



WHEN TRUST MATTERS

# ANNUAL REPORT 2021



## ABOUT DNV

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

### OUR PURPOSE

To safeguard life, property and the environment

### OUR VISION

A trusted voice to tackle global transformations

### OUR VALUES

We care.  
We dare.  
We share.

## CONTENTS

### Company

- 03 Company
- 04 CEO statement
- 06 Highlights
- 08 Key figures
- 10 Group structure
- 12 Our history
- 14 Business areas at a glance
- 16 Research and innovation
- 18 Executive Committee

### Markets

- 20 Markets
- 22 Maritime
- 26 Energy Systems
- 30 Digital Solutions
- 34 Business Assurance
- 38 Supply Chain and Product Assurance
- 42 The Accelerator

### Sustainability

- 46 Sustainability
- 48 How we make an impact
- 56 Sustainable innovations
- 60 Customer satisfaction
- 64 Data privacy and security
- 68 Our employees
- 78 Safety and resilience
- 86 Environment and climate
- 94 Sustainable supply chain
- 98 Ethics and integrity
- 104 Economic value creation

### Performance

- 108 Performance
- 110 Board of Directors' report
- 122 Board of Directors' profiles
- 124 Financial performance
- 132 Notes
- 158 Auditor's reports
- 160 GRI index
- 162 Information and contact

## DNV IN NUMBERS

### Customers

≈ 100,000

### Established

1864

### Countries

100+

### Nationalities

114

### Employees

≈ 12,000

### Employees with higher education

88%

# POISED FOR GROWTH



2021 will go down in DNV's 158-year history as one of the most extraordinary years ever. We have continued to deliver assurance and trust to our customers in highly unusual circumstances. Despite lockdowns, despite being isolated and working remotely, and despite having to rethink the way we provide our services, customer satisfaction has increased, and we have delivered the best results ever.

**AS MANY OF US WERE PLANNING FOR** a new normal after the pandemic, the outbreak of the war in Ukraine sent shock waves across the world. Some of our colleagues have been directly affected by the situation and are worried about their loved ones. During this difficult time, I am proud to see the deep concern colleagues at DNV have for each other and for our communities, and how colleagues from different backgrounds and nationalities continue to collaborate with mutual respect. We are one team in DNV. Our purpose of safeguarding life, property and the environment, and our values, is what unites us. DNV has reviewed all ongoing contracts and operations with Russian entities and is winding down all related business.

Performing well and standing together through adversity is a sign of resilience and reliability, and I am confident that DNV is very well positioned to respond to customer, market and societal needs in the decades ahead. Indeed, over the past couple of years of tackling the pandemic, I have been reminded time and time again of the dedication and excellence of my colleagues at DNV. Together we have strengthened relations with customers, increased sales, and progressed well in our research, development, and innovation work - particularly within the field of digitalization. Internal surveys have shown that our employees have coped relatively well during the pandemic, establishing new routines for balancing work and private life while working from home.

**AT THE START OF 2021, WE LAUNCHED A NEW STRATEGY** and implemented significant organizational changes, making us even better suited to support our customers and deliver on our purpose. Our strategy includes strong growth ambitions towards 2025 and an aspiration to both strengthen and expand our role as a trusted assurance provider. During 2021, we acquired six companies in the energy, healthcare, medical technology, and cyber security sectors.

In 2021, we also made significant progress when it comes to our strategic sustainability goals. We have set ourselves the objective of having a positive impact by making our own operations climate net positive, reduce our carbon footprint

With a strong balance sheet, an expanding customer base, and not least a strong unity, we are well-positioned to further grow our company, shape the future of assurance, and offer a working environment where employees can unleash their full potential and make a meaningful difference.

in line with the Science Based Targets initiative, as well as helping customers to decarbonize, become more energy efficient and contribute to the Sustainable Development Goals. We surpassed our 2021 goal of 50% certified renewable electricity for our offices and laboratories, and we will continue to increase the percentage to 100% by 2025. Moreover, we maintain our commitment to uphold the ten principles of the UN Global Compact and invest at least 5% of our annual revenues in research, development, and innovation, with a focus on decarbonization and digitalization needs in the industries we serve.

**TWO YEARS AGO, WE LAUNCHED OUR NEW VISION** - to be 'a trusted voice to tackle global transformations'. I can say with confidence and pride that we have made a very promising start to our journey to realize this vision. With a strong balance sheet, an expanding customer base, and not least a strong unity, we are well-positioned to further grow our company, shape the future of assurance, and offer a working environment where employees can unleash their full potential and make a meaningful difference.

Remi Eriksen, Group President & CEO

# HIGHLIGHTS

## New name, strategy and organization to gear up for decade of transformation

Since the merger between DNV and GL in 2013, the company name has been DNV GL. On 1 March 2021, we changed our name to DNV after a comprehensive strategy review. The new strategy to 2025 positions DNV for both significant growth and shaping the future of assurance. DNV's ambition is to shape the future of assurance through more digitalized services and by leading the assurance of digitalization in the form of assuring data, digital twins, and digitized processes.

The strategy also led to organizational changes at the beginning of 2021. DNV now houses six business areas: Maritime, Energy Systems (combining our oil and gas and power and renewable expertise), Digital Solutions, Business Assurance, Supply Chain and Product Assurance, and the new Accelerator business area, which will grow services relating to inspection, cyber security, and digital health.



## Turning sustainability pledges into action

DNV has made significant progress when it comes to the sustainability goals set out in our 2025 strategy. DNV aims to make a positive impact by making our operations climate net positive and helping customers to decarbonize, become more energy efficient and contribute to the Sustainable Development Goals.

In 2021, we reached our goal of 50% certified renewable electricity for our offices and laboratories, and will continue to increase this percentage in order to reach 100% certified renewable electricity by 2025. DNV has also set ambitious goals to reduce business travel by 30% company-wide in 2022 compared to pre-pandemic levels.



## Contributing to the climate debate at COP26

The world has sufficient technological capability and economic capacity to stay below the 1.5°C threshold. This is the message that DNV took to COP26, where we joined the industry and world leaders to debate the urgent need for action on climate change. Across the two weeks, DNV gave talks, joined panel sessions, and met customers to discuss everything from digitalization and the pathway to net zero, to funding for new energy grids, and the combined power of hydrogen and offshore wind.

Our annual global forecast, the *Energy Transition Outlook*, shows that the world is not on track to meet the Paris goal. However, in a report published just before COP26, the *Pathway to Net Zero Emissions*, DNV showed how we can limit global warming to 1.5°C using, for instance, policy measures and a shift in mindset to whole energy systems thinking and scale-up across industries and regions.

## The Veracity data platform reaches new customers

Veracity allows DNV's customers to buy instant access to digital services through the Veracity marketplace and application network. During its four years of operation, sales numbers have increased rapidly as more services and products have been added to the platform.

In 2021, the Veracity marketplace saw a 60% increase in transactions, and about 40% of these involved new customers. The Veracity marketplace has recently monitored feedback from customers in a purchase confirmation survey, and more than 75% of buyers rated their overall purchase experience as 'good' or 'excellent'.

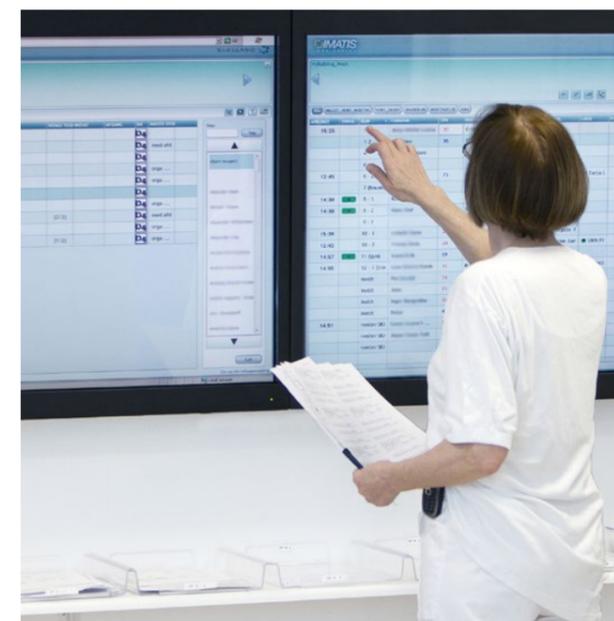
## Transitioning faster



In 2021, DNV combined its Oil & Gas and Power & Renewables businesses into one new business area called Energy Systems. Bringing together over 4,000 energy experts strengthens DNV's ability to serve leading players across the energy industry and help them scale green energy technology in a safe and sustainable way, from production to energy use.

DNV's ambition is to further grow our energy business, and we have made three strategic acquisitions: Energy and Resource Solution Inc. (ERS), a company providing energy insight, planning, design, and implementation services; Antuko, a leading energy price forecaster; and Alteso's solar photovoltaic analytics platform.

## Expanding DNV's footprint in healthcare



DNV acquired digital health pioneer Imatis in July 2021, in the first step of our expansion into the digital health market. DNV Imatis' platform collects, integrates, and aggregates data from patients, sensors, and systems. It connects with a rich ecosystem of DNV Imatis applications that help staff coordinate care, manage tasks, and communicate more effectively.

At the end of 2021, DNV also acquired MEDCERT, one of the largest notified bodies in Germany and among the leading notified bodies under the EU Medical Device Regulation.

This acquisition increases our capacity to deliver supplementary notification services for medical devices globally. The addition of more technical personnel will enable us to more strongly address the upcoming recertification peak that is expected as all Medical Device Directive certificates must be replaced by Medical Device Regulation certificates prior to May 2024 to ensure European market access for manufacturers.

## Building an industrial cyber security powerhouse

DNV acquired industrial cyber security specialist Applied Risk in November 2021. The two companies are joining forces with the aim to build the world's largest industrial cyber security practice, defending critical infrastructure against emergent cyber threats. Applied Risk's team of engineering and cyber security professionals have contributed to

a wealth of industry standards and led the development of security strategies for national governments. Applied Risk works with a broad customer portfolio, including Fortune 500 companies across Europe, the Middle East, and Asia, advancing capabilities in industries such as energy, maritime, pharmaceuticals, transport, mining, utilities, and manufacturing.

# KEY FIGURES

Injury rate **0.5**  
2020: 0.7 2019: 0.9

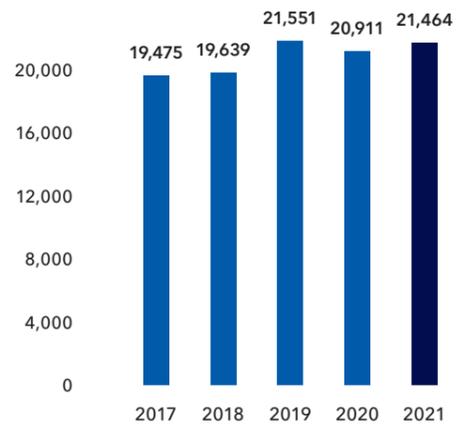
CO<sub>2</sub> emissions / employee **2.27**  
2020: 1.87 2019: 6.6

Renewable electricity used **60%**  
2020: 38% 2019: 25%

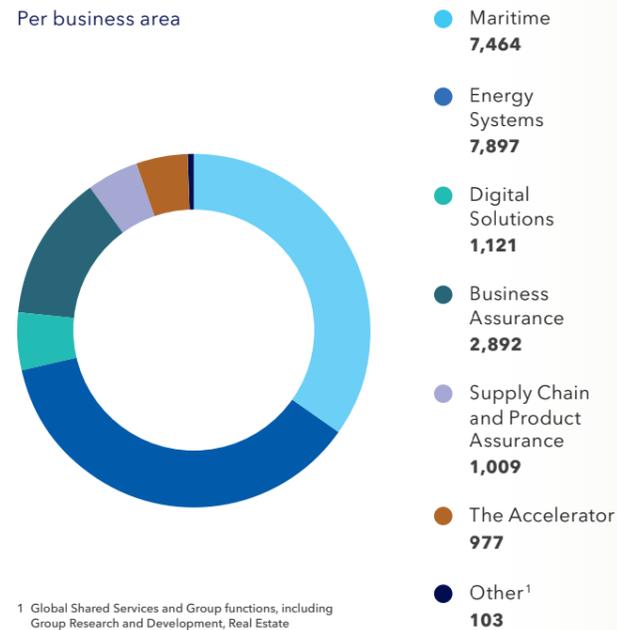
Revenue (million NOK)

## 21,464

LAST FIVE YEARS



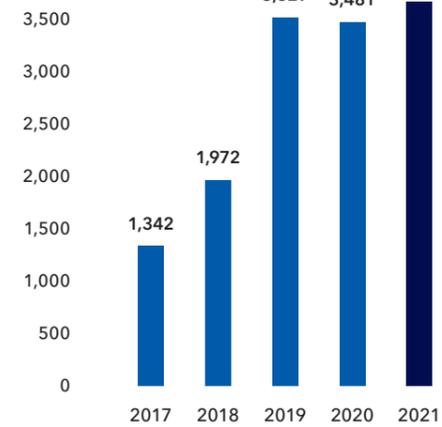
Per business area



EBITDA (million NOK)

## 3,673

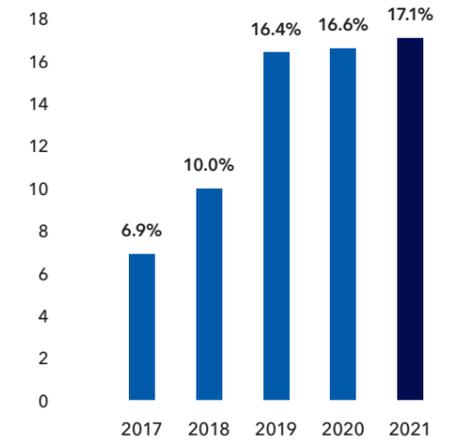
LAST FIVE YEARS



EBITDA margin (%)

## 17.1%

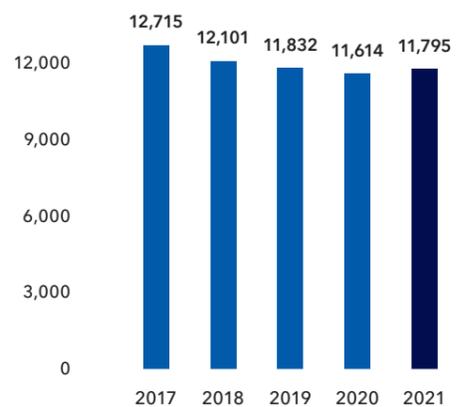
LAST FIVE YEARS



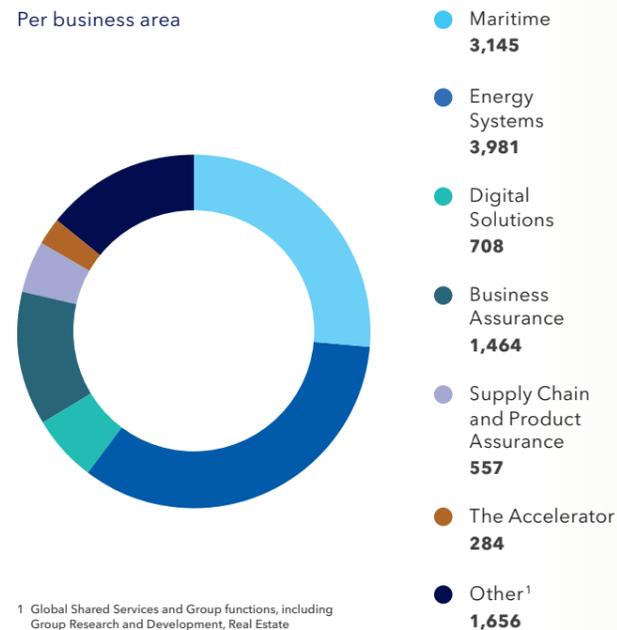
Employees

## 11,795

LAST FIVE YEARS



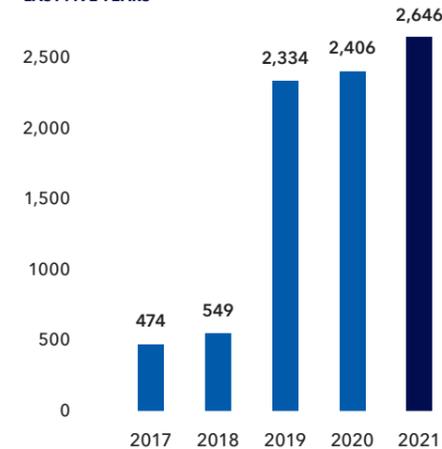
Per business area



EBIT / operating profit (million NOK)

## 2,646

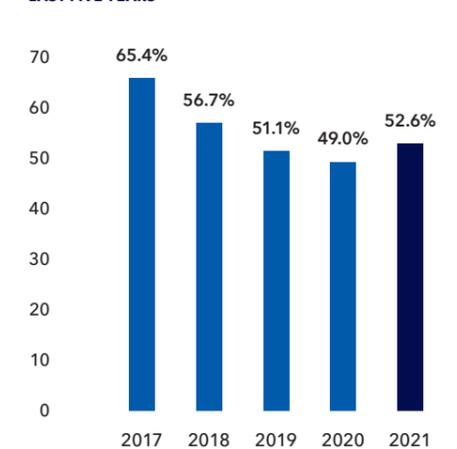
LAST FIVE YEARS



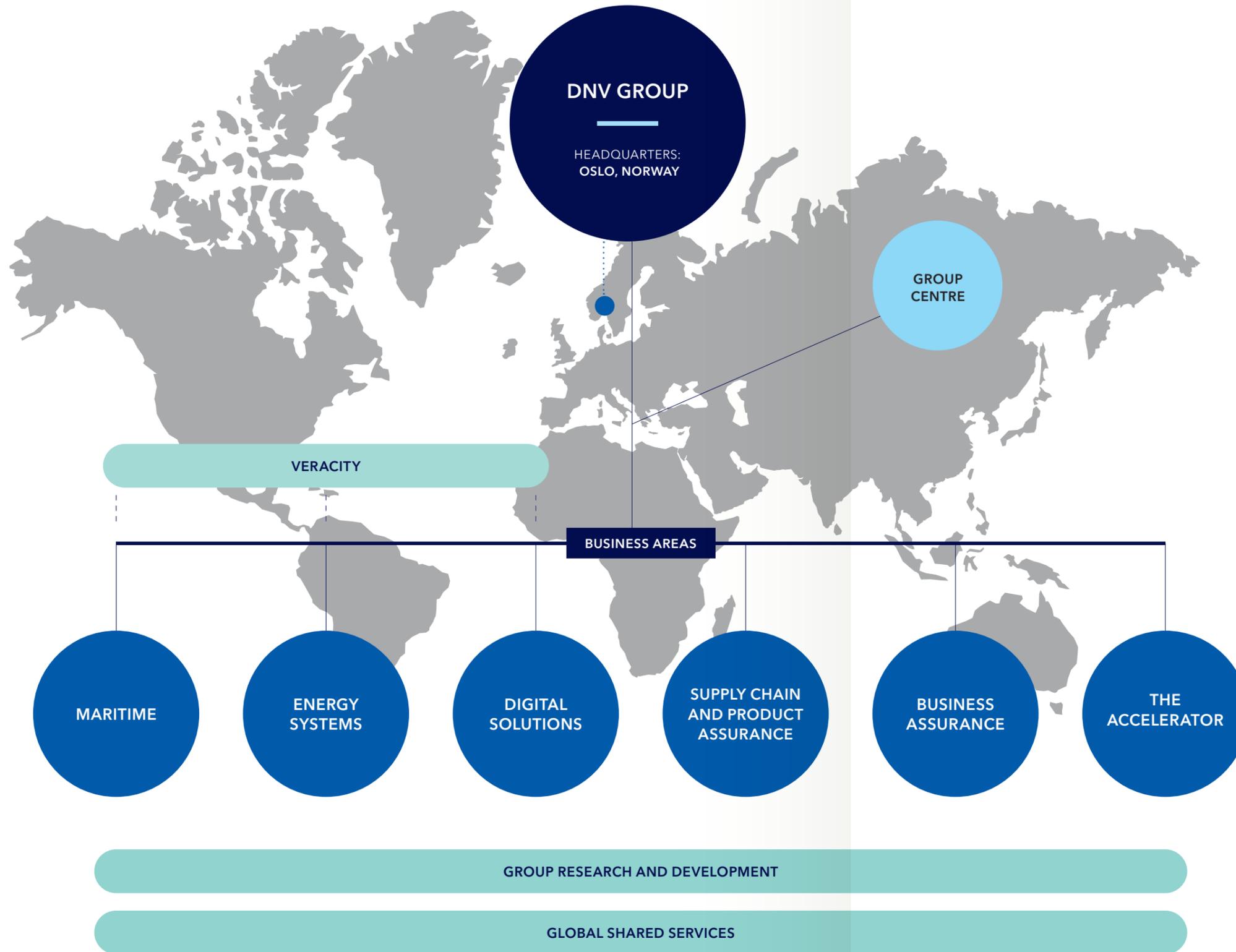
Equity ratio (%)

## 52.6%

LAST FIVE YEARS



# GROUP STRUCTURE



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

The 2021 annual report reflects the stories and results of the six business areas: Maritime, Energy Systems, Digital Solutions, Business Assurance, Supply Chain and Product Assurance and The Accelerator.

