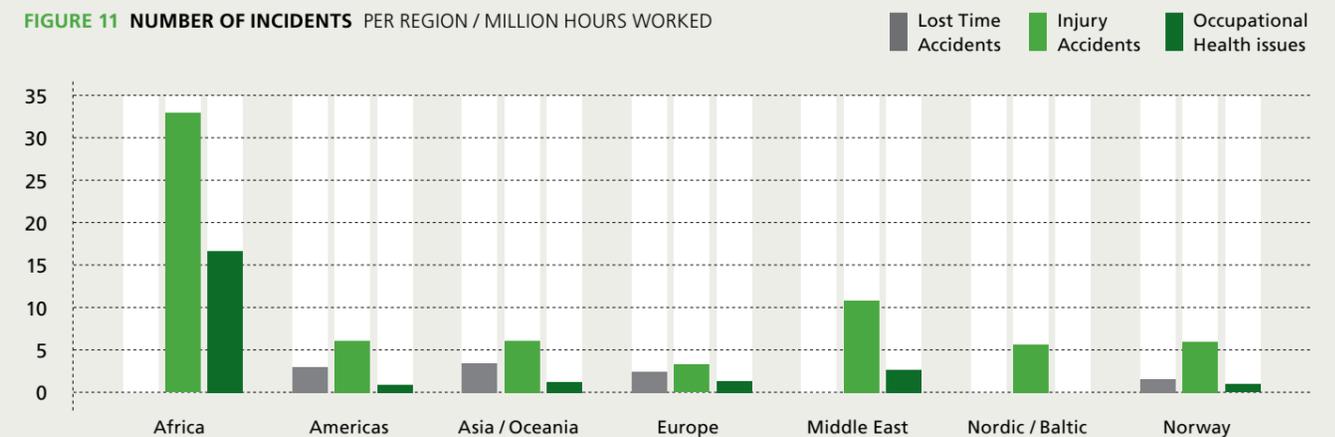
**Occupational Health Issue:** work environment conditions (including psychosocial work environment and ergonomics) where exposure may result in illness.

**LTA (Lost Time Accident frequency):** number of Lost Time Accidents / million hours worked.

**SAI (Severity Accident Index):** number of days of absence due to Lost Time Accidents / million hours worked.

**Sickness Absence Rate (%):** (sickness absence / number of hours worked) \* 100

FIGURE 11 NUMBER OF INCIDENTS PER REGION / MILLION HOURS WORKED



# Impact on the environment

## → MANAGING THE IMPACT OF OUR OPERATIONS

On 23 December DNV was awarded the ISO 14001 certificate from the Dutch certification body TNO Certification B.V. The certification process helped us put focus on environmental performance and build a culture of environmental responsibility throughout the organisation.

**EMPLOYEES ALL AROUND** the world have been enthusiastically engaged in identifying and implementing initiatives to reduce, reuse and recycle.

Implementing an environmental management system in compliance with the ISO 14001 standard throughout an organisation operating in many

countries has been a challenge. Hence we have seen many different solutions illustrated by the following examples:

In Poland, the process was primarily employee-driven. A lot of initiatives were implemented long before the decision to apply for certification was made. Examples of these initiatives include

energy saving measures, use of ecological paper and separation of waste. Handling separated waste is not provided by the authorities, and separate agreements have been established with private waste handling companies which handle almost each type of waste that we separate. One of the actions under implementation in Poland is to help employees take care of hazardous household waste.

**IN ADDITION TO ENERGY** saving and waste handling measures, the Benelux offices replaced the traditional lease car policy with a "Green mobility policy", which encourages use of public transport, provides company cars with below average emissions only, and provides incentives for employees who select smaller but safe cars or lower emission cars. The average CO<sub>2</sub> emission per company car has been reduced by 3.2%, and the overall CO<sub>2</sub> emission from business travels has been reduced by 1% despite increased travels due to growth in business.

Implementation of the environmental management system in China started in 2007 with the setup of a countrywide support organisation and continual awareness campaigns e.g. posters, a Green Consumption presentation, ceramic cups to all employees, encouraging employees to take ISO 14001 web training course, and training of subcontracted house-keeping staff in waste separation and recycling. To establish a benchmark for energy consumption, old energy bills have been reviewed to provide a trend analysis for the last three years.



**TABLE 4**  
**ENERGY CONSUMPTION**  
KWH / PERSON

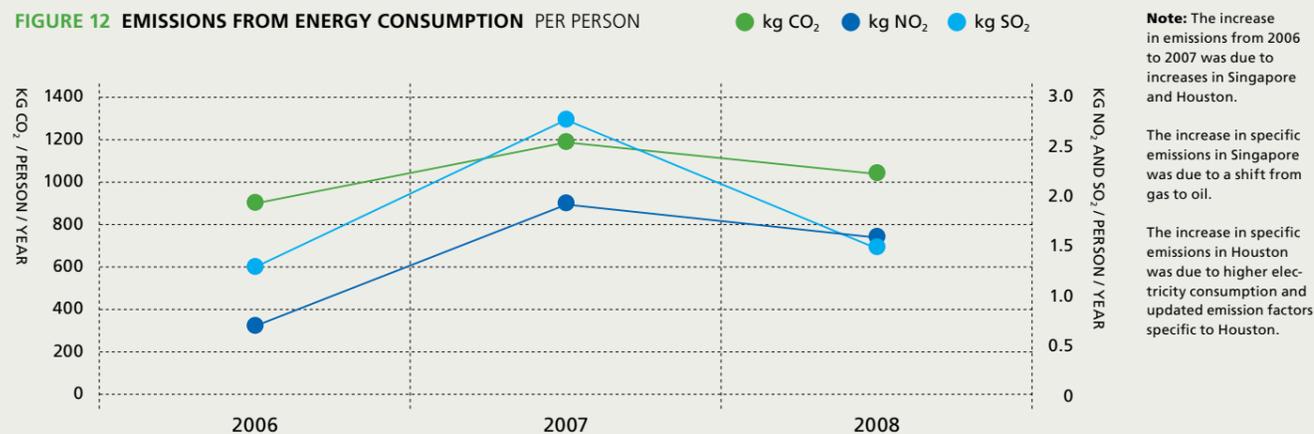
	2007	2008	Change 2007-2008	Non-renewable 2008	Renewable ex hydropower 2008	Hydropower 2008
Høvik	16 098	12 484	-22%	3%	34%	63%
London	9 163	8 267	-10%	0%	100%	0%
Singapore	11 365	9 754	-14%	100%	0%	0%
Rio	1 133	1 216	7%	15%	2%	83%
Houston Park Ten	5 309	4 468	-16%	95%	5%	0%
Houston VPS La Porte	29 740	29 464	-1%	99%	1%	0%
Aberdeen	3 242	3 432	6%	93%	0%	7%
Shanghai	1 886	1 943	3%	100%	0%	0%
Milan	880	1 077	22%	80%	0%	20%
Rotterdam	6 074	4 371	-28%	100%	0%	0%
Sopot	2 471	2 340	-5%	96%	2%	2%
<b>Average per person</b>	<b>11 122</b>	<b>8 601</b>	<b>-23%</b>	<b>16%</b>	<b>32%</b>	<b>52%</b>

**TO SUPPORT THE REDUCTION** of environmental impact from day-to-day operations, DNV Norway have environmental objectives within energy, waste, and travelling. The shuttle bus service at head office has been extended to make it easier for employees to use public transport to work. A fleet of five electric cars to use for external meetings has been established at head office. Laboratories and test facilities at Høvik and in Bergen are being upgraded. A programme for awareness-building amongst all employees in Norway, including lunch meetings and a mandatory online course, has been implemented.

UK operations introduced an initiative to encourage employees to think about whether they really needed to travel to meetings by air. Employees were asked to register every flight saved from using an alternative mode of travel or communication. The 'I've saved a flight' initiative saved 109 flights and 160 air travel hours by UK employees. This idea was shared with the rest of the organisation and other countries have also adopted this initiative. For many of the DNV offices, obtaining reliable measurements for waste handling and energy consumption has been a considerable challenge. Data quality improvement activities must be continued.



**FIGURE 12** EMISSIONS FROM ENERGY CONSUMPTION PER PERSON



**TABLE 5** EMISSIONS FROM ENERGY CONSUMPTION PER PERSON

	KG CO <sub>2</sub>			KG NO <sub>2</sub>			KG SO <sub>2</sub>		
	2006	2007	2008	2006	2007	2008	2006	2007	2008
Høvik	252	164	90	0.24	0.16	0.09	0.4	0.26	0.14
London	1 890	977	577	2.39	2.14	0.59	7.62	2.55	0
Singapore	4 712	5 881	6 613	4.46	6.3	5.85	7.43	13.65	12.68
Rio	0	0	0	0	0	0	0	0	0
Houston	3 337	4 566	2 810	1.21	10.49	8.76	0.12	11.21	1.56
<b>Total average emission</b>	<b>913</b>	<b>1 201</b>	<b>1 039</b>	<b>0.74</b>	<b>1.94</b>	<b>1.59</b>	<b>1.28</b>	<b>2.79</b>	<b>1.5</b>

**ENERGY CONSUMPTION**

A survey of the 10 largest offices (Aberdeen, Houston, Høvik, London, Milan, Rio de Janeiro, Rotterdam/ Barendrecht, Shanghai, Singapore, and Sopot), covering approximately 47% of DNV's employees, has been conducted in order to map energy consumption.

The average energy consumption per person in the selected offices was 8,601 kWh in 2008, a decrease from 11,122 kWh in 2007. The decrease is a function of general energy reduction initiatives and an increase in number of employees as well as some special circumstances; ■ DNV Rotterdam moved to a more energy efficient building in Barendrecht. ■ The Høvik office has made technical upgrades to the energy system. ■ The Houston office underwent energy intensive renovation activities in 2007, and was closed for one week in 2008. Seven of the ten offices met their energy reduction targets for 2008.

32% of energy consumption was renewable energy other than hydropower (13% in 2007). When hydropower is included, renewable energy constitutes 84% of consumption (82% in 2007) in the ten largest offices.

**EMISSIONS FROM ENERGY CONSUMPTION**

A survey of the five largest DNV offices (Houston, Høvik, London, Rio de Janeiro, and Singapore), covering approximately 35% of all employees, has been conducted in order to map emission to air from energy consumption.

The emissions from energy use per person per year at the selected offices were 1,039 kg CO<sub>2</sub> (1,201 kg in 2007), 1.59 kg NO<sub>2</sub> (1.94 kg in 2007) and 1.50 kg SO<sub>2</sub> (2.79 kg in 2007).

The decrease in emissions per person compared to 2007 is mainly due to the following changes:

- Energy saving initiatives has resulted in a decrease in total energy consumption of 14% for the five largest offices.
- The largest user of electricity, the office buildings at Høvik has changed principles for choosing energy source and is now choosing the most environmental friendly source independent of cost. Heat pump and electrical boiler are prioritises and oil-fired boiler is only used in periods of cold spells.
- The London office used 14% coal based electricity in 2007 and changed to 100% renewable electricity in 2008.
- The general increase in number of employees.

**HANDLING OF HAZARDOUS WASTE**

DNV Petroleum Services (DNVPS) laboratories reported the disposal of 143.26 tonnes of hazardous waste in 2008 (an increase from 117 tonnes in 2007), of which 138.8 tonnes; 97% was delivered to licensed waste-handling facilities, 2.89 tonnes; 2% consisted of oil that was burned off to the air, and 1.57 tonnes; 1% was neutralised or treated before being disposed off in sewage system.

**HANDLING OF OFFICE WASTE**

A programme for measuring waste was initiated for the ten largest offices.

The average waste per employee for the seven offices included in the programme was measured to be 0.243 tonnes per year. 36% of their total waste was reported to be recycled.

The target for 2008 for the DNV offices in Aberdeen and London was to reduce waste disposal to land fill per person by 5%. Both offices exceeded this target by far with a reduction of waste disposal to landfill of 23% and 21% respectively.

The objective of head office at Høvik was to reduce waste generation per person by 5% from 2007 to 2009. This has already been achieved in 2008 with an 8% reduction. The objective for 2009 may therefore be adjusted to achieve better waste management practices.

The Rio de Janeiro office reduced consumption of plastic and styrofoam cups by 94%, and paper printed by 31%. Double sided printing and use of recycled paper has been encouraged and 47% of total printing is now double sided and 67% of the paper used is recycled paper, all these performance results are within the range of or better than the targets set.

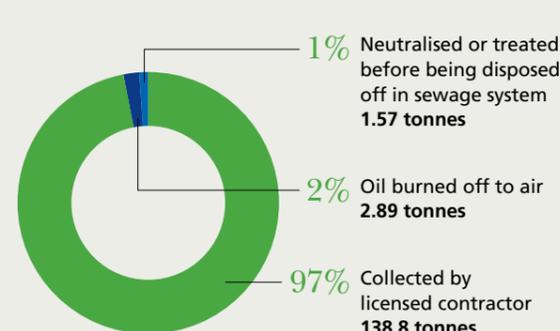
Poland's Sopot office's waste target for 2008 was to reduce use of paper by 5%. The office exceeded its target reducing use of paper by 12%. Additionally they have increased their use of recycled paper by 30%.

Three of the offices included in the programme had to conclude that they had not been able to establish an applicable waste handling baseline for 2007, and were not able to determine if they met their 2008 waste reduction targets. ■

**TABLE 6 HAZARDOUS WASTE**  
DNV PETROLEUM SERVICES (DNVPS). TONNES

Laboratories	Chemicals	Waste oil	Other hazardous waste	Total
Høvik	12.28	9.30	1.40	22.98
Fujairah	4.88	4.70	0.90	10.48
Houston	15.36	13.90	1.50	30.76
Singapore	12.44	18.00	3.30	33.74
Rotterdam	23.20	15.60	6.49	45.29
<b>Total</b>	<b>68.17</b>	<b>61.51</b>	<b>13.59</b>	<b>143.26</b>

**FIGURE 13 DISPOSAL OF WASTE**  
DNV PETROLEUM SERVICES (DNVPS)



# Governance and committees

→ GOVERNING BODIES

DNV is incorporated as a Norwegian foundation. As such, it is self-owned and independent. No single stakeholder group can have decisive control.

**THE BOARD OF DIRECTORS**

This is the foundation's highest authority. The Board of Directors consists of a chairman and nine members. Six of these are selected from different business sectors served by DNV so that no group has a majority. Four members are elected among the employees. Chairman of the Board is Atle Bergshaven.

**THE COUNCIL**

The council is composed of 40 members; senior representatives of the industries served by DNV and 6 elected among the employees. Some of the main functions of the Council are to appoint the Chairman and the members of the Board of Directors and to approve amendments to the DNV Statutes. The Council membership structure ensures that no single stakeholder group has decisive control. The members represent users, customers and others interested in DNV's activities. Chairman of the Council is Trond Harald Klaveness.

**THE CONTROL COMMITTEE.**

The Council appoints three members to the Control Committee from amongst its own members. The Control Committee shall supervise the Foundation's finances, accounts and audit activities, and shall to such extent as it may find necessary inspect records, correspondence, accounting vouchers and other information. Members of the Control Committee cannot hold any other position in the Foundation than their membership of the Council. Chairman of the Control Committee is Erling Øverland.

**THE ELECTION COMMITTEE.**

The Election Committee shall submit recommendations on all elections to be made by the Council. It consists of four members elected from among Council members who hold no other office in the Foundation, and of the Council Chairman who shall also be the Committee Chairman. Chairman is Trond Harald Klaveness.

See full member list on:  
[dnv.com/moreondnv/profile/management](http://dnv.com/moreondnv/profile/management)

EXTERNAL ADVISORY COMMITTEES

DNV has established non-decisionmaking committees consisting of key customers and technical competence centres. They advise on how to develop our services and our interests in relevant geographical areas. Some also advice on DNV Class Rule proposals.