## Ownership

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

# OUR HISTORY

## ▼ The first growth phase in the maritime industry



**1864**

Det Norske Veritas (DNV) is established by Norwegian insurance companies as a national alternative to foreign classification societies. One year later, Germanischer Lloyd (GL) is founded in Hamburg by a group of 600 ship-owners, shipbuilders, and insurers.

**1864-80**

First phase of growth, both in shipping in general and in the DNV-classed fleet. By 1883, Norway has the third-largest fleet in the world measured in registered tonnage.

**1907**

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

## ▼ Pioneering a science-based approach



**1951**

Georg F. Vedeler is appointed managing director of DNV. Two years later, DNV becomes a pioneer among classification societies by publishing new rules, based on an analytical and theoretical scientific approach to ship building.

**1954**

DNV establishes a dedicated research department.

## ▼ Entering the oil era



**1970**

DNV enters both the offshore installation and cargo sectors of the oil business, including pipelines and vessels. This develops into an important new market for DNV.

**1978**

DNV becomes an independent, self-owned foundation.

## ▼ New standards and a shift towards renewables



**1990**

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

**2008**

DNV is approved to accredit hospitals in the US.

**2007-09**

GL acquires Helimax and Windtest and merges with Garrad Hassan, creating the world's largest renewable energy consultancy.

**2010**

DNV opens the Clean Technology Centre in Singapore.

## ▼ A new era of growth



**2011**

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

**2013**

The DNV and GL merger is official, and the company changes its name to DNV GL. DNV GL becomes the world's largest classification society, the leading assurance and technical advisor to the energy market, and a world leading certification provider.

## ▼ Entering the decade of transformations



**2015**

Remi Eriksen is appointed CEO of DNV, increasing the focus on digitalization and data driven services.

**2016**

Veracity, DNV's data platform for data driven assurance, goes live. In 2016, DNV also publishes its first ever *Energy Transition Outlook* - a forecast of the energy transition globally towards 2050 in 10 world regions.

**2020**

DNV launches its new vision of being a trusted voice to tackle global transformations. Digital services, such as remote audits, drone inspections, and AI-driven support, are rapidly scaled up during the COVID-19 pandemic.

**2021**

DNV implements its new strategy to shape the future of assurance through to 2025 and changes its name from DNV GL to DNV. The new strategy positions DNV for significant growth, and strategic acquisitions are made within healthcare, cyber security, and renewable energy.

# BUSINESS AREAS AT A GLANCE

As an independent assurance and risk management company, we help advance safety and sustainable performance, set industry standards, and build trust in our customers products, services, systems and operations.

## BUSINESS ASSURANCE



We help ensure compliance, improve our customers' management system performance, and meet their competence needs within a wide range of industries.

### Services include:

- Management system certification (generic and industry-specific standards)
- Training and competence-related services
- Certification of persons

## MARITIME



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

### Services include:

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

## SUPPLY CHAIN AND PRODUCT ASSURANCE



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

### Services include:

- Supply chain governance
- Product assurance
- Sustainability
- Risk management
- Healthcare and medical technologies' assurance
- Offshore aquaculture classification and certification
- Digital assurance

## ENERGY SYSTEMS



We help customers navigate the complex transition to a decarbonized and more sustainable energy future. We do this by assuring that energy systems work safely and effectively, using - increasingly digital - solutions.

### Services include:

- Advisory
- Certification
- Digital monitoring
- Verification

## THE ACCELERATOR

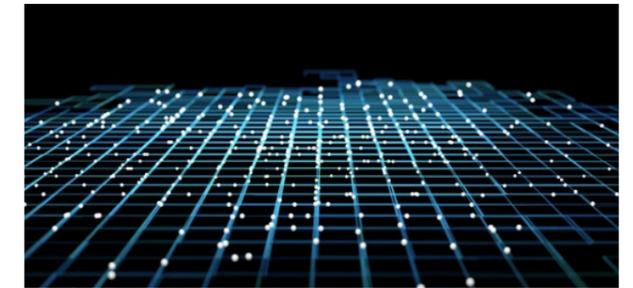


We rapidly nurture successful businesses and services that will shape the future of assurance. The Accelerator operates a portfolio of units undergoing significant growth, chiefly through acquisitions and partnerships.

### Services include:

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

## DIGITAL SOLUTIONS



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

### Services include:

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

## VERACITY



Veracity by DNV delivers a trusted industry cloud that helps customers within the maritime and energy sectors accelerate their digital transformation, ensuring more sustainable, safe, and efficient operations.

### Services include:

- An industry marketplace for buying and renewing service subscriptions
- Easy and controlled access to digital services and data
- An identity network securely connecting business partners
- A self-service portal for developers
- An industry data workbench providing data fit for purpose, data quality assessment, and process support for secure data exchange

# TACKLING GLOBAL TRANSFORMATION WITH FORESIGHT AND INSIGHT

DNV allocates 5% of our annual revenue to strategic research, technology development, and innovation to provide a trusted voice and value to our customers and society at large.

The corporate research and development unit provides scientific insights, thought leadership, and forecasts. We focus our research on the impacts of decarbonization and digitalization for a wide range of industries, including the maritime, energy, healthcare, and food industry. In addition, we conduct research on digital assurance, the energy transition, supply chains, and the ocean space. We publish our research in scientific journals and in position papers.

A selection of our research projects and publications can be found in our Research Review 2021 at [dnv.com/research/review-2021](https://dnv.com/research/review-2021)

## Innovation through collaboration - joint industry projects

DNV leverages its role as an independent party with no vested interest in proprietary technologies by leading a range of joint industry projects. These projects bring together business and academia to co-create problem solving or technological solutions and often result in global industry standards and best practices.

Get the overview of the projects here: [dnv.com/group/joint-industry-projects](https://dnv.com/group/joint-industry-projects)

## A suite of Energy Transition Outlook reports

Our most popular and widely referenced research publication is the *Energy Transition Outlook (ETO)*, which was downloaded by more than 30,000 people last year.

In 2021, the suite of ETO publications included four additional reports: *Technology Progress Report*; *Financing the Energy Transition*; *Maritime Forecast to 2050*, and the *Pathway to Net Zero Emissions* report.



## The ocean economy towards 2050

How will ocean-based industries develop towards 2050? How much ocean space will they take up and what are the barriers to growth? Those were some of the questions that our researchers explored in the *Ocean's Future to 2050* report.

It provides a forecast of investments and operating expenditures in maritime transportation and ship services, offshore energy, offshore aquaculture, coastal and cruise tourism, as well as in new industries like water desalination.



## Exploring AI technologies

DNV's Group Research and Development unit collaborates with nine universities across the world. This includes the sponsoring of professorships and PhD students, lectures by our employees, and the supervision of students, as well as collaboration projects.

Last year, our Artificial Intelligence Research Centre started a research collaboration with Fudan University in Shanghai, China.

The main area of this collaboration is to develop methods to test and assure AI and AI-enabled systems. This is essential for DNV's future role as a globally leading assurance provider because the independent assurance of cyber-physical or fully digital assets will become at least as important as the assurance of physical assets.

# THE EXECUTIVE COMMITTEE

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

Luca Crisciotti, Liv Hovem, Ditlev Engel and Barbara Frenca were appointed CEOs of their new business areas as of February 2021.



**Luca Crisciotti**

**CEO Supply Chain and Product Assurance**

Luca Crisciotti (Italian) is currently the CEO of DNV's Supply Chain and Product Assurance business area and was previously the CEO of Business Assurance (2012-2020). With a background in the certification industry, Luca started his career in DNV as a Sales Manager in Rome, Italy. He continued as the Business Development Manager for Division South Europe before moving to Japan for three years as Country Manager. He then moved to Shanghai, Greater China, taking over as COO. Luca has a master's degree in Business Economics from the University 'La Sapienza' in Rome. Luca joined DNV in 2001.



**Remi Eriksen**

**Group President & CEO**

Remi Eriksen (Norwegian) became Group President and CEO of DNV in 2015. He was previously the COO of the DNV Group, and has served as CEO of DNV Maritime and Oil & Gas, as well as COO of DNV Energy. He has also held senior roles within DNV in Asia, Europe, and the Americas.

Amongst many other leadership roles, Remi is currently Chair of the Board of the Norwegian University of Science and Technology (NTNU) and a member of the Executive Committee of World Business Council for Sustainable Development (WBCSD). He holds a master's degree in Electronics and Computer Science from the Norwegian Institute of Technology and executive education from Rice University, IMD and INSEAD. Remi joined DNV in 1993.



**Knut Ørbeck-Nilssen**

**CEO Maritime**

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

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



**Ditlev Engel**

**CEO Energy Systems**

Ditlev Engel (Danish) is the CEO of DNV's Energy Systems business area, leading a team of 4,000 energy experts to help customers navigate the complex transition to a more sustainable energy future. Prior to his role at DNV, Ditlev was the Group President & CEO of global wind turbine manufacturer Vestas Wind Systems A/S between 2005 and 2013. Before this, he spent 20 years at global coatings manufacturer Hempel A/S, where he was Group President and CEO from 2000 to 2005.

Ditlev has been a driving force behind many global green investment initiatives, pushing the energy transition to the next level, and has also been Denmark's Special Envoy for Climate and Energy. He has degrees in business administration, finance & accounting from Copenhagen Business School and has completed INSEAD's General Management Programme. Ditlev joined DNV in 2016.



**Gro Gotteberg**

**Chief People Officer**

Gro Gotteberg (Norwegian) has been the Chief People Officer at DNV since 2017. Since she joined in 2008, she has held several roles within DNV: as HR Director, in Leadership Development, and more recently as HR Manager in South East Asia & Australia. Gro has extensive experience within organizational, competence and leadership development within a variety of industries such as shipping, management consultancy and developing aid & rescue relief.

Gro has a Master of Business & Economics from NHH Norwegian School of Economics and brings 15 years of international business, cultural and diversity experience from Africa, Americas and South East Asia.



**Liv A. Hovem**

**CEO The Accelerator**

Liv A. Hovem (Norwegian) leads The Accelerator, a business area dedicated to building businesses and technologies that shape the future of assurance. She leads a multinational team in identifying initiatives with high growth potential and boosting their impact through organic growth, acquisitions, and partnerships.

Liv has experience leading successful international businesses across multiple industries, including in the maritime and energy sectors. She has a special interest in technology research and innovation, business model innovation, and agile ways of working to nurture rapid business growth. She has served as a board member of several R&D-related institutions. Liv has a master's degree in Naval Architecture and Offshore Engineering from UC Berkeley and a master's degree in Civil Engineering from the Norwegian Technical University. She joined DNV in 1988.



**Klas Bendrik**

**Chief Digital Transformation Officer**

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

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



**Kenneth Vareide**

**CEO Digital Solutions**

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

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



**Kjetil M. Ebbesberg**

**Group Chief Financial Officer**

Kjetil M. Ebbesberg (Norwegian) joined DNV as Group CFO in 2020. Kjetil joined DNV from Norsk Hydro, where he last served as Executive Vice President of Hydro Rolled Products. He has more than 20 years' experience from many different executive and finance-related positions at Hydro, of which eight years in the Corporate Management Board.

Kjetil has also been CFO of the Norwegian retail group Coop from 2007 to 2009. He holds a master's degree in business economics from the Norwegian School of Economics and Business Administration (NHH) in Bergen, Norway, in combination with the University of Ottawa, Canada.



**Ulrike Haugen**

**Chief Communications Officer**

Ulrike Haugen (German) joined DNV as Chief Communications Officer in May 2017. She has responsibility for Communications, Public Affairs and Sustainability. She has broad communications, marketing, and business development experience from roles within international corporations in Norway, UK, Germany, and Italy.

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



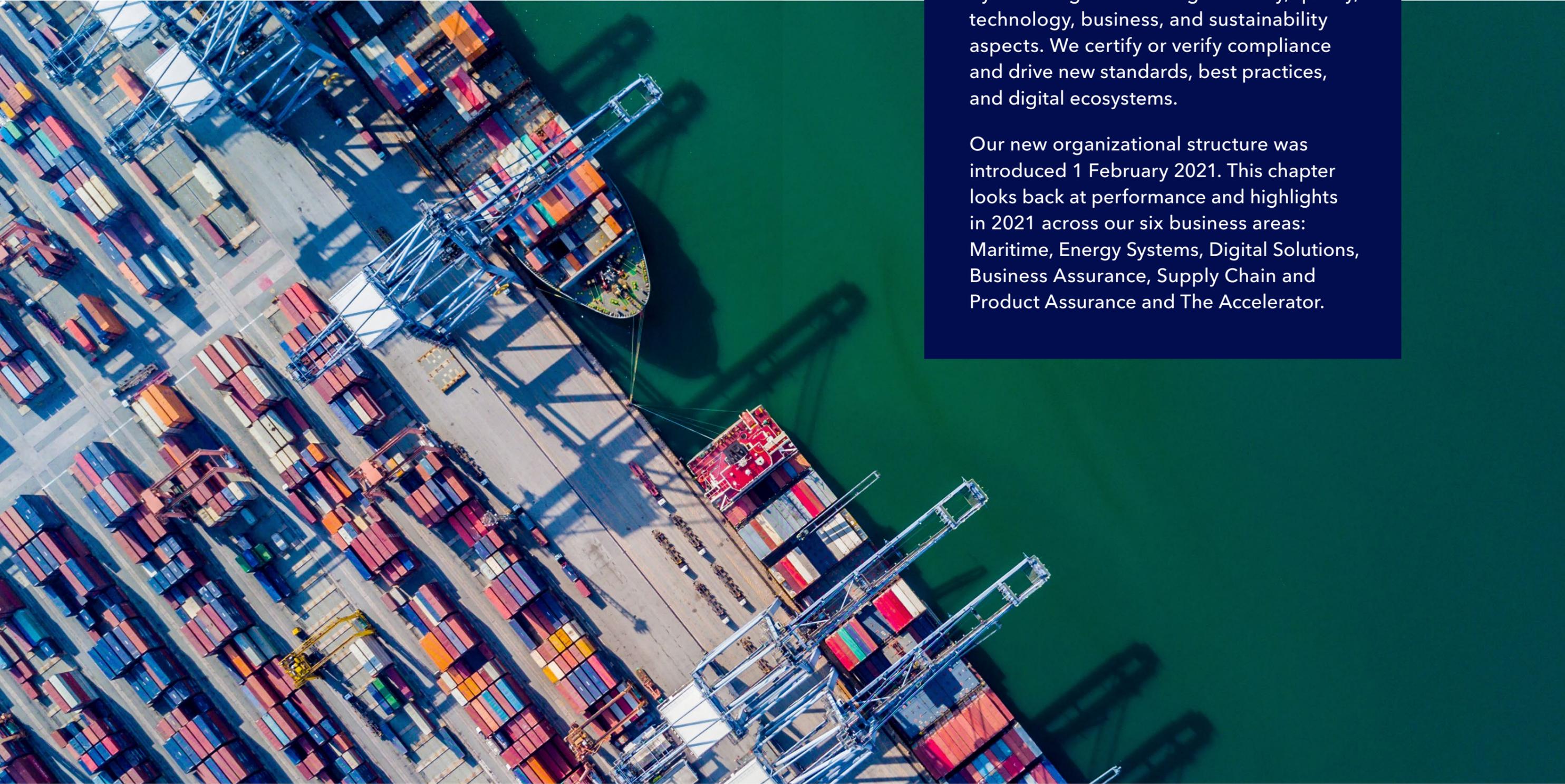
**Barbara Frenca**

**CEO Business Assurance**

Barbara Frenca (Italian) became the CEO of Business Assurance in February 2021. With a financial background, Barbara's experience spans from corporate finance to operations.

Barbra was a HUB manager in Italy before becoming a Regional Business Controller and appointed Global Finance Director for Business Assurance in 2010. Barbara holds a master's degree in Business Economics from The University of Genova. She joined DNV in 1996.

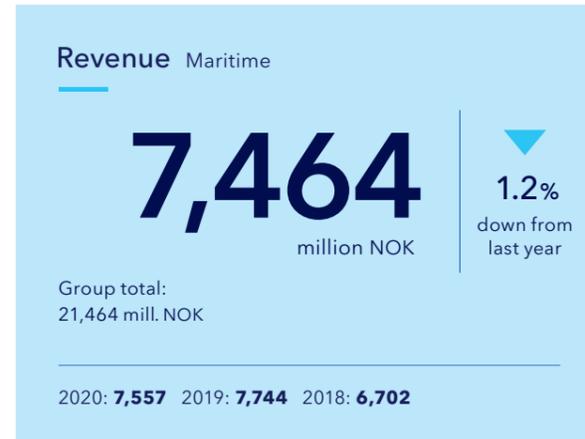
# MARKETS



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

Our new organizational structure was introduced 1 February 2021. This chapter looks back at performance and highlights in 2021 across our six business areas: Maritime, Energy Systems, Digital Solutions, Business Assurance, Supply Chain and Product Assurance and The Accelerator.

# TACKLING THE GRAND CHALLENGE OF OUR TIME



Throughout 2021, both internal and external pressure built on shipping around the key issue of decarbonization. The Intergovernmental Panel on Climate Change (IPCC) report and COP26 were red flags for the world, showing that immediate action was needed. At the same time, there was renewed vigour in the new-building market, with a notable increase in the number of vessels ordered with alternative fuel systems.