- CHINA TECHNICAL COMMITTEE:** Chairman: Stephen Pan, *World-Wide Shipping Agency Ltd*
- PASSENGER SHIP TECHNICAL COMMITTEE MIAMI** Chairman: Capt. William Wright, *Royal Caribbean Cruises Ltd.*
- THE CYPRUS TECHNICAL COMMITTEE** Chairman: R. Thompson, *Unicom Management Services Ltd.*
- THE DNV FERRY COMMITTEE** Chairman: Håkan Enlund, *Aker Finnyards Oy*
- THE DNV WIND ENERGY COMMITTEE** Chairman: Huub Den Rooijen, *Shell WindEnergy*
- THE GERMAN COMMITTEE** Chairman: Thomas Rehder, *Carsten Rehder Schiffsmakler u. Reederei GmbH & Co.*
- THE GERMAN TECHNICAL COMMITTEE** Chairman: Horst Dieter Spang, *Carsten Rehder Schiffsmakler u. Reederei GmbH & Co.*
- THE GREEK COMMITTEE** Chairman: Theodoros Veniamis, *Golden Union Shipping Co. S.A.*
- THE GREEK TECHNICAL COMMITTEE** Chairman: S. Hatzigrigoris, *Kristen Navigation Inc.*
- THE IRANIAN COMMITTEE** Chairman: M. Sourì, *National Iranian Tanker Co.*
- THE JAPANESE OWNERS' TECHNICAL COMMITTEE,** Chairman: Makoto Taniguchi, *M.O. Ship Tech Inc.*
- THE JAPANESE TECHNICAL COMMITTEE** Chairman: Prof. Dr. Masahiko Fujikubo, *Dep. of Naval Architecture & Ocean*
- THE KOREAN COMMITTEE** Chairman: Won Gab Jang, *STX Shipbuilding Co. Ltd.*
- THE KOREAN TECHNICAL COMMITTEE** Chairman: S.S. Shin, *STX Shipbuilding*
- THE NAVAL SURFACE CRAFT TECHNICAL COMMITTEE** Chairman: Jan Henrik Eriksen
- THE NORDIC COMMITTEE FOR SAFETY AT SEA** Chairman: Knut L. Arnesen, *Wilh. Wilhelmsen ASA*
- THE NORTH AMERICAN COMMITTEE** Chairman: Harri Kulovaara, *Royal Caribbean International*
- THE PIPELINE COMMITTEE** Chairman: Kim Mork, *DNV*
- THE POLISH COMMITTEE** Chairman: Leszek Trachimowicz, *PZM*
- THE RIG OWNERS' COMMITTEE** Chairman: Mike Hall, *Transocean*
- THE SOUTH AMERICAN COMMITTEE** Chairman: Erling S. Lorentzen, *Lorentzen Empredimentos S/A*
- THE SOUTH ASIAN COMMITTEE** Chairman: K. M. Sheth, *The Great Eastern Shipping Company Ltd.*
- THE SOUTH EAST ASIAN COMMITTEE** Chairman: Chiau Beng Choo, *Keppel Offshore & Marine Ltd*
- THE UK COMMITTEE** Chairman: Jan Kopernicki, *Shell International Trading and Shipping Company Ltd*
- THE JAPANESE TECHNICAL COMMITTEE** Chairman: Talal A. Bakheet, *Vela*

# Commitment to society

## → OUR CORPORATE RESPONSIBILITY

DNV is present in some 100 countries and is committed to sustainable development in the societies in which we operate. In 2008, DNV reached the same number of employees in Asia/Oceania as in Norway. Risks and opportunities associated with our global presence are continuously monitored. Within DNV's Corporate Social Responsibility Action Plan, particular focus is given to topics such as anti-corruption, ethics, human rights, transparency and accountability.



**DEALING WITH DILEMMAS.** In 2008, we started the roll-out of the Dealing with Dilemmas workshop programme that was developed in 2007. In this first year, sessions have been held for managers and employees in 16 countries all over the world. So far, approximately 25% of all employees have attended these sessions in 2008. The goal is to reach all employees with dilemma related training by the end of 2009, and that these sessions shall subsequently be held in department meetings at regular intervals. The programme focuses on topics such as anti-corruption, ethics and integrity, and gives training in our policies and procedures. Feedback from the sessions will be used by the CSR Board to assess whether DNV has the appropriate mechanisms, guidelines and instructions in place to deal with everyday dilemmas relevant to our employees. The feedback will also be saved in a dilemma bank which can be used for organisational learning across regions and business areas.

**INFLUENCING THE AGENDA** in global forums. DNV emphasises the importance of working with national and international companies and organisations on the business contributions to sustainable development. Through our membership in the World Business Council for Sustainable Development (WBCSD), DNV is contributing to the United Nations Framework Convention on Climate Change (UNFCCC) process by sharing insights which we believe would enhance the effectiveness of a future international climate change agreement.

**BUSINESS PLAYS A KEY** role in providing solutions to the climate change challenge. The Energy and Climate group of the WBCSD has therefore worked on a business response to the Bali Action Plan with specific recommendations to the international climate change negotiations. During 2008, the President and CEO of DNV co-chaired parts of this work focusing on market mechanisms and finance. We are also an active member of IETA (International Emissions Trading Association); a non-governmental organisation accredited by the UNFCCC and the business community voice on emissions trading. Further, DNV is represented as a member of the Board supervising the Voluntary Carbon Standard (VCS); ensuring the environmental integrity of this voluntary standard for crediting of emission reductions from projects.

**IN 2008, DNV ESTABLISHED** the Climate Benefit project (KlimaGevinst) in collaboration with 13 business partners and the Norwegian think-tank Mandag Morgen. Through a number of meetings and seminars, the group explored how politicians and businesses can contribute to meet the challenges posed by climate change. The work and the business recommendations were summarised in a report presented to the Norwegian Minister of the Environment and International Development in January 2009.

More on our work with Corporate Responsibility can be found on [dnv.com/moreondnv/cr](http://dnv.com/moreondnv/cr)

## → PARTNERSHIP

### PARTNERING WITH RED CROSS

DNV and Red Cross work together to provide access to safe drinking water and improved sanitation for vulnerable people around the globe. Drinking water wells, latrines and hygiene promotion have already benefited thousands of people in China, Kenya, Belize and Indonesia. In 2008, DNV and Red Cross started a cooperation on water supply in rural Vietnam.

Through support to specific Red Cross programs, DNV's efforts related to climate change reach local communities in the hurricane belt of Central America and the Caribbean. As the risks to lives and livelihoods in this area increase with stronger and more frequent storms, Red Cross volunteers work with local communities to build community resilience to weather-related disasters.

DNV and the Red Cross continue to help vulnerable people in China. As a response to the Sichuan earthquake in 2008, not

only did DNV employees initiate donation campaigns for relief operations, inspiring employees on other continents to do the same, but they are also working closely with the Red Cross to rebuild an elementary school that was damaged in the earthquake.

DNV and Red Cross share knowledge in order to build each others capacities. Our risk management experts assist the Norwegian Red Cross to implement risk management, ultimately increasing the capability of the Red Cross to prevent and relieve suffering. ■



## BUSINESS AND HUMAN RIGHTS

The Universal Declaration of Human Rights (UDHR) turned 60 years in December 2008. DNV focuses on human rights through both our operations and through the services we deliver. We promote diversity and democracy in our own company and our assurance processes work to ensure that human rights requirements are met in global supply chains for customers in a number of industry sectors. In 2008, DNV also contributed to the advocacy efforts. Amongst others through the Norwegian government program "Refleks" where we focused on ways in which human rights are matters of concern for business.

## UN GLOBAL COMPACT SUPPORT

“ DNV works to continuously demonstrate responsible practices according to the UN Global Compact principles, both within our own organisation and those of our customers in realising DNV's purpose to safeguard life, property and the environment.

Henrik O. Madsen, President and CEO



## LISTENING TO OUR STAKEHOLDERS

In order to anticipate future challenges and to continuously address stakeholders' changing expectations to DNV, different types of engagement are used to listen to our stakeholders.

**A SURVEY WAS** carried out during 2008 to measure the reputation of DNV among our key stakeholders. An agency carried out qualitative in-depth interviews with 98 respondents, representing customers, prospects, lost customers, industry associations, authorities and media globally. The findings were overwhelmingly positive, but also identified areas of improvement.

Whereas most stakeholders view DNV as a respected international classification/certification company, ranked among the top three in almost all of the surveyed

segments, they have a less clear view of other parts of the company. Many also point out the challenge of being both a supplier of third party services and advisory services, but feel that DNV handles this well.

**THEY PARTICULARLY** mention the high level of quality, professionalism, and qualifications and training, and that DNV is strong in technology and R&D. They view DNV as very Scandinavian, which is both seen as positive and negative.

# Key figures

AMOUNTS IN NOK MILLION

	2008	2007	2006	2005	2004
<b>INCOME STATEMENT</b>					
Operating revenue	9 560	8 126	7 297	6 683	5 945
Depreciation	189	166	140	136	116
Operating profit	1 188	873	794	750	483
Net financial income (expenses)	(82)	(1)	31	49	(52)
Profit before tax	1 106	872	826	799	432
Profit for the year	642	536	546	528	223
<b>BALANCE SHEET</b>					
Fixed assets	2 467	2 120	2 027	2 026	1 637
Current assets	6 015	4 803	4 362	3 435	2 684
Total assets	8 482	6 922	6 389	5 461	4 321
Equity	4 545	4 492	3 895	3 239	2 699
Provisions and long-term liabilities	919	409	536	634	517
Current liabilities	3 018	2 021	1 958	1 588	1 105
<b>Cash flow items, working capital and investments:</b>					
Purchase of tangible fixed assets	234	176	112	139	126
Working capital	2 997	2 781	2 403	1 847	1 579
Cash flow	1 760	749	710	678	397
Number of employees	8 694	7 691	6 765	6 095	6 236
<b>FINANCIAL RATIOS</b>					
<b>Profitability:</b>					
Operating margin	12.4%	10.7%	10.9%	11.2%	8.1%
Pre tax profit margin	11.6%	10.7%	11.3%	12.0%	7.3%
Net profit margin	6.7%	6.6%	7.5%	7.9%	3.8%
Return on total assets	14.2%	14.4%	15.3%	16.4%	11.9%
Return on equity	24.5%	20.8%	23.1%	26.9%	17.7%
<b>Liquidity:</b>					
Current ratio	2.0	2.4	2.2	2.2	2.4
Liquidity reserves	2 130	2 344	2 032	1 510	999
Liquidity cover	26.0%	33.1%	31.9%	26.0%	18.7%
<b>Leverage:</b>					
Equity ratio	53.6%	64.9%	61.0%	59.3%	62.5%

## Definition of ratios

### Profitability

**Operating margin:**  
Operating profit x 100 /  
Operating revenue

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

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

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

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

### Liquidity

**Cash flow:**  
Profit before tax  
+ Depreciation  
- Taxes payable

**Current ratio:**  
Current assets /  
Current liabilities

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

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

### Leverage

**Equity ratio:**  
Equity x 100 / Total assets

# Income statement

STIFTELSEN  
DET NORSKE VERITAS

1 JANUARY - 31 DECEMBER  
AMOUNTS IN NOK MILLION

DET NORSKE VERITAS  
GROUP

2008	2007	2006	NOTE	2008	2007	2006
<b>OPERATING REVENUE</b>						
0.0	0.4	0.0		9 560.3	8 125.6	7 297.4
Sales revenue						
0.0	0.4	0.0	3	9 560.3	8 125.6	7 297.4
Total operating revenue						
<b>OPERATING EXPENSES</b>						
0.0	0.0	0.0	4,6,7	4 986.6	4 385.0	3 850.6
Payroll expenses						
0.0	0.0	0.0	13,14,16	176.3	150.4	140.2
Depreciation						
0.0	0.0	0.0	13	12.2	15.8	0.0
Write down of goodwill						
0.0	0.0	0.0	5	3 196.8	2 701.6	2 512.5
Other operating expenses						
0.0	0.4	0.0		1 188.2	872.8	794.1
Operating profit						
<b>FINANCIAL INCOME AND EXPENSES</b>						
(76.2)	508.5	50.1		(93.5)	86.1	112.0
Financial income						
0.5	(0.8)	(0.6)		11.6	(87.1)	(80.6)
Financial expenses						
(75.7)	507.7	49.5	9	(81.9)	(1.0)	31.4
Net financial income (expenses)						
(75.7)	508.1	49.5		1 106.3	871.8	825.5
Profit before tax						
(27.2)	(14.1)	(9.6)	11	(464.7)	(335.6)	(279.7)
Tax expense						
(102.9)	494.0	39.9		641.6	536.2	545.8
Profit (loss) for the year						
(102.9)	494.0	39.9				
Transferred to other equity						

# Balance sheet

STIFTELSEN DET NORSKE VERITAS			AS PER 31 DECEMBER AMOUNTS IN NOK MILLION			DET NORSKE VERITAS GROUP		
2008	2007	2006	NOTE	2008	2007	2006		
<b>ASSETS</b>								
<b>FIXED ASSETS</b>								
<b>Intangible fixed assets</b>								
0.0	0.4	3.5	11	486.8	130.4	198.6	Deferred tax assets	
0.0	0.0	0.0	13	215.4	104.6	159.7	Goodwill	
0.0	0.0	0.0	14	29.7	8.3	0.0	Other intangible assets	
0.0	0.4	3.5		731.9	243.3	358.3	Total intangible fixed assets	
<b>Tangible fixed assets</b>								
6.4	6.5	6.8		942.3	901.7	884.3	Land, buildings and other property	
0.0	0.0	0.0		378.9	277.3	253.7	Office equipment, fixtures and fittings	
6.5	6.5	6.8	16	1 321.2	1 179.0	1 138.0	Total tangible fixed assets	
<b>Financial fixed assets</b>								
240.0	240.0	240.0	2	0.0	0.0	0.0	Investments in subsidiaries	
0.0	0.0	0.0	15	59.9	43.7	27.6	Investments in associates	
0.3	1.4	1.3	17	22.6	15.3	16.2	Long-term shareholdings	
0.0	0.0	0.0	7	0.0	372.9	234.3	Prepaid pension	
0.3	0.2	0.3	19	331.4	265.3	252.5	Other long-term receivables	
240.6	241.6	241.6		413.9	697.2	530.6	Total financial fixed assets	
247.1	248.5	251.8		2 467.0	2 119.5	2 026.9	Total fixed assets	
<b>CURRENT ASSETS</b>								
<b>Debtors</b>								
0.0	0.0	0.0		2 567.6	1 718.6	1 525.5	Trade debtors	
0.0	0.0	0.0		1 011.5	660.4	580.6	Work in progress	
0.0	0.0	0.0		317.2	217.4	225.1	Other debtors	
0.0	0.0	0.0		3 896.2	2 596.4	2 331.2	Total debtors	
834.2	938.6	438.7	8	1 134.4	1 528.7	1 303.5	Short-term financial investments	
21.2	1.5	2.0	20	984.0	677.5	727.1	Cash and bank deposits	
855.4	940.1	440.7		6 014.6	4 802.6	4 361.8	Total current assets	
1 102.4	1 188.6	692.5		8 481.6	6 922.1	6 388.7	TOTAL ASSETS	

STIFTELSEN DET NORSKE VERITAS			AS PER 31 DECEMBER AMOUNTS IN NOK MILLION			DET NORSKE VERITAS GROUP		
2008	2007	2006	NOTE	2008	2007	2006		
<b>EQUITY AND LIABILITIES</b>								
<b>EQUITY</b>								
<b>Paid-in capital</b>								
283.5	283.5	283.5		283.5	283.5	283.5	Foundation capital	
							Retained earnings	
772.1	875.0	381.0		4 261.7	4 208.5	3 611.2	Other equity	
1 055.6	1 158.5	664.5	23	4 545.2	4 492.0	3 894.7	Total equity	
<b>LIABILITIES</b>								
<b>Provisions</b>								
0.0	0.0	0.0	7	722.8	233.9	376.2	Pension liabilities	
0.0	0.0	0.0	11	15.7	21.1	8.7	Deferred tax	
17.0	17.0	16.9		180.2	153.9	150.7	Other provisions	
17.0	17.0	16.9		918.7	408.9	535.6	Total provisions	
<b>Current liabilities</b>								
0.0	0.0	0.0		0.0	5.6	4.5	Overdrafts	
0.0	0.0	0.0		257.9	221.6	213.4	Trade creditors	
26.7	11.1	8.7		429.4	285.8	220.1	Tax payable	
0.0	0.0	0.0		313.7	246.3	204.1	Public duties payable	
3.2	2.0	2.4	18	2 016.8	1 261.9	1 316.3	Other short-term liabilities	
29.8	13.1	11.1		3 017.7	2 021.2	1 958.4	Total current liabilities	
46.8	30.1	28.0		3 936.4	2 430.1	2 494.0	Total liabilities	
1 102.4	1 188.6	692.5		8 481.6	6 922.1	6 388.7	TOTAL EQUITY AND LIABILITIES	