Measured in gross tonnage, DNV won a market share of 30% of all newbuilds ordered in 2021.

At DNV, we worked to ensure that the focus on safety was not lost even in the midst of a transformative period for the industry. New DNV rules and reports put the challenges of new fuels and technologies in the spotlight to empower our customers to make tough decisions and help them turn uncertainty into confidence.

## 2021 REVIEW

### Handbook for hydrogen-fuelled vessels

The MarHySafe joint development project brought together a consortium of 26 leading companies and associations, led by DNV, to launch the Handbook for Hydrogen-fuelled Vessels to address the uncertainties surrounding hydrogen as a ship fuel.

This handbook offers a roadmap towards safe hydrogen operations using proton exchange membrane fuel cells (PEMFC). It details how to navigate the complex design and construction requirements, and covers the most important aspects of hydrogen operations, such as safety and risk mitigation, engineering details for hydrogen systems, and implementation phases for maritime applications.

Phase II of MarHySafe will include pre-calculated risk assessments and experimental testing, as well as more work on hydrogen bunkering and input towards standardization.





### Green finance for green vessels

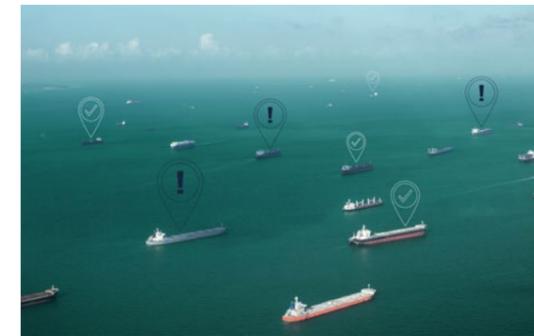
DNV supported Hapag-Lloyd in obtaining financing for six of its highly efficient containership newbuildings in accordance with the Green Loan Principles of the Loan Market Association (LMA). DNV verified that the transactions fulfilled the programme's requirements. Hapag-Lloyd concluded two debut transactions in accordance with these Green Loan Principles, and DNV provided a second-party opinion to confirm compliance with the requirements as an independent expert.

The transactions are associated with the financing of six ultra-large 23,500 twenty-foot equivalent unit (TEU) container ships ordered in December 2020. As a result of the extremely efficient high-pressure liquefied natural gas (LNG) dual-fuel engines, the six newbuildings' CO<sub>2</sub> emissions will be approximately 15 to 25% lower than those of a comparable conventionally fuelled vessel.

### Compliance Planner tool

As both the number and complexity of international shipping regulations continue to grow, navigating timelines and requirements has become an increasing burden on ship owners and operators. To simplify this, DNV launched Compliance Planner - a new digital tool enabling customers to easily track legislative requirements and deadlines for both individual vessels and entire fleets.

This is the first time a classification society has put together this information in a simple and accessible way. The tool also automatically shows an owner or operator the regulations affecting its fleet and when.



### Targeting seafarer well-being

In response to the impact of the coronavirus pandemic on seafarers, DNV established a separate audit protocol addressing challenges to crew health and well-being, and instructed our safety management auditors to specifically address seafarer health, work, and living conditions in their audits. The protocol is grounded in the International Safety Management Code (ISM) and the Maritime Labour Convention (MLC) of 2006.

The overall objective of these regulations is to ensure safety at sea by requiring companies to provide, among other things, a safe working environment through assessing all identified risks to ships and personnel, and establishing appropriate safeguards.

DNV has recently revamped our Maritime Management Systems audits around the fit-for-purpose concept, according to which auditors assess the effectiveness of management systems.

### Launching the Maritime Technologies Forum

DNV joined forces with leading flag states and classification societies to launch the Maritime Technologies Forum (MTF). The MTF provides technical and regulatory research, expertise, and leadership to assist the shipping sector and its regulators in addressing technology challenges.

The regulatory framework for the development and use of new technology in shipping must remain up to date to ensure the safety of people, assets, and the environment. By bringing together expertise to offer guidance and advice on technical and regulatory challenges, the MTF will help the shipping industry and International Maritime Organization (IMO) to navigate and embrace the impact of these changes.

### New fuels, new flexibility



Throughout 2021, DNV released many updates to its rules for ship classification designed to enable the maritime industry to tackle the decarbonization challenge.

DNV also announced Fuel Ready, a class notation offering shipowners the option to prepare for a later conversion to multiple alternative fuel options, and Gas Fuelled Ammonia, a notation for ammonia fuelled vessels, to allow owners to stay ahead of shipping's ever tightening carbon reduction requirements.

### Reducing greenhouse gas emissions on offshore installations

The new Abate class notation is designed to assist owners and operators of offshore floating installations to identify and implement measures to reduce greenhouse gas emissions. Altera Infrastructure is the first Floating Production, Storage and Offloading (FPSO) unit owner to pilot the DNV notation on the Petrojarl Knarr FPSO, with successful results so far.

The Abate notation provides a structured approach to identify and assess the implementation of abatement measures, in order to enable measurable reductions in an installation's greenhouse gas emissions. Primarily developed to cover offshore oil and gas installations, the general principles can also be applied to other floating offshore installations. Abate is a voluntary and modular notation, comprising a management aspect and several qualifiers that address different areas of application for abatement measures.



# FAST-TRACKING THE ENERGY TRANSITION

Revenue Energy systems<sup>1</sup>

**7,897**  
million NOK

▲  
3.2%  
up from  
last year

Group total:  
21,464 mill. NOK

2020: **7,654** 2019: **8,895** 2018: **8,075**

Employees Energy systems<sup>1</sup>

**3,981**  
employees

▲  
0.1%  
up from  
last year

Group total:  
11,795

2020: **3,952** 2019: **4,268** 2018: **4,510**

In 2021, DNV combined its Oil & Gas and Power & Renewables (Energy) businesses into one new business area called Energy Systems. This move means we can better reflect the emerging energy future, which will see renewables take a greater share of the energy mix and decarbonization become a major focus. By bringing together our expertise from across the energy sector, we can better help our customers

to scale green energy technology in a safe and sustainable way from production to energy use. We can also offer a broader, integrated set of global services for companies across various phases of their decarbonization pathway to reduce the impact of greenhouse gas emissions in the energy sector. This was reflected in project wins and customer success stories in 2021.

## 2021 REVIEW

### Developing Taiwan Power Company's largest offshore wind farm

Taipower Offshore Wind Project Phase II (Changhua Phase II) is the largest offshore wind farm being developed solely by Taiwan Power Company. DNV signed its largest-ever offshore engineering agreement to support the project across its lifecycle right through to commissioning. DNV's international and local experts are undertaking design reviews, fabrication assurance, and construction assurance.

The project demonstrates the benefits of having an assurance partner that can support both offshore project engineering activities and marine coordination work. Taiwan aims to generate 20% of its electricity from renewables by 2025. By then, 5.7 GW of installed capacity is scheduled to be available from offshore wind farms, including Changhua Phase II.



<sup>1</sup> The 2018-2020 numbers reflect the consolidated revenue and employee numbers of the former business areas Oil & Gas and Energy.

## Making hydrogen adoption a reality

DNV was chosen to lead a project to identify and analyse the main environmental, safety, and operational risks of the world's first offshore floating green hydrogen production facility. The test site, located off the coast of France, is managed by Lhyfe, a producer and supplier of green and renewable hydrogen for transport and industry, and Centrale Nantes, School of Engineering and Research Centre.

The project's ambitious goal is to make offshore renewable hydrogen a reality by demonstrating the reliability of an offshore electrolyser. DNV's experts hosted workshops and technical sessions to identify and analyse safety risks.

The project represents a watershed moment for the adoption of hydrogen, a unique energy carrier with no carbon emissions that can be used for long-term storage and heating applications. Hydrogen is set to become increasingly economically viable due to the growing penetration of wind and solar power.



## DNV fully accredited to offer type certification in China and Korea

In 2021, DNV became fully accredited by CNAS (China National Accreditation Service). This allows DNV to offer the type certification of wind turbines and component certification of gearboxes, rotor blades, and generators for products destined for Chinese wind power projects.

At the beginning of 2022, DNV was also accredited to offer wind turbine certification in Korea.

## Managing over 300 solar plants with an installed capacity of more than 850 MW

EF Solare Italia, the leading photovoltaic (PV) operator in Italy, signed an agreement to import its entire portfolio into DNV's GreenPowerMonitor (GPM) Plus and GPM Horizon data monitoring platforms. GPM Horizon is a web-based real-time monitoring and management platform providing customers with tools to manage every level of their plant portfolio, plant supervision and operation, maintenance management, financial and asset management, automated reporting, forecasting, and much more.

Italy plans to cut its carbon emissions by around 60% by 2030. The partnership between EF Solare and DNV will support the country in achieving this aim and highlights the commitment of both companies to play an active role in global decarbonization by using digital solutions. As of September 2021, DNV's GreenPowerMonitor global portfolio surpassed 46 GW, split between solar, wind and storage energy.



## Proving the safety case for hydrogen

Hydrogen will play a central role in our future energy mix. Assuring safety is a critical first building block in developing the use of hydrogen to decarbonize the energy supply to homes in countries such as the UK, where there is high dependence on piping natural gas for heating and cooking. To do this, DNV has specially designed and built HyStreet, a row of three ordinary-looking houses, at our testing and research facility in Cumbria, UK.

In 2021, the team continued to conduct safety testing for the UK Government's Hy4Heat programme, which aims to establish whether it is technically possible, safe, and convenient to replace natural gas with hydrogen in residential and commercial buildings and gas appliances.

## Expanding DNV's service offering and market reach

In 2021, DNV acquired the consulting arm of Antuko, a leading energy price forecaster specializing in quantitative analysis, risk assessment, market intelligence, transaction advisory, and market representation services.



The integration of Antuko's capabilities into DNV's portfolio will offer customers, investors, financial institutions, owners, and operators a one-stop-shop covering both the technical dimension and commercial strategy of a project.

To support the growing need to transform energy markets across all sectors and decarbonize the energy supply, DNV also acquired US-based engineering consultancy Energy and Resource Solutions, Inc. (ERS). ERS works with utilities, governments, and large commercial and industrial end users to solve complex energy and resource problems.

The domain expertise and digital-first approach demonstrated by ERS, combined with our shared commitment to sustainability, managing energy use and mitigating environmental impacts, will help industrial energy users across the world navigate the transition to a low carbon energy system.

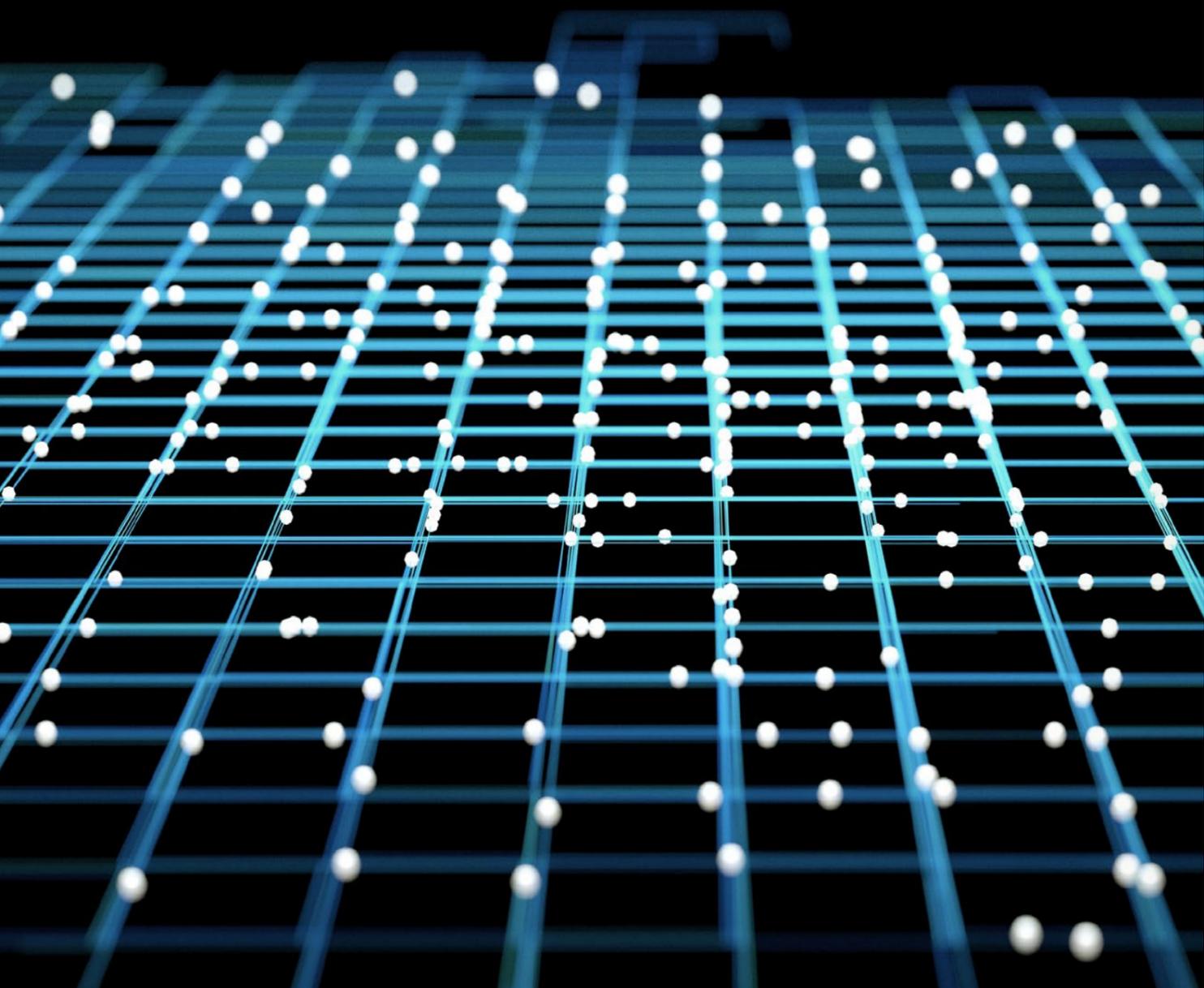
## Reducing earthquake challenges facing wind power plants

As wind power grows in markets such as Asia Pacific and the US, there is an increasing need to ensure the design of wind turbines and other wind power plant assets, such as the offshore substation, can meet the challenging conditions seen in those regions. In response to this, DNV has published the world's first recommended practice (RP) to minimize cost, warranty, and liability risks, and optimize wind power plant design for seismic conditions.

This recommended practice was the result of a truly global collaborative effort, which saw more than 20 wind industry leaders, including original equipment manufacturers (OEMs), project developers, designers, and experts from Asia Pacific, Europe, and North America, come together to align wind turbine design methodologies for extreme environmental conditions.



# TRANSITIONING THROUGH DIGITALIZATION



Digital Solutions continued to build a position as a leading, global, and trusted provider of software and enterprise solutions, helping customers digitalize and manage business critical activities. The lion's share of our activities is directed at assuring safe and reliable energy production, supply, and use.

Throughout 2021, this business area focused on transforming its products, services, and operations to further support the energy transition. Going forward, the anticipated accelerated growth and digitalization within renewable energy are expected to significantly increase the demand for digital solutions.

## 2021 REVIEW

### Assuring digital twins to enable unmanned offshore platforms

The oil and gas industry faces substantial challenges related to operating and maintaining offshore assets. At the same time, digital twins, linking digital models and simulations with real-world data, pose a great opportunity to optimize and reduce operating time and costs. Assets can be planned and designed, and performance improved, through data-driven operations. DNV's recommended practice RP-A204 offers valuable guidance for digital twin developers and is a framework for the qualification and assurance of digital twins.

In 2021, DNV performed extensive work to develop a digital twin that enables the remote operation of Aker BP's offshore platform in the Norwegian North Sea. This project demonstrates the strengths of combining deep digital insights and technical domain knowledge across DNV's Digital Solutions and Energy Systems business areas.



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

<sup>1</sup> In early 2021, DNV made organizational changes following its new strategy. Veracity became an internal joint venture and two business units, Cyber Security and Digital Health, were transferred to The Accelerator. The 2020 financial figures have thus been updated to be comparable with 2021 figures.  
<sup>2</sup> Due to the reorganization, the 2021 employee figures are not comparable with those of 2020.



### Supporting carbon capture and storage through CO<sub>2</sub> software

When processing, transporting, and storing large quantities of carbon dioxide, as is the case in carbon capture and storage infrastructure, there is a risk of hazardous releases into the atmosphere from blowdown vents and process equipment, pipelines, and storage tanks. In 2021, DNV entered into a long-term partnership with Equinor and TotalEnergies to continue the development of detailed simulation capabilities in our KFX computational fluid dynamics (CFD) software.

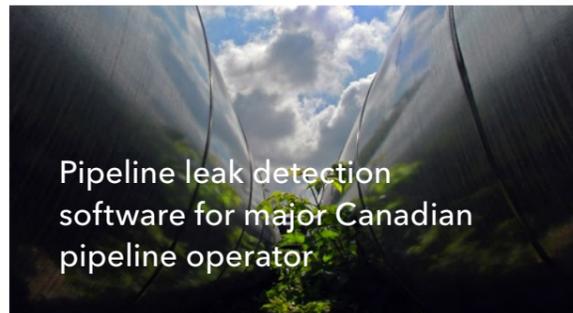
KFX CO<sub>2</sub> is used for safety analysis when planning and operating new low-carbon infrastructure. The software takes into account the important effects of CO<sub>2</sub> thermo-dynamics, complex geometries, and terrain. Reliable CO<sub>2</sub> safety analyses are crucial for regulatory and public acceptance when planning and operating a new low-carbon infrastructure.

### Automating complex consequence analysis tasks

With the successful pilot launches of two new tools, Synergi Gas Overpressure Analysis and Synergi Gas Outage Analysis, DNV's pipeline product line has taken a major step forward on the journey towards software-as-a-service applications.

These are DNV's first multi-tenant software-as-a-service applications based on the new foundation from CommonSpace, a platform developed by Digital Solutions. The two new tools are now being used by five key customers, and the 2022 product release incorporates feedback from the pilot project.

The overpressure analysis tool uses Synergi Gas model data to analyse the consequences of an overpressure event, while the outage analysis tool examines the consequences of unplanned and planned outages in a network. Both tools support investment strategy and key decisions regarding the safety and reliability of supply.



### Pipeline leak detection software for major Canadian pipeline operator

Considering the severe consequences of accidental releases from liquid and gas pipelines, it is critical to develop accurate and powerful tools for simulation and leak detection. In 2021, Canada's third-largest pipeline operator, Pembina, purchased DNV's leak detection solution, Synergi Pipeline Simulator, and tested this software in a pilot project covering three pipelines.

The contract is significant for Synergi Pipeline Simulator in the North American market, where DNV aims to increase our pipeline leak detection activities, ensuring that the most accurate modelling and analysis are available to reduce the risk of an accidental release. Currently, the three largest pipeline operators in Canada all use Synergi Pipeline Simulator for leak detection and prevention. The software will be implemented on Pembina's entire network of pipelines in 2022.

### Software reduces wind turbine simulation costs



As wind turbines are scaled up, mitigating risk by understanding turbine behaviour is key. In addition, increasingly advanced models are required to analyse the turbine's response to wind and ocean conditions at each windfarm location.

DNV's turbine design software, Bladed, provides a sophisticated numerical model of wind turbines and their operational environment. Bladed can be run in the cloud to make use of large computing resources. DNV has been working to increase the simulation speed to reduce costs.

The improved code is now available on Linux as well as on Windows, giving a further 50% reduction in cloud compute cost. In addition, new interfaces between Bladed and Sesam are saving engineering time by reducing errors and the time spent on model conversion. Key players using Bladed in the offshore wind market, such as General Electric and Goldwind, will benefit greatly from the improvements.

### Cascade software supports the digital future

Over 100 utilities globally depend on DNV's Cascade software solution to manage critical assets, tracking age, usage, maintenance history and a range of other variables. As power utilities face rising pressure to deliver increased reliability while also reducing costs, it is critical to meet asset performance management objectives. This flagship software supports asset performance management with predictive maintenance, allowing utilities to optimize data collection, analysis, and operations for improved reliability and regulatory compliance.

In 2021, our electric grid product line made extensive progress on its digital transformation of the Cascade software. The improved software solution includes cloud support, a modernized user experience interface, and strong performance improvements. The release of the Cascade next-generation software is planned for Q3 2022.

### Ensuring accurate and confident energy production estimates

As the demand for renewable energy increases, offshore wind development zones are becoming more crowded and solar photovoltaic (PV) power plants are being built on more complex and irregular sites. Consequently, energy production is being under-predicted more frequently, creating challenges for owners and investors alike.

In partnership with key industry players RES and Engie, and with the support of multiple community funded research and development programmes, Digital Solutions' WindFarmer and SolarFarmer software packages are leading the charge on the prediction challenges in both industries. The software provides physics-based modelling for solar PV power plants, and new machine learning methods for wind flow and wake loss prediction, all packaged in web API calculation engines to provide customizable and cloud-based workflows.



# ASSURING BUSINESS CONTINUITY AND RESILIENCE

## Revenue Business Assurance<sup>1</sup>

**2,892**  
million NOK

▼  
19.6%  
down from  
last year

Group total:  
21,464 mill. NOK

2020: **3,595** 2019: **3,626** 2018: **3,645**

## Employees Business Assurance<sup>1</sup>

**1,464**  
employees

▼  
23.8%  
down from  
last year

Group total:  
11,795

2020: **1,922** 2019: **1,978** 2018: **1,908**

Due to the pandemic and growing demands to ensure business continuity and mitigate risks, companies are further investing in their management systems to assure robust and sustainable operations. Throughout 2021, DNV's management system certification portfolio had a strong recovery, and DNV continued to help customers uphold levels of quality, safety, security, and sustainability in their daily operations.

The Business Assurance business area also deployed new services relating to the main certification schemes in order to meet increased market requirements, such as ISO 45003, which relates to managing psychological health in the workplace.

## 2021 REVIEW

### Strengthening the management system certification portfolio

Faced with increasingly dynamic and volatile risks related to quality, safety, cyber security, pandemics, and natural disasters, companies are increasingly seeing management systems as an organizational tool to ensure business continuity and resilience management and contribute to the Sustainable Development Goals (SDGs).

Following the first pandemic peak, DNV's management system certification portfolio has shown a strong recovery. This has been true for all ISO standards, including the main ones, i.e. quality (ISO 9001), environment (ISO 14001), and occupational health and safety (ISO 45001). The migration period to ISO 45001 finally closed in 2021 and all customers were successfully moved to the new standard within the deadline.



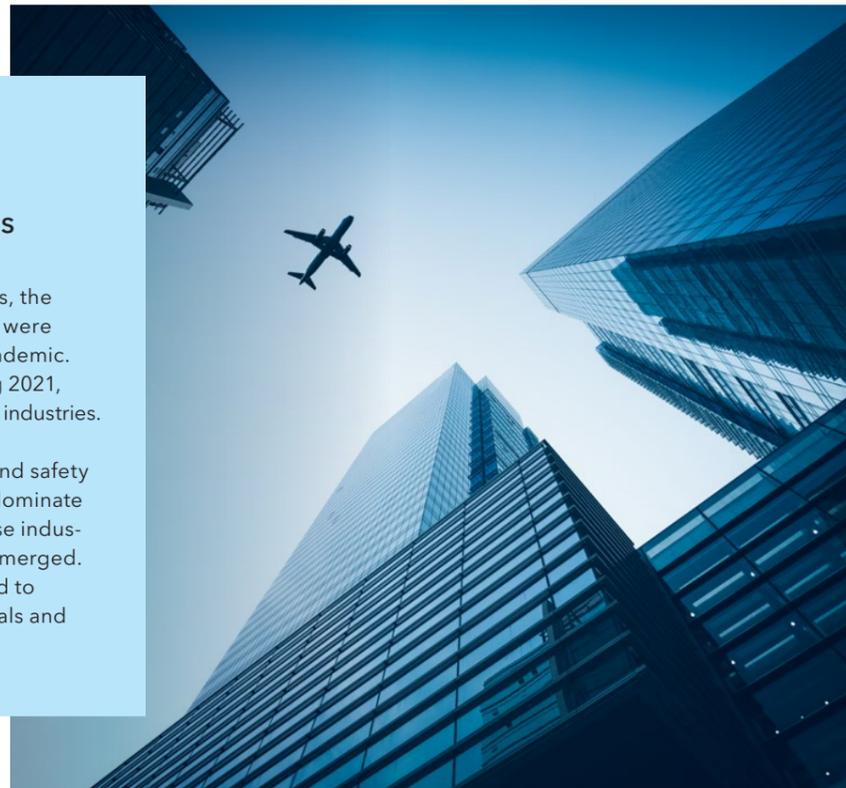
Moreover, remote auditing continued to prove its relevance in 2021. In a DNV customer survey on remote audits, over 75% of the respondents said they believe a mix of remote and physical audits will be the future norm and that remote audits will become as effective as traditional onsite ones in two to three years. In response to this trend, Business Assurance continued to evolve our offering of both remote and physical audits.

<sup>1</sup> In early 2021, Business Assurance was split into two new business areas - Business Assurance and Supply Chain and Product Assurance. Due to the reorganization, the 2021 figures are not comparable with those of 2020. In total, Business Assurance and Supply Chain and Product Assurance achieved growth of 8.5%.

## New requirements within the automotive and aerospace industries

Like many manufacturing industries, the automotive and aerospace sectors were initially heavily impacted by the pandemic. Since the situation improved during 2021, DNV has experienced growth in both industries.

Although the assurance of quality and safety across supply chains continued to dominate the certification services within these industries, new requirements have also emerged. These include requirements related to the environmental impact of materials and vehicle emissions.



## Strong recovery within food & beverage certification



The food and beverage industry proved resilient during the pandemic and there was a strong recovery in food safety certification in 2021. Moreover, companies are more inclined to choose a single certification body for all food safety standards, product-specific standards, and general ISO standards (quality, environment, energy management and occupational health & safety).

The general trend is that an increasing number of companies are selecting one single certification body in order to cohesively address quality, safety, and sustainability throughout their value chains.

In recent years, the concept of food safety culture has been paid growing attention by the industry. This is reflected in recently updated food legislation and CODEX Alimentarius international food standards. Following this, DNV has experienced a growing demand for training and assessment services related to helping customers build a resilient food safety culture.

Moreover, as food systems become increasingly interconnected and inter-dependent, DNV is assisting a growing number of customers with certifications to manage suppliers and build trust across food systems.

DNV also expanded its presence in the consumer product safety certification market, such as the certification of household products such as shampoo, detergents, and toothpaste. In 2021, DNV was accredited to certify household products to standards such as HPC 420, BRCGS, and IFS HPC.

## Improving the customer journey

Much effort has gone into improving the value and efficiency of management system certification by innovating services and tools. Our efforts range from boosting internal processes through automation and digitalization to providing new digital applications to customers.

Our improved self-assessment platform assists customers with implementing knowledge gained through our training courses and benchmark their management system.

The Boost My Audit application helps customers build high-performing management systems by offering a library of focus areas. The application aids companies in pinpointing the areas of improvement that matter the most. Associated checklists developed by DNV auditors help customers conduct internal audits and prepare for third-party external audits.

## A growing need for global training

In 2021, we strengthened our training portfolio related to the main certification standards in the management system certification portfolio. DNV implemented a new course portfolio addressing emerging market dynamics and risks, while also offering a wider range of learning modes, such as eLearning, and short training modules, including bespoke ones.

DNV also made efforts to include more tools to elevate customers' learning experience and support the practical implementation of new processes and skills. This was enabled by incorporating advanced analysis of audit data from DNV's Lumina™ platform, empowering course participants to learn from peers and check and implement knowledge through self-assessment tools.

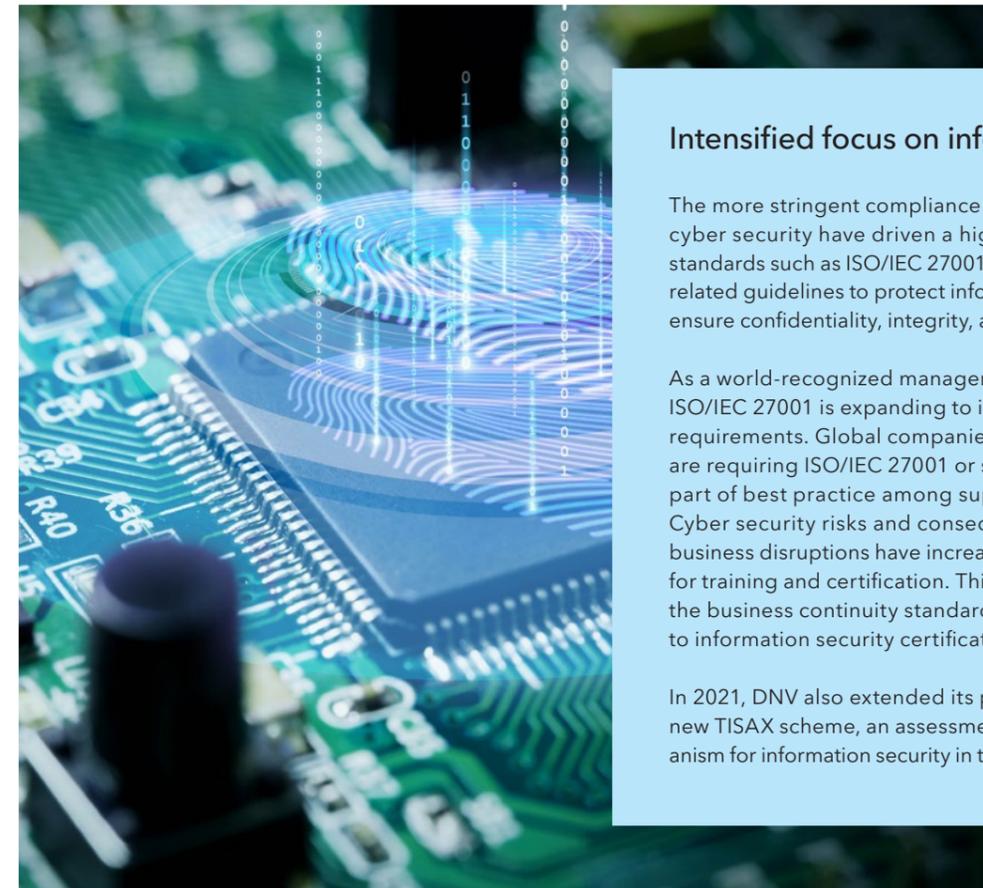
Systems are only as successful as the people executing them, and there is a growing need for more effective, consistent, and innovative training of personnel across the globe. Small learning modules (nano-learnings) and remote training have proven successful in this respect. An example of this from 2021 is DNV's work with Ericsson on its remote ISO 45001 (occupational health & safety) training across three continents.

## Intensified focus on information security

The more stringent compliance requirements related to cyber security have driven a high focus on certification standards such as ISO/IEC 27001 and ISO/IEC 27701 and related guidelines to protect information and privacy and ensure confidentiality, integrity, and accessibility.

As a world-recognized management system standard, ISO/IEC 27001 is expanding to include cyber security requirements. Global companies across all sectors are requiring ISO/IEC 27001 or similar standards to be part of best practice among suppliers and customers. Cyber security risks and consequent attacks causing business disruptions have increased customers' demand for training and certification. This extends to ISO 22301, the business continuity standard, as a natural add-on to information security certification.

In 2021, DNV also extended its portfolio to include the new TISAX scheme, an assessment and exchange mechanism for information security in the automotive industry.



# BUILDING TRUST THROUGH DIGITAL ASSURANCE



Revenue Supply Chain and Product Assurance<sup>1</sup>

1,009

million NOK



N/A

Group total:  
21,464 mill. NOK

2020: N/A 2019: N/A 2018: N/A

Employees Supply Chain and Product Assurance<sup>1</sup>

557

employees



N/A

Group total:  
11,795

2020: N/A 2019: N/A 2018: N/A

The Supply Chain and Product Assurance business area was carved out from Business Assurance at the beginning of 2021. Throughout 2021, DNV improved its Supply Chain and Product Assurance service offerings to enhance the traceability, sustainability, safety and quality of companies' products and processes

and thus satisfy ever more stringent requirements from various stakeholders. Regulatory pressure and heightening consumer awareness of brand ethics continue to contribute to the demand for transparency and third-party verification throughout the value chain, which DNV is expertly placed to provide.

## 2021 REVIEW

### Advancing the ESG and sustainable finance agenda

The main ESG topic for companies in 2021 was the impending finalization of the EU Taxonomy as part of the European Green Deal. The first Delegated Act was approved by the EU law makers in December 2021, and in other parts of the world - notably in China and the ASEAN countries - other taxonomies are under development.

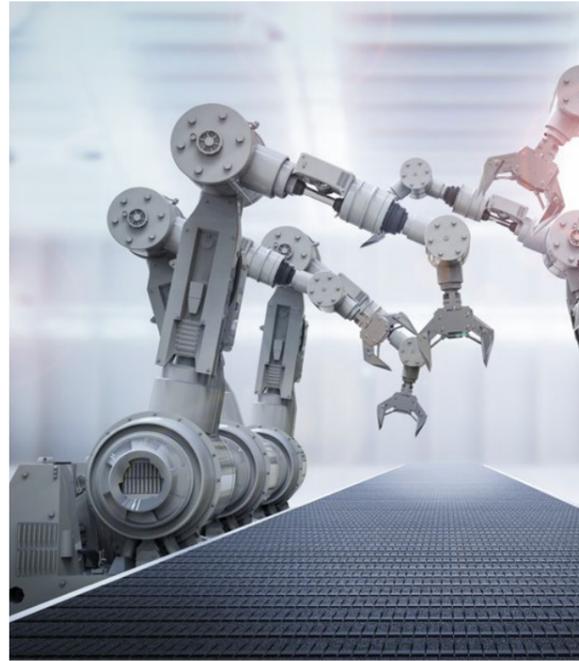
DNV is currently assisting the ASEAN Taxonomy Board with the development of the ASEAN Taxonomy. Furthermore, DNV has cemented its position as a provider of second-party opinions in green loan and bond markets, combining capital markets, sustainability, and engineering expertise to strongly support investors and companies.

The sustainability-linked bond market saw a sharp increase throughout 2021. Several existing and upcoming regulatory changes are forcing customers to disclose ESG-related data, and investors are eager to participate in offerings of



sustainable financial instruments in both the loan and bond markets. DNV continues to support customers with a range of sustainability offerings, including the assessment of strategic materiality and taxonomy alignment, assurance of emissions data, and analysis of environmental, social, and governance factors along the entire supply chain.

<sup>1</sup> In early 2021, the business area Business Assurance was split into two new business areas - Business Assurance and Supply Chain and Product Assurance. No historic revenue or employee data is therefore recorded as of 2021. In total, Business Assurance and Supply Chain and Product Assurance achieved growth of 8.5%.



### Ensuring safety and trust in the manufacturing and industrial sectors

In 2021, DNV made significant changes to the service line perimeter of product assurance following its new organization and strategy to 2025. In 2022, DNV will seize opportunities for organic growth in emerging areas, including within railway certification and assurance services, functional safety services, and industrial product assurance training. This also allows us to serve a wider segment of the construction sector with regard to the safety of machinery, including robots.

In addition, following Brexit, a new market access scheme, UKCA (UK Conformity Assessed), has been launched in the United Kingdom. As of 2021, DNV has become a UK Conformity Assessment Body to provide continued access to this important market for global manufacturers.

### Digital assurance in the trust economy

During the year, DNV further strengthened its portfolio around product traceability and, more widely, digital product passports and digital claim validation. We launched Tag.Trace.Trust., a digital product passport platform enabling customers to access independently validated information on a product, such as its environmental footprint, provenance, or authenticity.

DNV also launched several traceability services for commodities, such as recycled ocean plastics' chain-of-custody, and for fuel integrity, covering for example provenance, channel control, and green or hybrid fuels, throughout the entire supply chain.

Furthermore, DNV helped to fight off the pandemic by providing the San Marino Green Pass, a digital COVID-19 certificate proving a person's vaccination/test/recovery status. The San Marino Green Pass leverages DNV's digital certification infrastructure, which was built with support from VeChain, one of the world's leading blockchain platforms.

### Showcasing a wine's carbon footprint



Providing transparency to consumers on how a brand is acting on its sustainability commitments is becoming increasingly important. This year, a global wine producer engaged DNV to help demonstrate the carbon footprint of one of its products in a verified and trusted way.

DNV provided a digital solution to engage consumers at product level by showcasing the bottle's carbon footprint through verified product claims (based on ISO 14067) directly on the label. This delivered an easily accessible and real-time check of the footprint's authenticity, with anyone being able to scan the QR code to access more information using a smart device (such as a smartphone).

This solution provides the basis for a digital ecosystem in which the carbon footprint calculation can be extended to reporting and displaying more details of the product along the value and distribution chain.



### Increased awareness of circularity and ecosystems

Circularity has proven to be fundamental in the achievement of the 2030 Agenda for the UN's Sustainable Development Goals.

In 2021, DNV conducted an industry survey which highlighted that the circular economy is attracting increased attention from the public as well as from businesses. Of the respondents, 12% put the circular economy at the centre of their business model and 26% had embedded the circular economy in their sustainability strategy.

Digital technologies are essential for data management, for the traceability of materials and products, and for the implementation of circular business models. DNV deploys many digital services such as traceability solutions to harness sustainability data in supply chains as well as blockchain, to facilitate data sharing, handle digital assets (such as a twin of a physical product), and to reward users in take-back schemes in a more data-driven circular economy.

### Growing focus on healthy food and beverage supply chains

The year's disruptions and delays in food and other industry supply chains caused problems with sourcing ingredients, processing, packaging, delivery, and meeting supply and demand, leading to a need for the smarter onboarding of new suppliers and co-manufacturing partners. 2021 saw the launch of DNV's supplier audit reporting tool, which enhances traditional reporting and allows the monitoring and analysis of results across a global network of audits.