The Board of Directors of Stiftelsen Det Norske Veritas,  
Høvik, 16 April 2009

  
Atle Bergshaven  
Chairman

  
Maury Devine

  
Audun Brandsæter

  
Silje Grjotheim

  
Hilde M. Tonne

  
Axel C. Eitzen

  
Yan Ma

  
Mary Grace Anderson

  
Niksa Padovan

  
John H. Wiik

  
Henrik O. Madsen  
President and CEO

# Cash flow statement

STIFTELSEN DET NORSKE VERITAS			1 JANUARY - 31 DECEMBER AMOUNTS IN NOK MILLION			DET NORSKE VERITAS GROUP		
2008	2007	2006		2008	2007	2006		
<b>CASH FLOW FROM OPERATIONS</b>								
(75.7)	508.1	49.5	Profit before tax	1 106.3	871.8	825.5		
0.0	(0.4)	0.0	Gain/loss on disposal of tangible fixed assets	(1.3)	(0.4)	(18.9)		
0.0	0.0	0.0	Gain on divestments	0.0	0.0	0.0		
0.0	0.0	0.0	Depreciations and writedown	188.6	166.2	140.2		
(26.7)	(11.1)	(8.7)	Tax payable	(492.2)	(289.1)	(256.1)		
			Change in work in progress, trade					
0.0	0.0	0.0	Debtors and trade creditors	(1 163.8)	(264.7)	(296.0)		
16.5	2.1	2.8	Change in other accruals	800.0	(146.0)	288.6		
(85.9)	498.7	43.6	<b>Net cash flow from operations</b>	<b>437.6</b>	<b>337.8</b>	<b>683.3</b>		
<b>CASH FLOW FROM INVESTMENTS</b>								
0.0	0.0	0.0	Acquisitions	(228.4)	(8.5)	(109.7)		
0.0	0.0	0.0	Divestments	0.0	0.0	0.0		
0.0	0.0	(0.1)	Investments in tangible fixed assets	(234.1)	(176.1)	(111.9)		
0.0	0.7	0.0	Sale of tangible fixed assets (sales value)	16.3	9.9	50.8		
			Currency effects on tangible and					
0.0	0.0	0.0	intangible fixed assets	(50.2)	26.6	8.2		
1.2	0.0	1.9	Change in other investments	(23.5)	(15.2)	(3.8)		
1.2	0.7	1.8	<b>Net cash flow from investments</b>	<b>(519.9)</b>	<b>(163.3)</b>	<b>(166.4)</b>		
<b>CASH FLOW FROM CAPITAL TRANSACTIONS</b>								
0.0	0.0	0.0	Change in overdrafts	(5.6)	1.1	4.0		
0.0	0.0	0.0	<b>Net cash flow from capital transactions</b>	<b>(5.6)</b>	<b>1.1</b>	<b>4.0</b>		
<b>LIQUIDITY</b>								
(85.9)	498.7	43.6	Net cash flow from operations	437.6	337.8	683.3		
1.2	0.7	1.8	Net cash flow from investments	(519.9)	(163.3)	(166.4)		
0.0	0.0	0.0	Net cash flow from capital transactions	(5.6)	1.1	4.0		
(84.7)	499.4	45.4	<b>Net change in liquidity during the year</b>	<b>(87.9)</b>	<b>175.6</b>	<b>520.9</b>		
940.1	440.7	395.3	Liquidity at 1 January	2 206.2	2 030.6	1 509.7		
855.4	940.1	440.7	<b>Liquidity at 31 December</b>	<b>2 118.3</b>	<b>2 206.2</b>	<b>2 030.6</b>		

# Notes

ALL AMOUNTS IN NOK MILLION

## 01 ACCOUNTING PRINCIPLES

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

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

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

The allocation of costs in a business combination is changed if new information on the fair value becomes available and is applicable on the date when control is assumed. The allocation may be altered until the annual accounts are presented or prior to the expiry of a 12-month period.

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

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

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

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

An associate is an entity in which the Group has a significant influence but does not control the management of its finances and operations (normally when the Group owns 20%-50% of the company). Investments in associated companies are valued in accordance with the equity method. The share of profits is based on profits after tax in the associated company, less internal gains and possible amortisation of surplus value caused by the cost of shares being higher than the acquired share of equity. In the income statement, the share of profit is stated as financial income/financial expenses.

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

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

**USE OF ESTIMATES.** The management has used estimates and assumptions that have affected assets, liabilities, income, expenses and information on potential liabilities in accordance with generally accepted accounting principles in Norway.

**REVENUE RECOGNITION AND WORK IN PROGRESS.**

Revenue from sale of services is recognised according to the percentage of completion method. Work in progress is recognised at estimated sales value. Movement in work in progress is included in operating revenue.

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

**CLASSIFICATION AND VALUATION OF ASSETS AND LIABILITIES.**

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

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

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

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

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

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

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

**FINANCIAL INVESTMENTS.** Financial investments not regarded as long-term are classified as current assets in the balance sheet. These short-term financial investments are valued at market value at the balance sheet date based on a portfolio assessment. Dividends and other distributions are recognized as other financial income.

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

**PROPERTY, PLANT AND EQUIPMENT**

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

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

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

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

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

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

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

**RESEARCH AND DEVELOPMENT.** Research and development costs are expensed when incurred.

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

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

**PROVISIONS.** A provision is recognised when the Group has an obligation (legal or self-imposed) as a result of a previous event, it is probable (more likely than not) that a financial settlement will take place as a result of this obligation and the size of the amount can be measured reliably.

If the effect is considerable, the provision is calculated by discounting estimated future cash flows using a discount rate before tax that reflects the market's pricing of the time value of money and, if relevant, risks specifically linked to the obligation.

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

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

## 02 SUBSIDIARIES OF STIFTELSEN DET NORSKE VERITAS

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

COMPANY	BUSINESS OFFICE	SHARE CAPITAL	OWNER-SHIP	BOOK VALUE
Det Norske Veritas Holding AS	Bærum	240	100%	240.0

Det Norske Veritas Holding AS owns two subsidiaries 100%, Det Norske Veritas AS and Det Norske Veritas Eiendom AS. Det Norske Veritas AS has 99 subsidiaries. With the exception of some financial transactions, Det Norske Veritas is operating through Det Norske Veritas Holding AS and its subsidiaries around the world.

## 03 OPERATING REVENUE

	DET NORSKE VERITAS – GROUP		
	2008	2007	2006
<b>BUSINESS AREA</b>			
Maritime	4 404.0	3 686.5	3 169.0
Energy	2 567.0	2 045.8	1 759.8
Industry	2 048.0	1 908.9	1 900.0
IT Global Services	289.0	264.0	246.5
Other	252.3	220.4	222.1
<b>Total operating revenue</b>	<b>9 560.3</b>	<b>8 125.6</b>	<b>7 297.4</b>
<b>GEOGRAPHICAL AREA</b>			
Nordic countries	3 513.8	2 900.6	2 572.1
Europe and Africa	2 325.3	2 191.6	2 044.5
Asia / Pacific	2 549.0	2 066.9	1 738.0
North and South America	1 172.1	966.5	942.8
<b>Total operating revenue</b>	<b>9 560.3</b>	<b>8 125.6</b>	<b>7 297.4</b>

# 04

## PAYROLL EXPENSES

STIFTELSEN DET NORSKE VERITAS			DET NORSKE VERITAS – GROUP			
2008	2007	2006	2008	2007	2006	
0.0	0.0	0.0	Salaries	3 858.3	3 276.1	2 895.5
0.0	0.0	0.0	Payroll tax	550.1	472.7	402.2
0.0	0.0	0.0	Pension costs	279.7	316.6	242.3
0.0	0.0	0.0	Other contributions	298.5	319.6	310.6
0.0	0.0	0.0	<b>Total payroll expenses</b>	<b>4 986.6</b>	<b>4 385.0</b>	<b>3 850.6</b>
0.0			Man years	8 557.0		
0.0			Total incentive pay for 2008	86.7		

# 05

## OTHER OPERATING EXPENSES

STIFTELSEN DET NORSKE VERITAS			DET NORSKE VERITAS – GROUP			
2008	2007	2006	2008	2007	2006	
0.0	0.0	0.0	Travel expenses	730.6	640.0	558.0
0.0	0.0	0.0	Hired assistance	547.6	465.5	470.6
0.0	0.0	0.0	ICT and communication expenses	306.8	243.3	223.9
0.0	0.0	0.0	Loss on claim	48.6	5.6	9.6
0.0	0.0	0.0	Other expenses	1 563.1	1 347.2	1 250.4
0.0	0.0	0.0	<b>Total other operating expenses</b>	<b>3 196.8</b>	<b>2 701.6</b>	<b>2 512.5</b>

# 06

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

President & Chief Executive Officer Henrik O. Madsen has an annual base salary of NOK 2 300 000, a functional allowance of NOK 1 380 000 and an incentive scheme with a maximum payment of 10% of his annual base salary.