Moreover, DNV has developed digital solutions to help industries meet consumer demands for transparency and trust. Within online retail, businesses are increasingly relying on a third party such as DNV to support them with assurance and compliance programmes throughout their supply chains.

This year, DNV also partnered with ENFIT and launched ENFIT HQF certification, a standard that is applicable to all cleaning stations and covers the hygienic cleaning of bulk transport containers. It is intended to ensure food safety and prevent cross-contamination in the transport and distribution chain.

### Meeting increasing demand from medical device manufacturers

The demand for medical and healthcare product certification services continued to be very high across the world during the year. The main motivator for this was the repealing of the Medical Device Directive in 2021, which encouraged many manufacturers to seek re-certification from DNV within that scheme.

DNV is also one of the market's leading certifiers of compliance with the recently enacted Medical Device Regulation (MDR). On top of this, DNV ended the year by acquiring leading Germany-based notified body MEDCERT, and plans to grow further in this area, both organically and inorganically.



# ACCELERATING GROWTH IN ASSURANCE

## Revenue The Accelerator<sup>1</sup>

977

million NOK

▲  
13.5%  
up from  
last year

Group total:  
21,464 mill. NOK

2020: 861 2019: N/A 2018: N/A

## Employees The Accelerator<sup>1,2</sup>

284

employees

▶  
N/A

Group total:  
11,795

2020: N/A 2019: N/A 2018: N/A

Established in February 2021, The Accelerator is a new business area dedicated to rapidly growing targeted business units that will shape the future of assurance. The Accelerator acts as a greenhouse for a strategically selected portfolio of businesses, each of which serves different industries and markets.

The portfolio benefits from dedicated support to rapidly grow through organic means, as well as through acquisitions and partnerships. Three business units were housed in The Accelerator in 2021: Cyber security, Digital health, and Inspection.

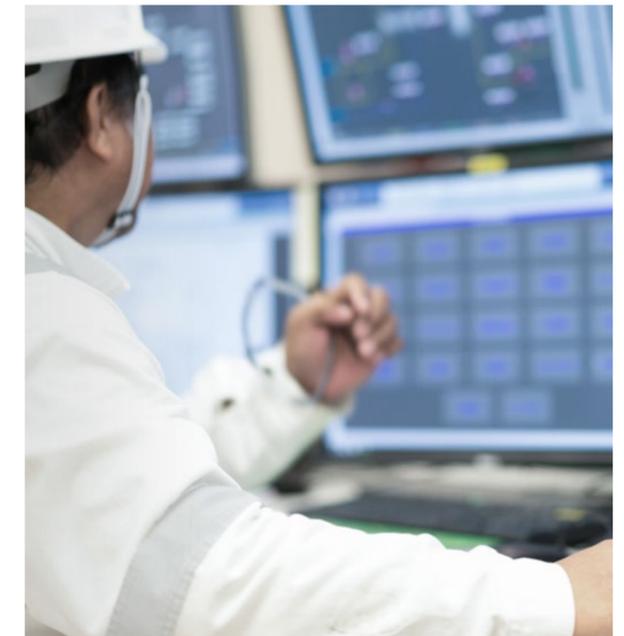
## 2021 REVIEW

### Cyber security for the real world

The volume of cyber-attacks on society and business has increased significantly in recent years. The total cost of cybercrime is expected to have reached USD 6 trillion in 2021, up from USD 3 trillion in 2015.

IT environments have faced active attacks and information security threats for several decades. In contrast, operational technology environments have been traditionally kept in silos. This picture is now changing. Industrial assets such as windfarms, oil and gas infrastructure, ships, manufacturing facilities, and medical equipment are now at higher risk of new forms of cyber-attack as their control systems become increasingly connected.

In 2021, DNV acquired industrial cyber security specialist Applied Risk. The two companies are joining forces with the aim of building the world's largest industrial cyber security practice, defending critical infrastructure against emergent cyber threats.



<sup>1</sup> In early 2021, DNV made organizational changes following its new strategy. Two business units from Digital Solutions, Cyber Security and Digital Health, were transferred to The Accelerator. The 2020 financial figures have thus been updated to be comparable with 2021 figures.

<sup>2</sup> Due to the reorganization, the 2021 employee figures are not comparable with those of 2020.

## Securing power substations from cyber-attacks

DNV has published new guidelines for power system companies planning to improve the cyber security of protection devices and digital technologies within substations.

Power system protection technologies are essential to maintain the stability of a grid. At the same time, threats to the cyber security of power grid substations are becoming more common, complex and creative. However, there has been a lack of best practice guidance on how operators, manufacturers, and regulatory authorities can build an effective defence. DNV's new recommended practice helps to fill that gap.

DNV Recommended Practice *DNV-RP-0575 Cyber security for power grid protection devices* describes cyber-attack surfaces relevant for substations, potential cyber threats, and 45 practical measures to secure power grid protection devices. It was published following a joint research project conducted by DNV and Nordic transmission system operators Fingrid, Statnett SF, and Svenska kraftnät.



## Bringing order to unstructured clinical data using artificial intelligence

A new company formed in October 2021 by DNV and CareCom, a healthcare interoperability solutions provider, is using natural language processing based on machine- and deep-learning models to transform disparate clinical data into meaningful information.

Healthcare professionals create and update hundreds of thousands of patient notes, diagnostic reports, lab analyses, and other clinical records every day. Yet 80% of the data included in them is unstructured, making records impossible to consolidate, analyse, and report on at scale without significant manual legwork.

CareIndexing provides healthcare trusts, care providers, software vendors, and research institutions with essential technology to scan free text and other unstructured data in clinical documents. The company's solutions extract meaning from this disparate data by structuring it according to internationally recognized SNOMED terminology standards and codes. This results in more efficient administration and previously undiscovered clinical insights.



## Building a world class inspection business

In a decade of transformations, the industrial sector is being shaped by rapid technology advancements, continued supply chain internationalization, and an increased focus on environmental and social governance. These trends are fuelling demand for the inspection and testing of the safety and quality of industrial products, services, and infrastructure.

DNV's Inspection unit is growing to meet the need for greater quality assurance throughout the procurement, fabrication, installation, commissioning, and operation of industrial assets - both within our stronghold markets and in new industry verticals and geographies.

## Expanding into digital health



Healthcare systems around the world are becoming unsustainable as populations age and lead healthier lifestyles. This is causing healthcare demand to outpace supply.

Digitalization will make it easier to lower the significant cost pressures facing the healthcare sector by reducing manual work. Successful digital transformation could reduce hospital expenditure by as much as 15%, and the broader economic gain is estimated to be trillions of dollars.

Healthcare's digital transformation has been slow to start, lagging behind other industries by about a decade. But it is now reaching an inflection point as the COVID-19 pandemic accelerates technology adoption and political reform takes hold. DNV established a Digital Health business in 2021 to establish trust in technologies, systems, and data, so that healthcare professionals can improve more lives, more efficiently.

In 2021, DNV acquired digital health pioneer Imatis in the first step of our expansion into the digital health market.

## DNV blows quality assurance into European offshore wind projects

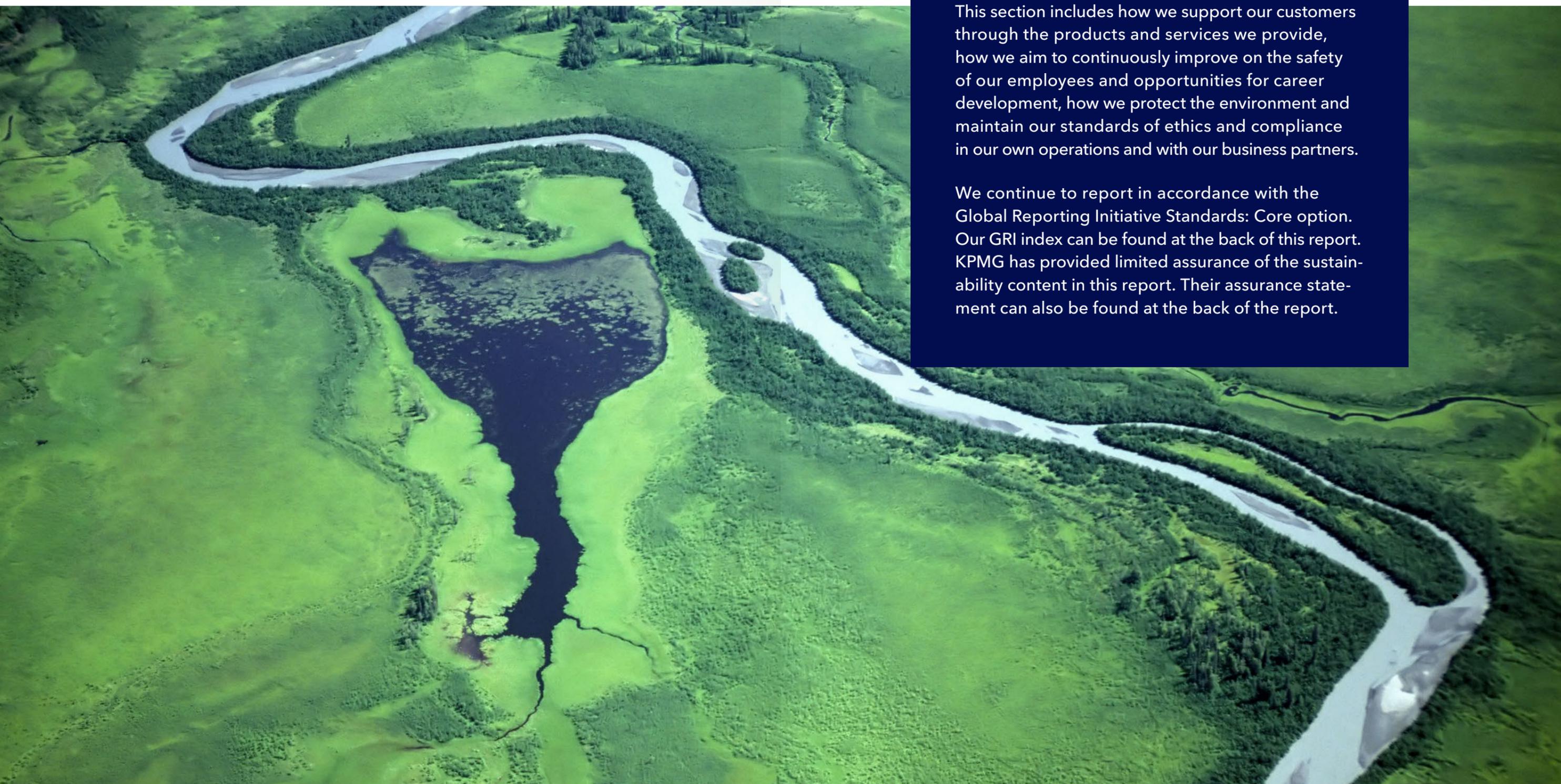
According to DNV's 2021 *Energy Transition Outlook*, wind will provide half of Europe's electricity supply by 2050, compared to 12.4% today.

In 2021, DNV was commissioned by Dogger Bank Wind Farm to provide vendor inspection to this project. Located between 130 and 190 kilometres off the north east coast of England, Dogger Bank will become the world's largest offshore wind farm. With an installed capacity of 3.6 GW, it will be capable of powering six million UK homes.

DNV also began providing inspection expertise to a major offshore wind project in the Baltic Sea in 2021. Located 30 kilometres to the northeast of Rügen Island in Germany, the new 476 MW Baltic Eagle installation will supply energy to nearly half a million households. On behalf of operator Iberdrola, DNV is inspecting the production monopiles for the foundation package for the wind farm at EEW's site in Rostock.



# SUSTAINABILITY



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

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

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

# HOW WE MAKE AN IMPACT

We assure and advise customers on technology that can help advance safety and sustainable performance. This includes assurance services related to renewable energy, sustainable supply chains, decarbonization, energy efficiency, new fuel technologies and ship design, ESG reporting and green financing.

### Guided by research

To remain relevant in today's fast-changing world, and to enable our customers and their stakeholders to confidently manage

technological and regulatory complexity, we invest 5% of our annual revenue in research and development. Our research feeds into how we develop our products and services and how we help customers seize opportunities and tackle the risks arising from global transformations.

Our research spans a wide range of areas including digital assurance, maritime, energy, ocean space, health-care and sustainable food systems and supply chains. (See the *Research and innovation* section).

## A strategic approach to sustainability

Our strategy to 2025 outlines DNV's core focus areas to deliver our purpose of safeguarding life, property and the environment, and our vision to be a trusted voice to tackle global

transformations. Fundamental to the strategy are DNV's growth ambitions, including our focus on customers, sustainability and our people.

With more than 100,000 customers and operations in 100 countries, DNV is involved in an array of industries. Our customers are either affected by or pushing the boundaries of digital transformation and the energy transition, and our role is to support them every step of the way as a trusted voice to tackle global transformations.



### Investing in our people

Our people focus involves supporting employees to develop their skills and grow within DNV, enabling and empowering them to make a true difference. Our employees provide the knowledge and technical expertise allowing us to help our customers achieve their business goals. We focus on our employees' career paths and their professional development, and work to promote diversity and inclusion in our workforce and foster purpose-led and future-fit leadership.

DNV's focus on employee development and well-being is described more in-depth in the [Our employees](#) section.

DNV's customer focus and growth ambitions are covered in the [CEO statement](#) and the [Board of Directors' report](#).

### Sustainable business operations

DNV's sustainability strategy is twofold. On the one hand we work to become more sustainable in our own operations, and on the other we help our customers and partners reach their sustainability targets. We see the biggest impact DNV can have on sustainability being linked to the expertise and services we provide to our customers, to help them decarbonize and become more efficient in their daily operations.

To narrow down our focus, we have identified the most important sustainability topics for DNV (see material topics). Our strategy focuses on how we can enhance the sustainability of our business, in line with the UN Sustainable Development Goals (SDGs), and our goal of becoming a climate net positive company.

## Supporting the Sustainable Development Goals (SDGs)



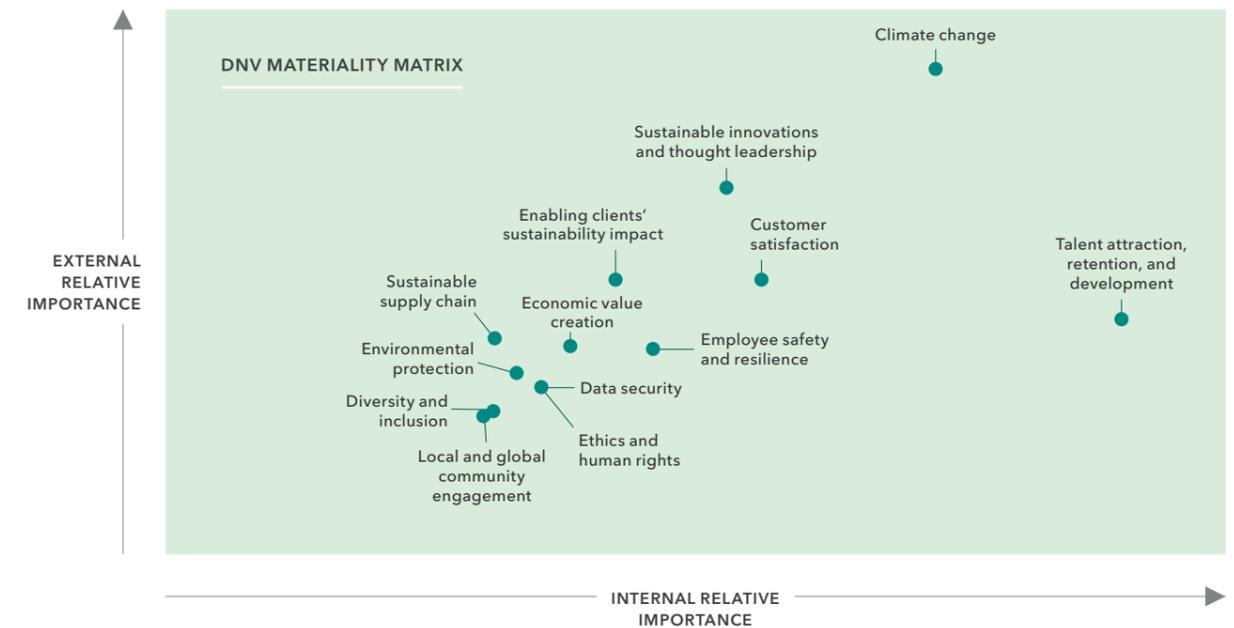
Dubbed the 'Decade of Action' by the UN, the 2020's is the decade in which humanity will succeed or fail to deliver the UN Sustainable Development Goals (SDGs). DNV contributes to the SDGs through our business activities and our strategy defines four priority Goals where DNV can contribute the most and have the largest impact:

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

DNV provides a wide range of business solutions that support these goals. These includes maritime solutions and clean shipping, renewable energy, safe and sustainable industrial operations and infrastructure, climate change mitigation and adaptation, technology innovations, healthcare and hospital safety and efficiency. The *Sustainable innovation* examples from across DNV business areas showcase some of the ways we work with customers to enhance sustainability and support the SDGs.

We are in the process of reviewing and classifying our products in line with the EU taxonomy for sustainable activities and to showcase how they support the SDGs. By doing so, we will be able to measure and demonstrate more clearly the impact of our work towards the SDGs and sustainable outcomes.

## Material topics



Our material topics are those that matter most to our business and stakeholders, especially our employees and customers. To increase understanding of our material topics and update our last assessment from 2018, we conducted desktop research and a series of online surveys in 2021.

We researched peer and comparable companies to update and refine our material topics. Following this, we conducted stakeholder surveys in early 2022. We now have a better understanding of what matters most to our stakeholders.

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

The online survey consisted of 16 questions and was sent to internal and external stakeholders. We received almost 3,500 responses, giving a robust evidence base to assess the relative importance of our identified material topics and providing a clear view of stakeholders' priorities. Internal stakeholders included employees across all grade groups, business areas and geographies within DNV.

The external survey approached a wide range of stakeholders, and responses received mainly consisted of customers (73%) with additional input from NGOs, suppliers, regulators, media, and others (27%).

Overall, the responses provided by internal and external stakeholders on the relative importance of the topics were well aligned, although there were some subtle differences in priority. Climate change and talent attraction, retention and development were identified as most important from the list of 13 topics, while diversity and inclusion, and local and global community engagement, were considered relatively less important.

External stakeholders consistently highlighted the importance of sustainable innovations and thought leadership, especially when asked about the areas where they felt DNV could support them. Material topics on tackling climate change, enabling clients' sustainability impact, and customer satisfaction were also areas where respondents felt DNV could have the greatest impact.

For internal respondents, talent attraction, retention and development, climate change, customer satisfaction, and employee safety and resilience were considered important.

The materiality matrix above shows the results of the topics that were prioritized by internal and external stakeholders.

### Our material topics as identified in our materiality assessment:

- Climate change
- Customer satisfaction
- Data security
- Diversity and inclusion
- Economic value creation
- Employee safety and resilience
- Enabling clients' sustainability impact
- Environmental protection
- Ethics and human rights
- Local and global community engagement
- Sustainable innovations and thought leadership
- Sustainable supply chain
- Talent attraction, retention, and development

# Governance

Responsibility for DNV's sustainability performance lies with DNV's Group CEO and our Executive Committee. Our Board of Directors has formal oversight of DNV performance, and this is executed by the Board's Audit Committee. Our [Corporate Governance report](#) describes our governance processes in more detail.

DNV's corporate sustainability initiatives that relate to our impact on the environment and climate are managed by the Group Sustainability Development and Climate team, supported by DNV's Health, Safety Environment network and our business areas. Other material topics are managed by our Group People and Global Shared Services functions and our Ethics and compliance organization.



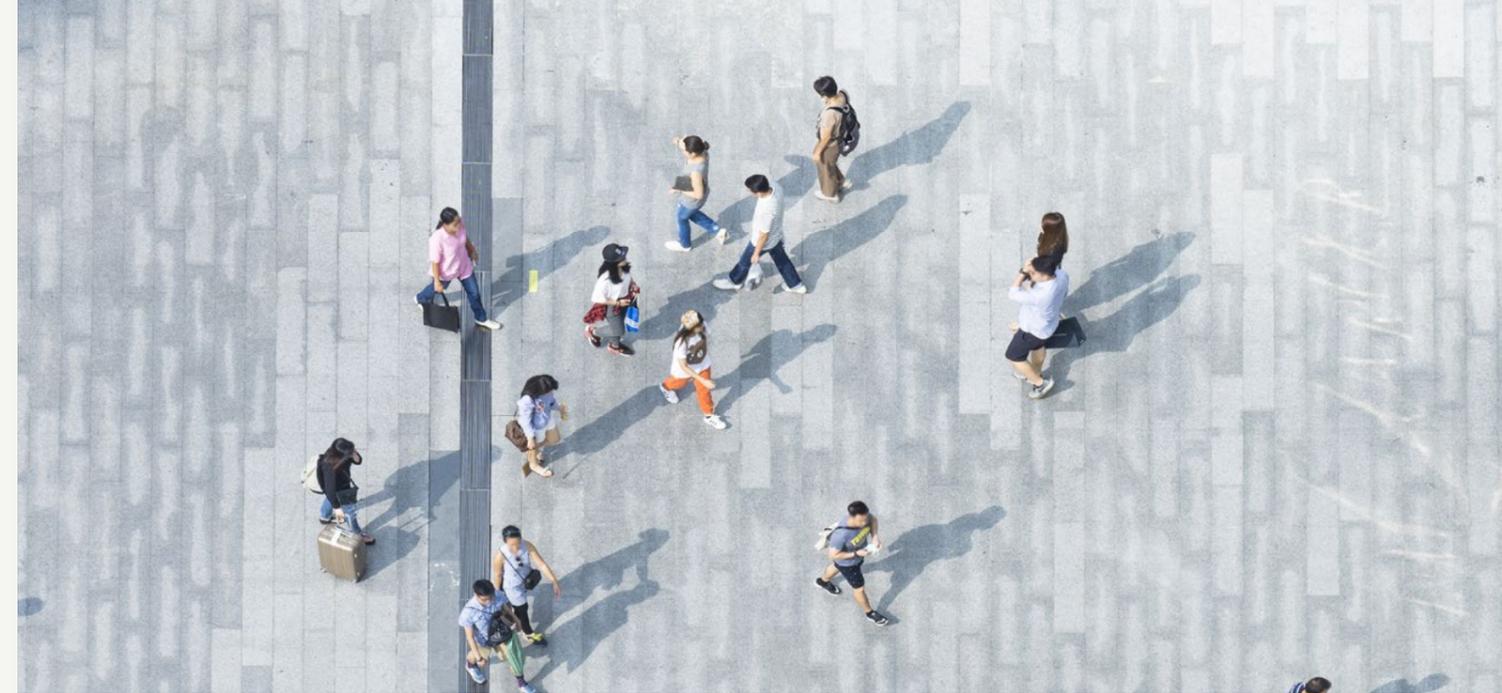
# Reporting

DNV's definition of sustainability is broad and we report on performance relating to all our material topics in this annual report. The reporting covers how we support our customers through the products and services we provide, employee safety and resilience, employees' opportunities for career development, as well as how we protect the environment.

A significant part of our environmental reporting focuses on DNV's climate impact. We also report on our high standards of business ethics and compliance, which apply just as much to our business partners' operations as our own.

Our reporting is in accordance with the Global Reporting Initiative (GRI) standards, core option. Our GRI index can be found at the back of this report. Our auditor, KPMG, has conducted limited assurance of our sustainability report and underlying data. Their feedback and feedback from other sources, such as the World Business Council for Sustainable Development, are actively used to improve our reporting.

The sustainability information in this report covers the calendar year 2021.



# Partnerships

As the challenges facing today's societies are very much global in nature, the solutions provided must also be global in perspective; combining knowledge, ideas and effort across sectors, disciplines and borders.

As a knowledge-based organization, DNV constantly seeks to learn by working closely with our peers and partners, to be challenged and inspired by them, and to also challenge and inspire them in return.

We are a signatory to the UN Global Compact and are committed to embedding its ten principles on human rights, labour, environment, and anti-corruption into our business. Our annual report acts as our Communication on Progress, outlining our progress against the ten principles and the Sustainable Development Goals. In 2021, we joined the UN Global Compact's Climate Ambition Accelerator.

We partner with the World Business Council on Sustainable Development (WBCSD). DNV has been an active member of the council since 1999 and our CEO is a member of the Executive Council. We are part of two working groups that are working towards WBCSD's Vision 2050 agenda; these relate to 'Energy Transformation' and 'Circular Economy'.

We have committed to the Science-Based Targets initiative and are working to validate our climate change goals. (See the [Environment and climate](#) section for more details).

We also have a longstanding partnership with the Norwegian Red Cross. See case study in the [Sustainable innovations](#) section for more details. We are members and active contributors to industry associations that are relevant to us such as International Association of Classification Societies (IACS).

## Maritime

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

## Energy Systems

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

## Digital Solutions

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

## Business Assurance

- Independent International Organisation for Certification (IIOC)

## Supply Chain and Product Assurance

- International Association of Trusted Blockchain Applications (INATBA)

# How we make an impact

<sup>1</sup> We wrongly reported that we are targeting a Customer Relationship Strength Score of 85 by 2025 in the 2020 Annual report. The correct goal is 86 by 2025. We have also set an interim target of 84.2 by the end of 2022 (more details on page xy).

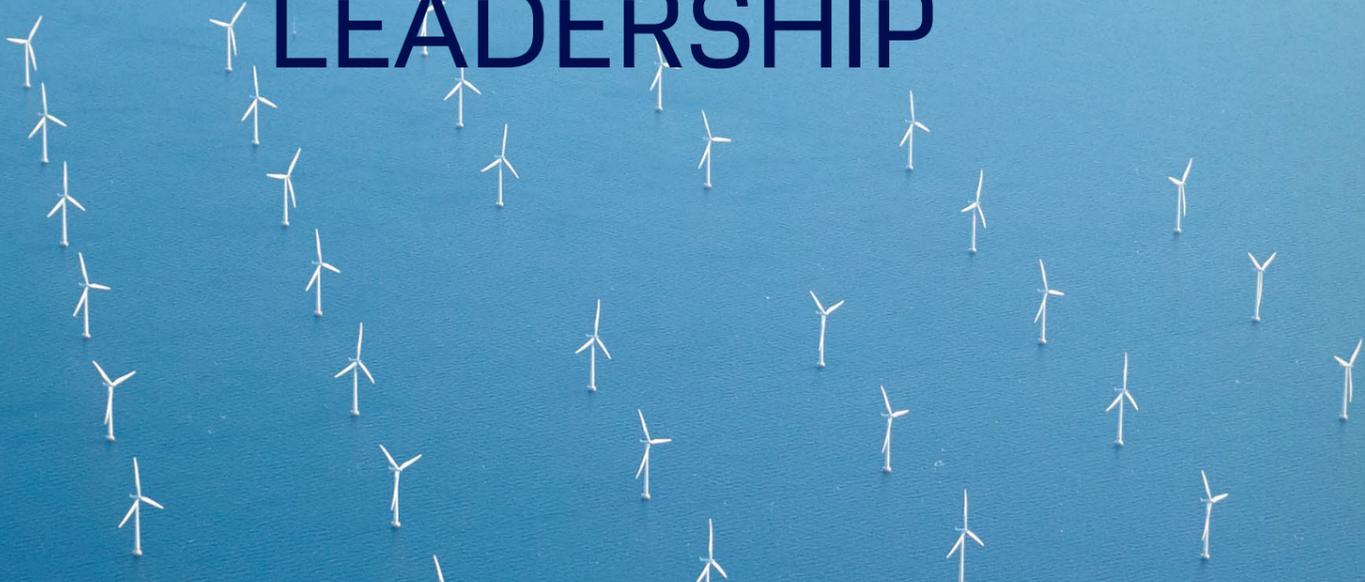
<sup>2</sup> Internal training only, 1 day = 7.5 hours.  
<sup>3</sup> 2020 total CO<sub>2</sub>e emissions figure has been corrected from that published in our 2020 Annual Report (23,383 tonnes) due to replacing estimated data with final measurements.

<sup>4</sup> New code of conduct training was launched in mid-2021, we continue to follow up to achieve our target.  
<sup>5</sup> As some employees are hired or leave during the year, 100% is not possible.

Our priorities	Why	Indicator	2021 performance	2020 performance	2019 performance	Our targets and ambitions
<b>Sustainable innovations</b>	We aim to be a trusted voice to tackle global transformations. Our customers rely on our products and services to help them operate safely and sustainably and meet their sustainability goals.	Developing ways to measure the impact of our work with customers	Under development	Under development	Under development	
<b>Customer satisfaction</b>	We believe that a customer-centred approach - one that delivers excellent customer experiences and creates close, value-adding relationships - leads to competitive advantage.	Group Customer Relationship Strength Score (CRSS)	84.2	83.5	N/A (CRSS was first developed in 2020)	84.2 by 2022 86.0 by 2025 <sup>1</sup>
<b>Data privacy and security</b>	The trust of our customers is crucial to our business and keeping customer data secure is an important part of maintaining this trust.	Continual improvement of information security management	Achieved Group certification to the ISO 27001 standard on information security. Data privacy is managed in line with ISO 37301 on compliance management.	Data privacy managed in line with ISO 19600 standard on compliance management.	Data privacy managed in line with ISO 19600 standard on compliance management.	Maintain Group ISO 27001 certification on information security.
<b>Talent attraction, retention and development</b>	Our customers expect us to provide the expert skills and knowledge that can deliver the best solutions for their needs. To support our offer, we want to attract and retain the best people, and develop their skills while they work at DNV so that they can grow and make a difference.	Average training hours per employee per year <sup>2</sup>	Female: 19.9 hours Male: 20.3 hours	Female: 18.8 hours Male: 15.6 hours	Female: 15.1 hours Male: 17.2 hours	In 2022, we will review these processes to determine how we can improve their quality and efficiency. Recruiting capacity will be increased in order for DNV to achieve its growth ambitions.
		Employee turnover (%)	9.9%	7.4%	8.8%	
<b>Diversity and inclusion</b>	Diversity and inclusion in DNV is a source of strength and we must make it part of everything we do, every day. It enhances our ability to deliver on our purpose, enables us to attract and retain exceptional people, and to create an inclusive culture where all viewpoints are valued.	Deliver year-on-year improvements in how we foster an inclusive culture, promote diverse backgrounds and ensure fair access through our processes and practices.	Female-to-male ratio: 34 : 66%	Female-to-male ratio: 33 : 67%	Female-to-male ratio: 33 : 67%	We are developing new diversity and inclusion indicators during 2022 and our target will remain to make year-on-year improvements.
<b>Employee safety and resilience</b>	We strive to be the safest place to work, and safety is embedded in our purpose. We continually work to find improved ways to safeguard our people, support them in developing their resilience, and deliver on our purpose.	Resilience index	7.95	7.8	7.5	8.0 by 2025
		Injury rate (per million hours worked)	0.5	0.7	0.9	We strive for <b>zero</b> harm.
<b>Environment and climate</b>	Environmental sustainability is embedded in our purpose and values. Our extensive research shows that the energy transition needs to be accelerated to stay within the 1.5°C pathway of the Paris Agreement.	Greenhouse gas emissions (tonnes CO <sub>2</sub> e)	16,036	21,305 <sup>3</sup>	77,860	Reduce our CO <sub>2</sub> footprint by 50% by 2025 and become climate net positive.
			10,727	Additional Scope 3 reporting available for 2021 only; no earlier comparison available		
		Renewable electricity	60% (certified)	38% (estimated) (12% certified)	25% (estimated)	100% renewable electricity by 2025.
<b>Sustainable supply chain</b>	Helps to manage risk in our supply chain and deliver best value for DNV sustainably and according to our Supplier Code of Conduct.	Supplier risk assessment and audits	11	11	13	10 (minimum) supplier audits in 2022.
<b>Ethics and compliance, integrity, anti-corruption, fair competition, and human rights</b>	Our vision is to be a trusted voice for our customers. Our stakeholders and every one of us has a role in protecting our independent position and upholding our code of conduct. We emphasize this through high awareness and training.	Percentage of employees that completed DNV's mandatory e-learning	96% <sup>4</sup>	99%	99%	99% <sup>5</sup>
<b>Economic value creation</b>	Economic sustainability is a prerequisite for running our business and for retaining our independence.	EBITDA (million NOK)	3,673	3,481	3,529	

OUR CUSTOMER STRATEGY

# 1 SUSTAINABLE INNOVATIONS AND THOUGHT LEADERSHIP



DNV has an ambitious sustainability agenda with regards to how we conduct and operate our business. Our greatest impact, however, is how we work with customers to help them achieve their sustainability goals and in doing so amplify the impact we have. In support of this, we invest over 5% of our revenues in research and development, a reinvestment in R&D above most of the companies that we serve. To read more, see the *research and innovation* section.

**Helping customers make an impact**

The following projects are examples of how we help customers make an impact. We are working to quantify how DNV contributes to decarbonization and the SDGs.

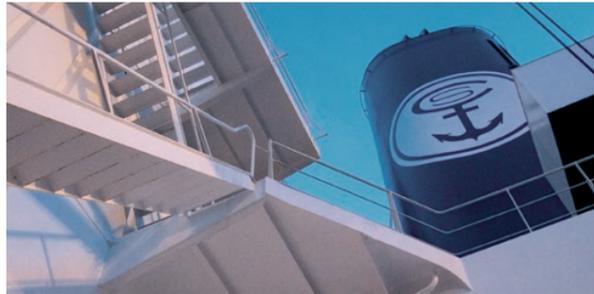
## Maritime

### Belships collaborates with DNV to modernize its fleet and optimize existing vessels

DNV's Maritime business area supported Norwegian shipowner, Belships ASA, to use Environmental, Social and Governance (ESG) reporting as a tool to help them optimize their fleet in line with tightening emissions requirements for shipping and shifting market demands.

DNV performed an assessment of Belships' existing fleet, identifying operational measures to improve vessel performance and ensure compliance with upcoming emissions requirements. This included issues like antifouling programmes and engine tuning to reduce emissions and operational costs, as well as retrofitting options, voyage optimization, and improved maintenance routines.

DNV has also helped Belships document compliance with reporting requirements relating to ESG, the Energy Efficiency Existing Ship Index (EEXI) and Carbon Intensity Index (CII). This enables Belships to show investors how they will reach their sustainability targets.



### Supporting Bastø Fosen's shift to electric ferries



With DNV Maritime's help, Bastø Fosen is transforming its fleet of ferries that ply Norway's busiest ferry route from Moss to Horten, setting new standards for clean, efficient and comfortable transportation with all-electric ferries. In January 2020, Bastø Fosen took delivery of Bastø Electric, the world's largest all-electric ferry. The 144-metre-long, 20-metre wide DNV-classed vessel, has a capacity for 200 cars, up to 24 heavy goods vehicles and 600 passengers.

DNV is supporting Bastø Fosen in converting two diesel-powered sister ships, Bastø IV and VI, to electric propulsion. Bastø IV was relaunched in 2021 and Bastø VI will come into operation in 2022. When this is complete, 75% of Bastø Fosen's 36,000 annual departures will be all-electric, saving 6 million litres of diesel out of a total consumption of 8.5 million litres per year.

## Digital Solutions

### Helping companies track their progress to net zero

In line with the Paris Climate Agreement, a growing number of companies have announced plans to achieve net-zero carbon emissions. Tullow, a multinational oil and gas exploration company and DNV customer, has committed to achieving net-zero with its scope 1 and 2 emissions by 2030.

Tullow is using DNV's QHSE (quality, health, safety and environment) software, Synergi Life, to track emissions and progress against its decarbonization plan as well as safety incidents. Synergi Life's dashboard enables Tullow to use the data to manage their operations effectively, in a safe and sustainable way and has helped to identify options to reduce emissions by 40-45%. Using Synergi Life, Tullow can capture and compare emissions data and report against Global Reporting Initiative (GRI) reporting standards within their annual sustainability report.

## Energy Systems

### The world's first multi-megawatt integrated solar and green hydrogen power plant

DNV gathered an international, multi-disciplinary team from to provide technical advice and due diligence on a world-first combined solar and hydrogen power plant in French Guiana. The innovative power plant will produce 100% renewable electricity 24 hours-a-day by combining photovoltaic (PV) solar electricity with a 128 MWh of hydrogen-based energy storage.

Construction of the project started towards the end of 2021 and is scheduled for commissioning in 2024. Once complete, the power plant will supply renewable power to the equivalent of 10,000 homes in Western French Guiana preventing the emission of 39,000 tonnes of CO<sub>2</sub> per year. It is also estimated that the project will generate sales of around 17 million euros for local businesses.

DNV's multidisciplinary team evaluated technical risks and mitigation measures and advised on the technical status, including project description and site assessment, the license and environmental permits, the energy production modelling,

and the design and technology review assessing PV modules, inverters, battery, electrolyzers and fuel cells. We also reviewed the grid, power purchase agreement and financial model, and the engineering, procurement, and construction, operations and maintenance agreements.



## Business Assurance

### Ensuring authenticity of Hydro's products



Hydro, one of the largest aluminium companies worldwide, has set ambitious goals to produce and source responsibly and ultimately make zero-carbon aluminium. Supplying sustainable aluminium is a competitive edge that requires Hydro to share trusted information, documenting the footprint of the materials used and production process to customers and consumers. Hydro is using DNV's blockchain-powered Tag.Trace.Trust system to ensure the authenticity of their products' environmental profile. In essence, this is a 'product passport' with a unique digital ID that shows the product's carbon footprint and life cycle.

As the sole certification body for multiple standards, ranging from quality, environmental and energy standards to occupational health and safety, automotive and emissions, DNV helps Hydro manage quality and safety in its complex operations and lay a foundation for communication to its customers and other stakeholders. For Hydro, this is a central pillar in delivering on its purpose to develop natural resources into products and solutions in innovative and efficient ways and contributing to advancing the SDG goals.

## Supply Chain and Product Assurance

### Providing chain of custody certification for reclaimed ocean plastics

DNV has certified plastic reclaimed from rivers and oceans in Indonesia by Danish company, ReSea. ReSea documents each step of the plastic collection process, storing the data in a blockchain ledger that enables tracking of every reclaimed piece of plastic. The tracking system allows companies that recycle the plastic to prove they are reusing plastic collected from the ocean, ensuring trust in the recycling process.