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

### REMUNERATIONS AND LOANS TO THE EXECUTIVE BOARD FOR 2008

REMUNERATIONS:	SALARY & FUNCTIONAL ALLOWANCE	OTHER BENEFITS	INCENTIVE PAY <sup>1)</sup>	PENSION BENEFIT EARNED / COST TO DNV
NAME				
Henrik O. Madsen	3 863 270	428 229	159 061	1 322 591
Tor E. Svensen	2 782 554	195 396	145 209	891 721
Remi Eriksen	1 743 372	166 394	94 628	282 205
Peter Bjerager <sup>2)</sup>	1 144 431	289 054	42 623	150 357
Bjørn K. Haugland <sup>3)</sup>	633 087	65 958	0	143 622
Annie Combelles	2 271 164	140 647	80 650	75 243
Jostein Furnes	2 029 844	226 590	97 650	509 764
Cecilie B. Heuch	1 423 242	159 981	62 036	48 574

### LOANS AT 31 DEC. 2008:

NAME	LOAN AMOUNT	INTEREST RATE	REPAYMENT PERIOD	SECURITY
Henrik O. Madsen	3 398 400	2.50%	Nov. 2028	Mortgage
Tor E. Svensen	632 200	2.50%	Mar. 2028	Mortgage
Remi Eriksen	0			
Peter Bjerager <sup>2)</sup>	1 851 654	2.50%	Nov. 2025	Mortgage
Bjørn K. Haugland <sup>3)</sup>	0			
Annie Combelles	0			
Jostein Furnes	2 529 314	2.50%	July 2031	Mortgage
Cecilie B. Heuch	0			

1) earned in 2007, paid in 2008 2) 01.01. - 31.07. 3) 01.08. - 31.12.

### REMUNERATIONS TO THE BOARD OF DIRECTORS PAID OUT IN 2008:

NAME	REMUNERATION	NAME	REMUNERATION	NAME	REMUNERATION
Atle Bergshaven	347 916	Hilde Tonne	116 666	Erling Øverland	72 000
C. Maury Devine	432 916 <sup>4)</sup>	Audun Brandsæter	177 084	Herbjørn Hansson	49 000
Mary Grace Anderson	0 <sup>5)</sup>	Niksa Padovan	177 084	Georg Scheel	49 000
John H. Wiik	177 084	Sille Grjøtheim	177 084		
Axel C. Eitzen	177 084	Yan Ma	177 084		
Tom Ruud	60 416				

4) Including compensation for travel time, NOK 150 000 5) NOK 235 083 has been donated to charity

### FEES TO THE AUDITORS FOR 2008:

NAME	STATUTORY AUDIT	TAX CONSULTING SERVICES	OTHER ATTEST SERVICES	NON-AUDIT SERVICES
Stiftelsen Det Norske Veritas	300 000	0	0	0
Group auditor other Norwegian entities	1 779 000	133 143	95 000	37 566
Group auditor non-Norwegian entities	6 930 649	1 178 139	57 804	0
Other auditors	3 855 056	727 534	58 135	46 308
Total	12 864 705	2 038 816	210 939	83 874

# 07

## PENSION COSTS, PLAN ASSETS AND DEFINED BENEFIT PENSION LIABILITIES

Det Norske Veritas has both defined benefit pension plans and contribution pension plans. The defined benefit pension plans are covered through separate pension funds or through arrangements with insurance companies. The employees' future pension benefits are based on the employee's salary level at the time of retirement and on the number of years of membership. The basis for calculating the pension cost and the pension liabilities included in the accounts are shown in this note. Contributions to the Group's pension plans are made in accordance with common actuarial methods in the country where the pension plan is administered. Total pension costs for 2008 are NOK 279.7 million, of which

pension costs related to the defined benefit pension plans are NOK 141.8 million and pension costs related to the contribution pension plans are NOK 137.9 million.

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

MARKET VALUE OF PLAN ASSETS IN NORWAY

	31 DEC 08	31 DEC 07	31 DEC 06
Buildings and property	234.5	217.8	203.3
Mutual equity funds and hedge funds	884.0	1 206.9	907.8
Norwegian bonds and bond funds	326.7	292.0	478.3
Non-Norwegian bonds and bond funds	228.6	151.1	308.6
Bank accounts, other assets and liabilities	1 558.4	1 594.0	1 409.3
<b>Total market value of plan assets</b>	<b>3 232.2</b>	<b>3 461.8</b>	<b>3 307.3</b>
<b>Actual return on plan assets</b>	<b>(337.3)</b>	<b>161.4</b>	<b>303.5</b>

	FUNDED NORWEGIAN DEFINED BENEFIT PENSION PLANS			OTHER DEFINED BENEFIT PENSION PLANS		
	2008	2007	2006	2008	2007	2006

	2008	2007	2006	2008	2007	2006
Net present value of this year's pension contribution	127.8	130.8	135.1	38.9	48.8	48.8
Interest expense on pension liabilities	151.4	134.8	112.9	51.5	49.4	44.6
Expected return on plan assets	(190.4)	(165.4)	(136.6)	(49.4)	(41.2)	(38.1)
Payroll tax	12.5	14.1	15.7	0.0	0.0	0.0
Curtailment/pension plan changes	0.0	0.0	0.0	(0.7)	(2.4)	(33.0)
<b>Net pension cost</b>	<b>101.4</b>	<b>114.3</b>	<b>127.1</b>	<b>40.4</b>	<b>54.6</b>	<b>22.3</b>

PLAN ASSETS AND PENSION LIABILITIES:

	2008	2007	2006	2008	2007	2006
Market value of plan assets	3 232.2	3 461.8	3 307.3	963.4	826.0	686.4
Actuarial present value of pension liabilities	(3 500.1)	(3 071.2)	(3 038.2)	(1 307.7)	(1 059.9)	(1 062.6)
Payroll tax	(110.5)	(17.7)	(34.8)	0.0	0.0	0.0
<b>Net prepaid pension (liabilities)</b>	<b>(378.5)</b>	<b>372.9</b>	<b>234.3</b>	<b>(344.3)</b>	<b>(233.9)</b>	<b>(376.2)</b>
Hereof recorded as plan assets	0.0	372.9	234.3	0.0		
Hereof recorded as pension liabilities	(378.5)			(344.3)	(233.9)	(376.2)

THE FINAL CALCULATION OF THE PENSION LIABILITIES IN NORWAY IS BASED ON THE FOLLOWING ASSUMPTIONS:

	2008	2007	2006
Discount rate	4.5%	5.0%	4.5%
Projected annual salary adjustment	4.0%	4.5%	4.0%
Projected annual increase in pension benefit	2.0%	2.5%	2.0%
Projected annual increase of Norwegian government basis pension	3.0%	3.5%	3.0%
Expected annual return on plan assets	5.0%	5.5%	5.0%

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

## 08 SHORT-TERM FINANCIAL INVESTMENTS

STIFTELSEN DET NORSKE VERITAS			DET NORSKE VERITAS – GROUP		
PURCHASE PRICE	MARKET VALUE REGULATION	BOOK VALUE	PURCHASE PRICE	MARKET VALUE REGULATION	BOOK VALUE
444.4	0.0	444.4	744.5	0.0	744.5
111.8	1.0	112.8	111.8	1.0	112.8
336.3	(59.3)	277.0	336.3	(59.2)	277.1
892.5	(58.3)	834.2	1 192.6	(58.2)	1 134.4

## 09 FINANCIAL INCOME AND FINANCIAL EXPENSES

STIFTELSEN DET NORSKE VERITAS			DET NORSKE VERITAS – GROUP		
2008	2007	2006	2008	2007	2006
(85.6)	8.2	49.7	(154.5)	44.8	87.7
0.0	500.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	16.2	16.1	7.6
2.5	0.3	0.4	0.0	0.0	0.0
(0.1)	0.0	0.0	41.7	23.7	15.6
			41.7	(46.9)	(24.1)
7.5	(0.8)	(0.6)	(27.0)	(38.7)	(55.4)
(75.7)	507.7	49.5	(81.9)	(1.0)	31.4

## 10 FINANCIAL MARKET RISK

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

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

**FOREIGN CURRENCY RISK.** The Group has revenues and expenses in about 70 currencies. Of these, five currencies (NOK, EUR, USD, KRW and GBP) make up for approximately 75% of the total revenue. In many currencies DNV has a natural hedge through a balance of revenue and expenses. Major imbalances on the balance sheet are hedged through forward exchange contracts. As part of this hedging, DNV has forward exchange contracts in 23 currencies, totalling a net amount of about NOK 2 100 mill. The most important contracts are in USD (62%) and EUR (12%). Unrealized net loss at year end is NOK 381 mill.