Verifying the authenticity and origin of ocean plastics further supports transparency and credibility, proving the provenance of recycled plastics. With DNV's certification, the complete chain of custody for single parties or the entire end-to-end supply chain can be demonstrated.

Transparency in the recycling process is key to realizing circular economy business models. Claims of the re-use of materials, and other environmental, social and ethical claims, should be verifiable. Certification of reclaimed plastics enables companies and consumers to fully trust that their purchase contributes to cleaner oceans and rivers.



In 2021, ReSea recovered 1,200 tonnes of plastic from the waterways in Indonesia and on average pays its local clean-up team 75% more than the average minimum wage in Jakarta.

### Helping the Red Cross with climate accounting

DNV has been assisting The Norwegian Red Cross with creating their climate accounts. Consultants from DNV's sustainability advisory team identified the Red Cross' most important



emission sources and associated emission factors to establish the carbon footprint of their operations. Data has been collected from their 2019 baseline year onwards.

The Red Cross' climate accounts show emissions from their activities at a national and local level, and will soon include the activities of their many volunteers. The project has measured energy usage from buildings, air and car travel, their main sources of emissions. The Red Cross are currently putting in place processes to enable regular reporting, set goals and follow up on their emission reduction initiatives.

The Red Cross has also taken the initiative to develop a climate charter for non-governmental organizations. DNV supported the Red Cross' strategic group in planning a series of activities, including a preparation workshop with their local offices and a webinar for their voluntary groups to explain the climate charter and encourage other organizations to conduct climate accounting for their activities. The webinar took place in November and featured the President of the Norwegian Red Cross and included activities to secure participants involvement in the charter.

OUR CUSTOMER STRATEGY

# 2 CUSTOMER SATISFACTION



## Our ambition and objectives

Strong customer relationships are essential to our success and our vision is to be a trusted voice to tackle global transformations. A customer-centred approach - one that puts our customers at the heart of our business - is central to our new strategy and underpins our growth plans. By delivering excellent customer experiences and creating close, value-adding relationships we can build competitive advantage and increase customer lifecycle value.

A strategic goal is to enable our customers' aspirations and we work to deliver an the best customer journey that meets customers' needs, helps them solve problems, and makes the most of their opportunities. Ultimately, our success is strongly linked to the success of our customers. Each of our business areas and Group functions is tasked with strengthening customer relationships, improving experiences and increasing customer satisfaction.

## Performance in 2021

### Putting our customers first

Throughout 2021, we have focused on initiatives that will support our customer centric focus and launched projects to contribute to our goal of building strong customer relationships:

Our first project focused on optimizing our customers' digital journey from 'awareness to loyalty' and supporting customer relationships with systematic customer insight. Digital customer journeys are growing in importance and we see them as a source of competitive advantage. To enhance this area, we are focusing on enhancing the DNV website, the main entry point for potential customers to discover DNV, further developing our digital products and services for new and existing customers, and implementing a voice-of-the-customer system into our customer relationship management software to collect and analyse customer feedback.

We also launched a new Customer Relationship Management (CRM) software system that improves how we approach and manage our customer accounts. Our Energy Systems, Maritime and the Accelerator business areas were first to start using the system. The Digital Solutions and Veracity business areas will launch the new system in early 2022.

### Measuring satisfaction at Group level

We continue to measure customer satisfaction at Group level by gathering feedback from all business areas on three core dimensions: overall customer satisfaction; customers' preference for DNV over other suppliers; and their willingness to recommend us.

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

Our CRSS score of 84.2 in 2021 is above our target of 84 and an improvement from 83.5 in 2020. A score above 80 is considered very good according to industry standards. We are aiming to keep our score at a high level with an ambitious target to achieve a customer satisfaction score of 86 by 2025.

TABLE 01 | CRSS DIMENSION SCORES AT GROUP LEVEL

Dimensions	2021	2020
Group CRSS	84.2	83.5
Customer satisfaction	87.0	86.1
Preferred partner	82.9	81.6
Willingness to recommend	85.8	84.7

**Business area satisfaction**

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

One of the objectives of implementing a voice-of-the-customer solution within our CRM software is to have a common approach across DNV on how and what we measure with respect to customer feedback, while still allowing business areas to adapt customer feedback to their business needs.

In 2021, CRSS was measured according to the legacy business area structure as shown in the table. In 2022, the CRSS will be reported according to the new business area structure (shown on the [Group structure spread](#)).

**TABLE 02 | CUSTOMER RELATIONSHIP STRENGTH SCORES 2021**

Group / Business Area *	CRSS 2021	CRSS 2020
DNV Group	84.2	83.5
Maritime	79.9	80.3
Oil & Gas	89.9	89.5
Energy	90.9	87.9
Business Assurance	79.0	78.6
Digital Solutions	86.5	84.1

The DNV Group CRSS is a weighted average, based on the business area target revenue at year beginning.



## Looking ahead

Throughout 2022, we will continue optimizing our customer journey to ensure our processes are fit for stakeholders and decision makers. To make this happen we will further develop our technological platforms, operating models and business models as we work to enhance our customer-centric culture. Particular areas of focus are listening to the market and applying insights into how we improve our processes and deliver services for customers, as well as responding to our customers' feedback.

We will continue to develop our CRM system in 2022, focusing on digital commerce and optimized business processes, to ensure that we deliver excellent customer experiences whether we meet in person or digitally. We will complete the roll out

of the new system to all relevant business areas and develop new functionality. This will ensure we adopt best practices for measuring, reporting, and improving customer satisfaction and relationship strength across the Group.

**Brand strength**

Maintaining the trust of customers and other stakeholders has enabled DNV to grow over its 158-year history. In our last brand survey, 77% of respondents expressed trust in DNV. In first half of 2022, we plan to re-run our global brand survey to update our understanding of stakeholder trust in DNV compared to our competitors. As with the previous survey, we use the results to identify trust drivers and areas where we can improve our attractiveness to existing and potential customers.

## Approach

A customer-centred approach to business is anchored in our strategy and enabling our customers' aspirations is our over-riding goal. For DNV this means:

- We will deliver an engaging customer experience, informed by a 360° view of our customers' needs
- Our customers recognize us for superior value creation, ease of doing business, quality and integrity – as one DNV.

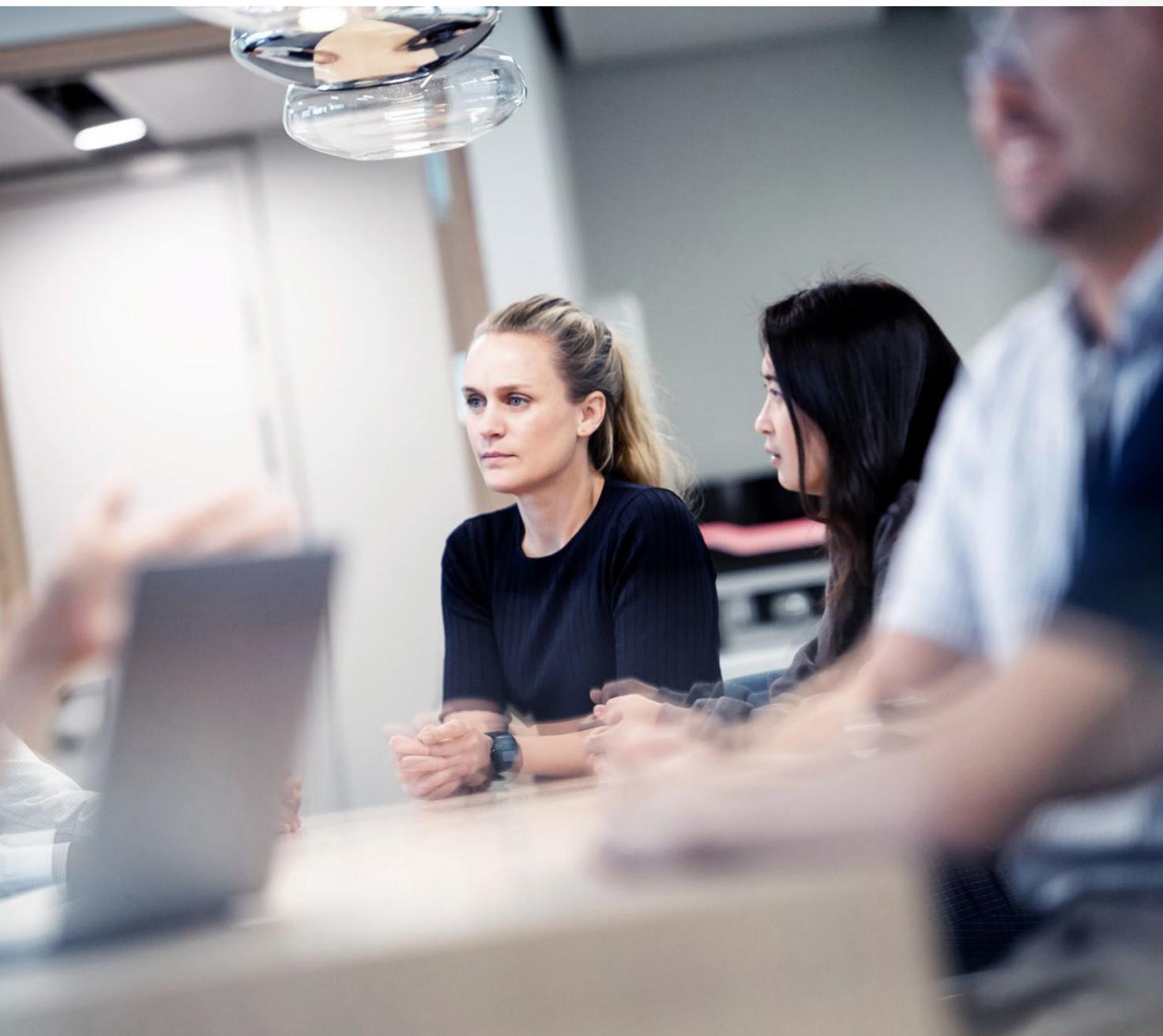
Our aim is to continually serve our customers in a proactive and responsive way, including utilizing digital solutions and channels to improve their journeys and our cost competitiveness. We focus on developing a customer-centred working culture, one in which our commitment to customers drives a curiosity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

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

Our aim is to continually serve our customers in a proactive and responsive way, including utilizing digital solutions and channels to improve their journeys and our cost competitiveness.

## OUR CUSTOMER STRATEGY

# 3 DATA PRIVACY AND SECURITY



## Our ambition and objectives

We are at the beginning of a decade that will be defined by transformations to many of our global systems – energy, transport, healthcare and food – and digital technology will be central to most of these. Automation, electrification, artificial intelligence and internet of things are just a few of the areas that will accelerate rapidly. Our strategy responds to these trends and aims to deliver future-fit services that are digital, automated and data driven. Alongside the benefits of worldwide digitalization there are digital security and data protection risks to manage. Increased cyber threats and high-profile hacking cases show the need for constant vigilance

across our business. We invest widely in systems and awareness raising to manage our data security and protect personal data.

DNV is also making significant investment to support our customers in managing emergent cyber security risks. DNV provides real-world cyber security expertise to some of the world's most complex infrastructure projects, helping customers identify their cyber risks, build powerful defence against threats, recover from attacks and win stakeholder trust and support. To read more, see [The Accelerator](#) section.

## Progress in 2021

### Data security

In June 2021, we achieved Group-wide certification to the ISO 27001 standard on information security, replacing previous certifications held across different parts of the business. We also created a cyber team to enhance governance of DNV's cyber security and software development.

We set up an information security risk forum in March 2021 with participants from all business areas, our Veracity IT platform, Global Shared Services (GSS) IT and Group functions. The forum works to identify, assess and mitigate information security risks and report these to the DNV risk manager as part of our quarterly risk reporting.

Following the arrest of a former employee on espionage charges in 2020, an information security improvement task force was immediately set up to examine potential data security breaches. The task force remained in place until mid-2021, establishing a project with the Group digital & development function to improve information classification. The project began in Q3 2021 and will continue to summer 2022 with the aim of improving information handling.

### Personal data protection

We conducted a follow-up data protection maturity assessment with an external provider to evaluate changes from the assessment completed in 2020. Our data maturity level improved in the areas of third-party risk management, privacy training and employee awareness.

We also addressed data protection risks during 2021 that were identified in our personal data risk assessment from 2020. This included improving processes for retention and deletion of personal data, which had the highest risk rating.

A new data protection risk assessment survey was launched in 2021 to capture input from selected internal stakeholders. The outcome of the risk assessment will be used to identify and prioritize focus areas for data protection in 2022 and beyond. Areas of focus in 2021 included the consequences of the EU-US Privacy Shield invalidity, such as necessary contractual safeguards; cookie consent; prominent personal data breach cases; and interpretation of documents related to the GDPR. We also reviewed privacy statements on our websites.

We monitor developments in the privacy landscape by participating in relevant networks, conferences and external channels.

### Awareness and training

Successful data protection starts with a high level of awareness and security consciousness, and we provided further data protection training for our employees in 2021. The new mandatory express training for line managers launched at the end of 2020 was completed by 90% by year-end. The training guides line managers on handling personal data and enables them to provide guidance to their teams.

We took advantage of the international Personal Data Protection Day in January to launch a new mandatory training for all employees focused on handling personal data outside core IT systems (so-called unstructured personal data). By year-end the training had been completed by 93% of employees.

A personal data clean-up workshop for participants from our Finance and Legal functions was organized by the Global Data Protection Officer and Group compliance, focusing on handling and cleaning up unstructured personal data and advising on relevant practical follow-up actions.

COVID-19 increased the need for handling personal data related to infection and vaccination status. As a result, we took the opportunity to improve awareness related to those handling employee personal data by providing guidance on interpreting data protection law in light of COVID-19 measures.

For cyber security, a new wave of security awareness training was made available to all employees and associates covering

emerging potential threats, such as phishing emails using COVID-19-related topics. We have also increased information sharing on cyberattack incidents using our internal Yammer social media platform.

A global 'cyber and data Tuesday' series was launched in 2021 with the aim to build security and data protection competence across DNV so that employees are equipped for tackling serious IT security and data protection threats. The series was a collaboration between Group digital & development, the Global Data Protection Officer, Group compliance and Global Shared Services (GSS) IT. Nine live sessions were delivered and recordings have been made available, reaching almost 5,500 employees in total.

We launched a security black-belt scheme for our software developers, where developers can advance their software security knowledge through three levels ranging from green, red and black belt. By the end of 2021, we graduated 83 green-belt software developers and seven red-belt developers. In late 2021, we also added the software tester role to the scheme's green-belt.

## Looking ahead

### Data security

Awareness of cyber security among our employees is critical. Our plans to enhance security awareness, skills and behaviour in 2022 include: training managers on data security and protection; phishing campaigns and related mandatory training throughout the year (see case study); continuing our security black-belt training for software developers and testers; adding IT infrastructure and operations roles to the black-belt training scheme and a white-belt level for non-technical roles linked to software development.

During 2022, employees will be subject to security vetting for specific security and digital roles.

### Personal data protection

Personal data protection will remain in focus throughout 2022. We will improve our organizational setup for data protection with formalized roles and responsibilities; follow up on 'Schrems-2' ruling (including risk assessments and transfer impact assessments) and implementation of new standard

DNV has a Computer Security Emergency Response Team that is activated during more complex and advanced cyber security situations.

contractual clauses; and update and improve DNV's Binding Corporate Rules and internal instructions, such as access to email accounts and employee files.

Improvements are planned for our approach to mapping and documenting record of processing activities. Further action areas for 2022 and onwards are based on risks identified in the 2021 data protection risk assessment survey and will be followed up by each data protection manager. Examples of focus areas include retention and deletion of personal data in HR systems and managing personal data aspects within Imatis, the digital health business unit belonging to DNV's Accelerator business area.

We will continue to monitor and address personal data protection in a number of areas, including: lifecycle management of applications from launch to end-of-life; new legal requirements such as those in China; improving metrics for privacy compliance; and emerging financial or reputational risks related to data protection.

Training and communication remain crucial to achieve awareness of personal data protection for all employees. The personal data training programme will be reviewed and updated in 2022 to deliver improved and targeted training for selected employee groups. To build on the success of the cyber and data Tuesdays sessions in 2021, a new joint awareness and training programme is being planned for security and data protection in 2022. We will also develop a new training course for new hires and integrate data protection training topics into other training initiatives in 2022.

### CASE STUDY

## Phishing campaign

A phishing campaign was completed in December as part of a Group internal audit. More than 4,500 employees in various DNV countries were sent a fake phishing email to test cyber security awareness levels among employees.

In the group who had not taken the mandatory security awareness training, 22.5% clicked on the link. This dropped to 13% for employees who had taken the training.

This indicates that our training is effective at reducing employee susceptibility to phishing approaches, but that there is still a need to continuously raise cyber security awareness and to ensure all employees take the training available. In 2022 we will run quarterly campaigns and measure improvement we will also require all employees to complete a mandatory nano-learning.

## Approach

### IT and data security

DNV employees are contractually obliged to maintain strict client confidentiality and in accordance with local laws and regulations undergo background checks before employment.

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

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

To ensure that DNV adheres to the highest level of data protection, our information security management systems are certified to the ISO 27001 information security standard across the Group. We have a detailed information classification system to segment and secure sensitive information within our IT system. We use our regular audits to check and identify opportunities for improvements. DNV's Board of Directors reviews DNV's cyber security risk annually.

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

### Personal data protection

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

DNV's data protection management system is part of our Group-wide compliance management system, which was set up according to ISO 37301 (in 2021 replacing ISO 19600) (see the *Ethics and integrity* section). Responsibility sits with the Group Compliance Officer and the Global Data Protection Officer. Data Protection Managers for each business area, GSS and selected Group units are responsible for managing risks related to data privacy, including implementing relevant mitigating actions for their units.

We have a comprehensive suite of policies, guidelines and instructions that set our standards for data privacy and ensure we protect the personal data of employees and customers. DNV's new Code of Conduct includes an emphasis on the expectations of everyone involved in the business of DNV (see the *Ethics and integrity* section). All of our documentation and processes are aligned with, and fulfil, GDPR requirements.

An important enabler for data protection is training all employees, and especially those dealing with personal data as part of their daily work.

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

OUR PEOPLE STRATEGY

# 4 OUR EMPLOYEES



## Our ambition and objectives

Our almost 12,000 employees represent the face of DNV towards customers and other stakeholders all over the world, every day. The relationships we develop with our customers are based on trust in our technical ability and the integrity and personal conduct of our people. Our values – WE CARE, WE DARE, WE SHARE – are beliefs that shape our performance and define the behaviours expected of all of us.

Attracting, developing and retaining motivated people who are committed to our purpose, vision and are key enablers of our success and a core pillar of our 2025 strategy. We strive to be an employer where our people can grow and develop their careers, build their skill-sets and share in our success. Diversity within our workforce is a source of strength for DNV. We welcome a wide range of backgrounds and demographic diversity, including a diversity of perspectives, mindsets and experiences. Inclusion provides a culture where everyone's voice is heard and employees feel valued and respected, which creates a sense of belonging. By encouraging diversity and inclusion, we are able to attract and

retain exceptional people around the world and deliver excellence to our customers. In DNV, we believe great things happen when people come together.