In addition DNV has secured parts of its cash flow in 2009 by selling EUR 36 mill and USD 36 mill forward (at average rates NOK/EUR 9.54 and NOK/USD 7.00). Unrealized net loss at year end is NOK 9 mill.

**CREDIT RISK.** Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Group. With respect to credit risk arising from the other financial assets of the Group, which comprises cash and cash equivalents, available-for-sale financial investments and certain derivative instruments, the Group's exposure to credit risk arises from default of the counter-party, with a maximum exposure equal to the market value of these instruments.

**INTEREST RATE RISK.** The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's short-term financial investments and forward exchange contracts.

# 11 TAX

STIFTELSEN DET NORSKE VERITAS			DET NORSKE VERITAS GROUP		
2008	2007	2006	2008	2007	2006
<b>Tax expense consists of:</b>					
16.3	11.1	8.7	16.3	11.1	8.7
10.4	0.0	0.0	224.4	53.1	48.6
0.0	0.0	0.0	251.5	224.9	198.8
26.7	11.1	8.7	492.2	289.1	256.1
0.5	3.0	0.9	(41.3)	38.4	7.6
0.0	0.0	0.0	13.8	8.1	16.0
0.5	3.0	0.9	(27.5)	46.5	23.6
27.2	14.1	9.6	464.7	335.6	279.7
Effective tax rate					
			42%	38%	34%
(21.2)			309.8	244.1	231.1
Tax effect of:					
0.0			(19.3)	(12.5)	(11.1)
0.0			23.0	0.0	0.0
16.3			16.3	11.1	8.7
0.0			14.0	17.3	23.3
0.0			26.1	15.9	18.6
32.1			94.8	59.7	9.1
27.2			464.7	335.6	279.7
<b>Net tax-reducing/tax-increasing temporary differences:</b>					
0.0	0.2	(0.1)	(751.8)	(30.5)	(181.3)
0.0	0.0	0.0	56.4	22.3	4.2
0.0	0.0	0.0	(930.5)	(317.3)	(418.7)
0.0	(1.8)	(12.0)	0.0	(1.8)	(12.0)
0.0	(1.6)	(12.1)	(1 625.9)	(327.3)	(607.8)
28%	28%	28%	10%-43%	10%-43%	10%-43%
0.0	(0.4)	(3.5)	(486.8)	(130.4)	(198.6)
0.0	0.0	0.0	15.7	21.1	8.7

# 12 CHANGES IN THE GROUP STRUCTURE

COMPANY	ACQUIRED	PURCHASE CURRENCY	ACQUISITION COST LOCAL CURRENCY	EXTERNAL REVENUE INCL. IN 2008 ACCT. NOK
Global Energy Concepts Inc	June 2008	USD	31.1	95.3
Jardine Technology Ltd	August 2008	GBP	1.2	3.7

# 13 GOODWILL

COMPANY / BUSINESS ACTIVITY	GOODWILL COST AT 1 JAN.	ACCUM. DEPR. 1 JAN.	REVAL. EFFECTS	THIS YEAR'S ADDITIONS	THIS YEAR'S DEPR.	WRITE DOWN	GOODWILL 31 DEC.
Global Energy Concepts Inc	0.0	0.0	(3.7)	155.9	(14.5)		137.7
Jardine Technology Ltd.	0.0	0.0	0.0	12.3	(1.0)		11.3
Rutherford Holding Ltd (Jardine Group)	24.2	(14.5)	(0.4)		(4.7)		4.6
CC Technologies Inc.	45.5	(26.2)	3.2		(9.4)		13.2
Healthcare	11.4	(0.9)	2.4		(2.3)		10.5
Tireno Innovations AG	26.5	(10.6)	0.4		(5.4)	(10.9)	0.0
Alpha Miljørådgivning	4.0	(2.4)	0.0		(0.8)		0.8
Primalux Technology	6.4	(3.9)	0.1		(1.4)	(1.4)	0.0
CIBIT B.V.	46.1	(15.4)	5.1		(9.5)		26.3
Quality-Laboratories Sweden AB Group	20.0	(5.7)	0.7		(4.0)		11.0
<b>Total</b>	<b>184.2</b>	<b>(79.6)</b>	<b>7.9</b>	<b>168.2</b>	<b>(53.0)</b>	<b>(12.2)</b>	<b>215.4</b>

Goodwill is depreciated linearly over a 5 year period, based on an evaluation of economic life. Due to lower financial results from Tireno Innovations AG than assumed at the time of acquisition, the remaining goodwill value on the balance sheet has been written down with NOK 10.9 million in 2008.

# 14 OTHER INTANGIBLE ASSETS

COMPANY / INTANGIBLE ASSETS	COST AT 1 JAN.	ACCUM. DEPR. 1 JAN.	REVAL. EFFECTS	THIS YEAR'S ADDITIONS	THIS YEAR'S DEPR.	BOOK VALUE 31 DEC.
Norwegian Maritime Advisors - Technology	2.0	(0.2)	0.0	0.0	(0.4)	1.4
Tüv Healthcare Inc - License	7.1	(0.6)	1.5	0.0	(1.5)	6.5
Global Energy Concepts Inc - Customer relations	0.0	0.0	(0.6)	24.6	(2.3)	21.8
<b>Total</b>	<b>9.1</b>	<b>(0.8)</b>	<b>0.9</b>	<b>24.6</b>	<b>(4.1)</b>	<b>29.7</b>

Other intangible assets are depreciated linearly over a 5 year period, based on evaluation of economic life.

# 15 INVESTMENT IN ASSOCIATES

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

Opening balance 1 January 2008	43.7
Profit from investment in associates	16.2
<b>Investment in associates 31 December 2008</b>	<b>59.9</b>

## 16 FIXED ASSETS

	LAND, BUILDINGS AND OTHER PROPERTY	OFFICE EQUIP- MENT, FIXTURES AND FITTINGS
Cost at 1 January 2008	1 328.2	1 641.1
Revaluation effects	11.6	30.8
Additions from acquisitions in 2008	0.0	7.8
Other additions in 2008	51.8	174.5
Disposals in 2008	(6.0)	(9.0)
Accumulated depreciation at 31 December 2008	(443.3)	(1 466.2)
<b>Book value at 31 December 2008</b>	<b>942.3</b>	<b>378.9</b>
Depreciation 2008	16.8	102.4
Economic life	20-100 years	3-10 years
Depreciation plan	Linear	Linear

Det Norske Veritas Eiendom AS has a tenancy agreement with Det Norske Veritas Pension Fund for an office building in Stavanger. In 2008 the rent amounted to NOK 10 million. The tenancy agreement is nonterminable for 30 years starting in 1984.

Det Norske Veritas Pension Fund has an option to sell the property to Det Norske Veritas for NOK 147.0 million at the end of the period (year 2014).

## 17 LONG-TERM SHAREHOLDINGS

COMPANY	OWNERSHIP	BOOK VALUE
Roisheim Eiendom AS	4.1%	0.3
<b>Shares owned by Stiftelsen Det Norske Veritas</b>		<b>0.3</b>
Hua-Eng-Wei International Testing Co. Ltd	49.0%	8.8
Ship Manoeuvring Simulator Center AS	40.0%	1.8
Vité Inc	15.1%	0.0
TT Holding AS	11.3%	0.0
SA Isoscope	10.0%	0.0
Marintek AS	9.0%	0.0
Hytrec AS	22.0%	0.0
Kapnord Fond AS	4.7%	1.7
CCS-DNV Technology Institute	50.0%	5.4
Blade Test Centre AS	25.0%	4.6
<b>Shares owned by subsidiaries</b>		<b>22.3</b>
<b>Total long-term shareholdings</b>		<b>22.6</b>

## 18 OTHER SHORT-TERM LIABILITIES

	DET NORSKE VERITAS – GROUP		
	2008	2007	2006
Advances from customers	695.4	543.3	468.7
Accrued expenses	567.4	512.4	590.8
Accrued holiday allowances	281.5	220.2	186.9
Unrealized loss (gain) and interest related to forward contracts	372.6	(70.4)	7.1
Other short-term liabilities	99.9	56.4	62.8
<b>Total other short-term liabilities</b>	<b>2 016.8</b>	<b>1 261.9</b>	<b>1 316.3</b>

## 19 OTHER LONG-TERM RECEIVABLES

	DET NORSKE VERITAS – GROUP		
	2008	2007	2006
Loans to employees	70.2	67.4	64.0
Other long-term receivables	261.2	197.9	188.5
<b>Total other long-term receivables</b>	<b>331.4</b>	<b>265.3</b>	<b>252.5</b>

## 20 CASH AND BANK DEPOSITS

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

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

Det Norske Veritas AS has entered into an agreement for

a cash pool system with Handelsbanken, where all legal entities in Sweden participate. The agreement includes an overdraft facility of SEK 10 million.

Balances on bank accounts participating in the corporate bank account system/cash pooling systems are considered as internal assets or liabilities vis-à-vis other DNV participants. For DNV on a consolidated basis, the net total balance of NOK 347.2 million is with DnB NOR Bank ASA, EUR 0.6 million with ABN Amro and SEK 13.7 million is with Handelsbanken are included in Cash and bank deposits in the balance sheet at 31 December.

## 21 BANK LOANS

Det Norske Veritas Holding AS has an agreement for a NOK 750 million multi-currency revolving credit facility with an international bank syndicate. The facility expires in January 2009. The facility is undrawn as per year-end 2008, and will not be renewed.

The credit agreement supporting this facility includes a negative pledge clause, and also restrict Det Norske Veritas'

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

## 22 GUARANTEES

STIFTELSEN DET NORSKE VERITAS			DET NORSKE VERITAS – GROUP			
2008	2007	2006	2008	2007	2006	
0.0	0.0	0.0	Guarantee commitments not included in the accounts	45.2	26.7	18.2

## 23 EQUITY

	FOUNDATION CAPITAL	OTHER EQUITY	STIFTELSEN DNV	SUBSIDIARIES OF STIFTELSEN DNV	DNV GROUP
Equity 31 December 2007	283.5	875.0	1 158.5	3 333.5	4 492.0
Change in unrecognised net loss defined benefit pension plans 2008				(720.0)	(720.0)
Foreign currency translation				218.4	218.4
(Gross) loss on hedge of net investments				(120.6)	(120.6)
Tax effect from hedging of net investments in foreign subsidiaries				33.8	33.8
Profit for the year		(102.9)	(102.9)	744.5	641.6
<b>Equity 31 December 2008</b>	<b>283.5</b>	<b>772.1</b>	<b>1 055.6</b>	<b>3 489.6</b>	<b>4 545.2</b>

# Auditor's report

→ TO THE BOARD OF DIRECTORS OF STIFTELSEN DET NORSKE VERITAS

We have audited the annual financial statements of Stiftelsen Det Norske Veritas as of 31 December 2008, showing a loss of NOK 102,9 million for the Foundation and a profit of NOK 641,6 million for the Group. We have also audited the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the coverage of the loss. The financial statements comprise the financial statements for the Foundation and the Group. The financial statements of the Foundation and the Group comprise the balance sheet, the statements of income and cash flows, and the accompanying notes. The regulations of the Norwegian Accounting Act and accounting standards, principles and practices generally accepted in Norway have been applied in the preparation of the financial statements of the Foundation and the Group. These financial statements and the Directors' report are the responsibility of the Foundation's Board of Directors and President and Chief Executive Officer. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

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

In our opinion,

■ the financial statements of the Foundation and the Group are prepared in accordance with laws and regulations

and present fairly, in all material respects the financial position of the Foundation and the Group as of 31 December 2008, and the results of the operations and cash flows for the year then ended, in accordance with accounting standards, principles and practices generally accepted in Norway.

■ the Foundation's management has fulfilled its duty to properly record and document the Foundation's accounting information as required by law and generally accepted bookkeeping practice in Norway.

■ the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the coverage of the loss is consistent with the financial statements and complies with law and regulations.

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

Oslo, 16 April 2009

ERNST & YOUNG AS

Knut Aker (sign.)  
State Authorised Public Accountant  
(Norway)

Note: The translation to English has been prepared for information purposes only.

# GRI content index

→ SCOPE AND BOUNDARY OF THE REPORT

This Annual Report presents DNV's financial, social and environmental performance in line with guidelines established by the Global Reporting Initiative (GRI). DNV's vision for "global impact for a safe and sustainable future" is reflected throughout the report.

The selection of reporting parameters is based on an assessment of materiality for all GRI indicators. Due regard has been given to their relevance to DNV and DNV's stakeholders. The indicators reflect both opportunities and challenges for DNV being a professional service provider with the purpose of safeguarding life, property and the environment. DNV's work with Corporate Responsibility uses a risk-based approach in prioritising and defining activities to ensure continuous improvement within focus areas such as corporate governance, ethics, transparency, health, safety and the environment. These activities are reported upon. This report also takes into account our reporting commitment to the UN Global Compact, and our communication of progress is integrated with the GRI content index.

DNV has applied the GRI guidelines (G3) in preparing this annual report. The financial review has been prepared in accordance with the Norwegian Accounting Act and accounting principles generally accepted in Norway. Information on accounting principles applied to subsidiaries is given in the notes to the financial statements.

Environmental performance indicators for energy consumption are limited to the ten largest sites covering approximately 47% of DNV's employees. Emissions from energy consumption are calculated for the five largest sites. DNV is continuously working to extend this environmental reporting to cover more sites.

The GRI content index shows where you can find information on the main reporting elements and indicators of the GRI and the UN Global Compact. References are also made to information that can be found on our web site: [www.dnv.com](http://www.dnv.com). The number of indicators reported upon has increased since 2007 as a result of continuous focus on transparency in reporting. The indicators that are not reported upon are listed at the end of the index.

#### APPLICATION LEVEL:

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



Published by: DNV Corporate Communication, Det Norske Veritas AS Editor: Per Busk Christiansen

#### Idea and design: F A S E T T

Photo: DNV/Nina E. Rangoy (p.6, fish p.7, p.8, p.19-20, p.22-23, p.26, p.28-29, p.34, p.38, p.40-41, p.44-56), DNV (children p.57), Johs. Bøe (p.9, p.14-15), Getty Images (laptop p.7, p.19, p.24, p.30-31, p.36-37, p.42-43), Alamy (p.18, p.25), Eivind Hagen/StatoilHydro (platform p.6), Lorenzo Ceva Valla (p.35), Børge Ousland (p.16-17), MISC Berhad (p.21), Nord Stream AG (p.27), Katokichi (p.33), Ericsson (p.39), Tom Haga (p.57).

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None

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EC4, EC6, EC9, LA5, LA6, LA9, LA10, LA14, SO1, SO3, SO4, SO6, HR2, HR3, HR4 and EN30: Information not compiled for Annual Report 2008. EC5, HR1, HR6 - HR9: Indicators not relevant to DNVs operations. EN8 - EN15, EN19, EN21, and EN25 - EN27: DNV is a professional service provider. These indicators are not considered critical aspects in DNVs Environmental Management System. DMA, PR1 - PR9: DNV is a professional service provider. The core GRI Product Responsibility indicators and associated management approach disclosures have therefore not been found to be material to DNV's business activities.

DNV (Det Norske Veritas)  
NO-1322 Høvik, Norway  
Tel: +47 67 57 99 00  
Fax: +47 67 57 99 11  
[www.dnv.com](http://www.dnv.com)