In 2021, our headline people rates were:

**114** nationalities represented among our employees.

**88%** of employees have a higher education qualification at PhD, Master or Bachelor degree level.

**34%** of employees are female and 37% of new hires in 2021 were women.

## Progress in 2021

### Employees are responsive to our new strategy

We have completed or are working on several people initiatives in response to the launch of our new strategy in January 2021. Employee Pulse surveys relating to the new strategy have shown positive results indicating that our people are engaged with the new strategy and what it means for our business.

### Changing work patterns

COVID-19 continued to affect how we worked in 2021 and presented ongoing challenges for our people and business. For large parts of the year, an improved situation allowed a partial return to our offices, but we have kept a close watch on changes in local circumstances and have adapted accordingly. We have also made local arrangements to enable working from home, monitoring employee resilience through our regular Pulse surveys and providing supportive measures to maintain resilience (see the [Safety and resilience](#) section for more details).

In 2021, we also saw a slight increase in employee turnover, similar to that reported by many other businesses. The increase was somewhat expected after a lower turnover in the first year of the pandemic, but this trend is also affected by increasing workforce mobility and rising demand for talent in the wider labour market.

### Future workplace

The past two years have shown us that new, hybrid ways of working can be effective. Using our experience from employee working patterns during COVID-19 and successful pilots in China, Norway and Germany, we have now launched a 'Future Workplace' model across DNV. The hybrid model offers employees the option to combine remote working with regular time in the office (depending on roles, tasks and customer needs). We recognize that it is important for our people to meet at the office to work together and share knowledge and experiences, and employees benefiting from the model are expected to work at least three days in the office on average.

### Enhancing our leadership behaviours

We have launched a new set of leadership behaviours – Leadership in DNV – to align leaders with the requirements of our new strategy and ensure we demonstrate purpose-led and future-fit leadership in our company. The leadership behaviours that we encourage include putting our customers first, engaging our teams, delivering performance, and shaping the future.

To support these new leadership behaviours, while also reflecting new ways of working, we have completely redesigned our leadership training programme. The new training takes a digital-first approach. A significant number of new leadership training modules have been rolled out to enhance leaders' conversation and dialogue skills, and to support their teams while we work remotely.

### Compensation and benefits

Compensation is a critical part of attracting and retaining employees. In 2021 we introduced a new and more generous profit share scheme. Under the new scheme, a fixed percentage of DNV's net profit is shared with employees.

We have also completed a compensation and benefits review, which has established a revised set of compensation principles for DNV employees. The new approach will be rolled out during 2022. As part of the compensation and benefits review we

engaged widely with our employees to understand their issues and desires regarding their compensation package. Based on this input, the new principles include increased flexibility for individuals as selected benefits can be transferred to base salary or fixed allowances (see the case study [Revising our compensation principles](#)).

### Diversity and inclusion

Our new business strategy identifies diversity and inclusion as a source of strength and a key enabler to attract and retain exceptional people and provide excellent services to our customers. To benefit from the opportunities that diversity and inclusion present to DNV, we need to ensure it is part of everything we do. As a result, we enhanced our focus on diversity and inclusion across the business in 2021 and, using a wide-ranging engagement process, established a new diversity and inclusion ambition with supporting targets. More information is given in the case study.

## Looking ahead

Our strategy outlines three strategic goals that relate to our people:

- Exceptional people - attract and retain the best people in a purpose-led environment
- Purpose-led and future-fit leadership
- Resilient and safe working environment.

For 2022, ongoing initiatives linked to our new strategy will continue and new initiatives will be started as we review and refine our people policies, principles and processes to ensure they are aligned with, and support, our new vision, values and strategy. The initiatives include support for talent attraction, retention, and development.

### Employee experience

DNV is a values-based organization with a defined culture and we want employees to recognise and benefit from the principles DNV stands for. To support this, we have launched initiatives to explore employee experiences in order to strengthen our employer brand and ensure we are consistent in our employee communication.

In reviewing employee experiences we will identify the key 'moments that matter' for our employees across the full employment lifecycle. We will work to improve, develop and communicate the moments that build employee engagement, enhance employee retention, and support our people with their career development, ongoing learning pathways and access to self-learning tools.

To align with the new 'Leadership in DNV' behaviours (see above) and our strategy, a new set of expectations for employees will be developed for roll out in 2023.

### Recruitment and onboarding

The DNV strategy is a growth strategy combining both organic and in-organic growth. This sets clear expectations relating to upcoming recruitment needs and enhanced onboarding processes. In 2022, we will review these processes to determine how we can improve their quality and efficiency. Recruiting capacity will be increased in order for DNV to achieve its growth ambitions, and particular emphasis will be given to recruitment within the digital and renewable energy sectors.

### Compensation and benefits roll out

Our new compensation and benefits principles will be rolled out in 2022. In addition to flexible options already identified, we will explore further options for employees to select compensation elements that best suit their current life situation.

### Career model

We will define a new DNV career framework in 2022 and prepare for its launch and implementation in 2023.

The goal of the new model is to show development opportunities for our people, support their growth, and clarify DNV's expectations towards employees. The project will also support workforce planning and cross-utilization of employees, as well as enhancing business efficiency by more efficiently and effectively utilizing global talent across DNV.

### Diversity and inclusion

Throughout 2022, we will work to support our new diversity and inclusion ambition as we set targets and work towards delivering on these (see case study).

### CASE STUDY

## Devising a new approach to diversity and inclusion



Like many other companies, DNV is currently broadening the definition of diversity and recognizing the importance of inclusion and belonging as a way to unlock the potential and benefits of diversity in the workplace. Diversity and inclusion (D&I) have always been important to DNV, but with the launch of our new strategy in 2021, its strategic importance is clearer than ever.

Diversity relates to our collective backgrounds and characteristics, as well as our different perspectives and mindsets. Inclusion is about building a culture of belonging and ensuring all viewpoints are heard and valued. While diversity means different things to different people - from gender and ethnicity to sexual orientation or professional and personal experiences - inclusion is important to every employee. It is what unifies us and connects us across the globe. Inclusion is about everyone being respected and accepted for who they are.

Following an inclusive leadership training for our Executive Committee in early 2021, we launched an engagement exercise across DNV to understand what D&I means to our people, what DNV does well and where we can improve. We organized 24 online workshops in 16 different locations, collecting hundreds of comments, reflections and suggestions on how DNV could further strengthen D&I.

The outcome of the engagement and subsequent analysis is our new ambition for D&I, which sets the direction and focus for the company. We are aware that our goals are ambitious and will take time to deliver, but by targeting year-on-year improvements we will improve our understanding as we measure progress towards our ambition.

Our approach to diversity and inclusion at DNV includes the following principles and initiatives:

### Inclusion

Feel valued and have a sense of belonging

#### Initiatives

- Inclusive behaviour an unconscious learning sessions for all
- Embed D&I into people and leadership development
- Inclusion deep dive

### Diversity

Promote diverse backgrounds

#### Initiatives

- In recruitment, development and promotion actively seek diverse backgrounds, genders, preferences and perspectives
- Promote and role model D&I in communication and events

### Fair access

Fair access to continuous growth

#### Initiatives

- Embed D&I into relevant processes
- Apply best practices

The next part of our journey is about implementation, ensuring that the action we take supports our ambition and targets. It is about embedding D&I into everything we do, every day. Our initial focus in 2022 will be on incorporating D&I into leadership and

building knowledge and awareness on D&I in DNV. We have a range of supporting initiatives in the three areas of our ambition, many of which came from employees' ideas, the Executive Committee and existing best practice.

# Approach

## Strategy and management system

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

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

## Governance

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

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

## Diversity and inclusion

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

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

DNV has published a Statement on Gender Equality for our operations in Norway as required by Norwegian legislation on equality and anti-discrimination. The Statement can be found on our website under 'Mangfold i DNV' (Diversity at DNV).

We seek diversity at all levels of our company in terms of age, gender, nationality, experience and mindset. Diversity is a source of strength for DNV.

## Human rights

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

Our Code of Conduct establishes our commitment to non-discrimination, equal opportunity, the right to join labour unions and fair employment. It provides a framework for expected behaviour at all levels in DNV and includes clear requirements related to responsibilities, behaviour, and decision making by employees and managers. All employees are introduced to the company's policies during the onboarding process and awareness of human and labour rights are part of this mandatory introduction.

DNV's Statement on [Modern Slavery and Human Trafficking](#) has been issued further to section 54 (1) of the UK's Modern Slavery Act 2015 and constitutes the DNV UK slavery and human trafficking statement for the financial year ending 31 December 2021. As part of this, we are committed to ensuring that there is no modern slavery or human trafficking taking place in any part of our business or our supply chains.

## Freedom of association and collective agreements

Employees' right to freedom of association and collective bargaining is documented in DNV's management system and our commitment to the UN Global Compact. Around 44% of our employees are covered by collective agreements.

## Employee training and development

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

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

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

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

## Remuneration

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

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

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

## Profit sharing

A common profit-share scheme provides the most appropriate variable pay structure to support our values.

Our new profit share scheme shares a percentage of DNV net profit with employees. All eligible employees receive a percentage of their base salary as a bonus based on DNV Group and

business area results and the employee's grade. Our career model consists of 15 grades. For employees in the highest grades (grades 10-15) employees' annual individual profit share is also determined by their individual assessment rating.

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

## Career endings

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

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

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

## Revising our compensation principles

Following an in-depth analysis conducted in 2021, we have revised DNV's compensation and benefits principles. We identified opportunities to make our approach to compensation and benefits more relevant and adaptable for DNV and our employees.

We engaged widely across DNV to gather business and employee opinions on pay and benefits. This ranged from the work undertaken while developing DNV's new 2025 strategy, which identifies compensation as a global business enabler; the needs of our individual business areas and relevant market trends; a dedicated employee survey and follow-up interviews to understand employee preferences; and results of regular employee Pulse surveys and exit interviews.

Although the majority of our existing compensation principles are relevant and up-to-date, opportunities

for improvement were identified. These mainly relate to the compensation mix - the balance between salary and benefits - and the relevance of the benefits offered. With the revised principles, we have designed increased flexibility for employees so that their total compensation mix can be aligned with individual needs. Flexibility comes in the form of increased choice in the benefits employees can select and through front-loading, where the value of benefits can be transferred into base salary. With this approach, employees can choose the compensation mix that has the highest perceived value for their circumstances.

We will implement the new principles globally in 2022, mainly by changing country-specific compensation and benefits terms and conditions. The extent of change and timeline will vary by country based on local legislation and the ability to make changes.

## Workforce profile

**TABLE 03** | EMPLOYEES BY EMPLOYMENT CONTRACT AND GENDER

Employment contract	Female	Male	Total
Permanent employees	34%	66%	11 595
Time-limited employees	49%	52%	200
<b>Total</b>	<b>4 011</b>	<b>7 784</b>	<b>11 795</b>

### Permanent employees

	Female	Male	Total
Full-time	89%	96%	10 892
Part-time	11%	4%	703
<b>Total</b>	<b>3 914</b>	<b>7 681</b>	<b>11 595</b>

### Subcontractor and temporary personnel

	Female	Male	Total
Temporary staff	14%	86%	1 445
External business support	19%	81%	1 355
Supplier	12%	88%	250
Subcontractor	19%	81%	6 794
<b>Total</b>	<b>1 809</b>	<b>8 026</b>	<b>9 844</b>

At DNV we have a broad definition of diversity and we acknowledge and support that some of our employees will have non-binary gender identities. We currently have the ability to only show male / female employee data, but we are investigating applicable legislation and limitations in our data systems to be able to address this in the future.

**TABLE 04** | EMPLOYEES BY REGION

Region	Permanent employees	Time-limited employees	Total
Nordics	2 444	9	2 453
West, South and East Europe	2 365	75	2 440
North America	1 718	1	1 719
North Asia	1 209	65	1 274
Central Europe	1 180	9	1 189
UK, Ireland	980	9	989
India, Middle East and Africa	862	10	872
South Asia	585	21	606
South America	252	1	253
<b>Grand Total</b>	<b>11 595</b>	<b>200</b>	<b>11 795</b>

**Permanent employee:** On DNV payroll without contracted time limitation.

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

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

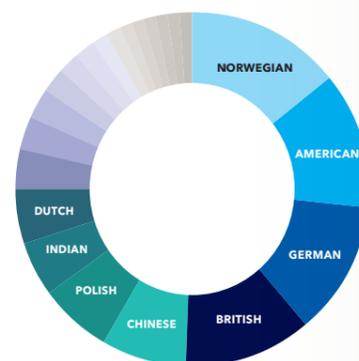
**Time-limited employee:** On DNV payroll with contracted time limitation.

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

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

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

**FIGURE 01** | EMPLOYEES BY NATIONALITY



Norwegian	1 604
American	1 285
German	1 102
British	943
Chinese	826
Polish	797
Indian	770
Dutch	514
Italian	420
Spanish	337
South Korean	329
Brazilian	253
Danish	212
Singapore	169
French	148
Japanese	130
Greek	129
Swedish	126
Malaysian	120
Mexican	120
Canadian	115
Australian	111

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

In total there were 114 nationalities among the permanent and time-limited employees at the end of 2021 (123 for all staff categories).

**TABLE 05** | EMPLOYEES - TOP 15 COUNTRIES

Grade	Female	Male	Total
Norway	661	1 364	2 025
United States	555	927	1 482
Germany	357	830	1 187
United Kingdom	259	726	985
China	243	567	810
Poland	409	357	766
Netherlands	163	394	557
India	139	330	469

	Female	Male	Total
Italy	191	180	371
Spain	114	242	356
South Korea	86	243	329
Singapore	92	206	298
United Arab Emirates	69	162	231
Denmark	71	156	227
Brazil	89	125	214
<b>Grand total</b>	<b>4 011</b>	<b>7 784</b>	<b>11 795</b>

## Employee turnover

**TABLE 06** | EMPLOYEE TURNOVER AND NEW EMPLOYEE HIRES BY AGE, GENDER AND REGION

### AGE

Employee turnover	<31	31-40	41-50	51-60	>60	Total
Total number <sup>1</sup>	135	421	295	135	138	1 124
Rate <sup>2</sup>	16%	13%	8%	5%	14%	10%
Opening count 2021	848	3 191	3 578	2 776	959	11 368

### New employee hires

	<31	31-40	41-50	51-60	>60	Total
Total number <sup>1</sup>	446	487	199	96	22	1 250
Percentage of hires	36%	39%	16%	8%	2%	

<sup>1</sup> Includes 16 employees with no age registered.

### GENDER

Employee turnover	Female	Male	Total
Total number <sup>1</sup>	389	735	1 124
Rate <sup>2</sup>	10%	10%	10%
Opening count 2020	3 776	7 592	11 368

### New employee hires

	Female	Male	Total
Total number <sup>1</sup>	460	790	1 250
Percentage of hires	37%	63%	

### REGIONS

Employee turnover	Nordics	Central Europe	West, South and East Europe	Great Britain	North America	South America	North Asia	South Asia	India, Middle East and Africa	Total
Total number	233	109	234	87	232	22	51	87	69	1 124
Rate <sup>2</sup>	9%	9%	10%	9%	14%	9%	4%	14%	10%	10%
Opening count 2020	2 490	1 247	2 301	930	1 645	238	1 202	613	702	11 368

### New employee hires

	Nordics	Central Europe	West, South and East Europe	Great Britain	North America	South America	North Asia	South Asia	India, Middle East and Africa	Total
Total number	212	45	250	108	277	34	53	52	219	1 250
Percentage of hires	17%	4%	20%	9%	22%	3%	4%	4%	18%	

<sup>2</sup> Turnover as a % of total employees

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

## Employee training and development

**TABLE 07** | AVERAGE HOURS OF TRAINING\* PER EMPLOYEE BY EMPLOYEE GRADE AND GENDER

Employee grade	HOURS / EMPLOYEE		Employee grade	HOURS / EMPLOYEE		Employee grade	HOURS / EMPLOYEE		*Basis of reporting employee training: Only internal training is included. External training is not consistently tracked. 7.5 hours per day is used. Only permanent and time-limited employees are included. Subcontractors and temporary staff are excluded as their inclusion is not relevant for internal competence development activities.
	Female	Male		Female	Male		Female	Male	
1		12.6	6	16.5	21.5	11	27.9	19.1	
2	7.5		7	16.3	19.5	12	39.5	18.7	
3	4.9	1.7	8	24.2	21.1	13	29.5	28.4	
4	5.7	9.0	9	22.6	21.0	14	45.2	26.4	
5	16.7	14.6	10	25.5	20.7	15	40.0	12.0	
			<b>Total</b>	<b>19.9</b>	<b>20.3</b>				

**TABLE 08** | PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS BY EMPLOYMENT CONTRACT AND GENDER

		Rated performance		Unrated performance	
Female	Permanent employees	99.95%	0.05%		
	Time-limited employees	100%	0%		
Male	Permanent employees	99.96%	0.04%		
	Time-limited employees	100%	0%		
<b>Total, male and female</b>		<b>99.96%</b>	<b>0.04%</b>		

**TABLE 09** | EMPLOYEE EDUCATION LEVEL IN OUR TEN BIGGEST COUNTRIES AND GLOBALLY PERMANENT EMPLOYEES

Country	Basic education level	Professional / Technical 0-3 years	2-year college level	Bachelor level	Master level	Doctorate level
Norway	5%	2%	3%	18%	64%	9%
United States	9%	1%	4%	44%	35%	7%
Germany	6%	15%	1%	11%	62%	4%
United Kingdom	5%	3%	4%	32%	41%	15%
China	2%	1%	6%	56%	33%	3%
Poland	4%	1%	0%	19%	75%	1%
Netherlands	6%	6%	2%	39%	40%	7%
India	2%	2%	0%	50%	45%	1%
Italy	23%	2%	6%	31%	32%	6%
Spain	6%	3%	1%	17%	70%	3%
Global workforce	659	365	299	3 744	5 186	624
Global workforce (%)	6%	3%	3%	34%	48%	6%

## Diversity and equal opportunity

**TABLE 10** | GENDER AND AGE PROFILE OF EMPLOYEES BY EMPLOYEE GRADE

Grade	GENDER			AGE GROUPS					TOTAL
	Female	Male	% female	< 31	31-40	41-50	51-60	> 60	
1		1	0%	1					1
2	4	1	80%		1		1	3	5
3	31	18	63%	14	12	13	8	2	49
4	187	69	73%	48	85	68	44	11	256
5	481	214	69%	213	210	165	79	28	695
6	844	618	58%	523	472	255	158	54	1 462
7	692	804	46%	210	728	335	166	57	1 496
8	628	1116	36%	27	871	489	287	70	1 744
9	463	1550	23%	6	598	837	448	124	2 013
10	346	1541	18%		207	872	622	186	1 887
11	188	1015	16%		30	432	556	185	1 203
12	101	514	16%		3	143	339	130	615
13	29	193	13%			32	132	58	222
14	11	89	11%			8	47	45	100
15	6	41	13%				25	22	47
<b>Total</b>	<b>4 011</b>	<b>7 784</b>	<b>34%</b>	<b>1 042</b>	<b>3 217</b>	<b>3 649</b>	<b>2 912</b>	<b>975</b>	<b>11 795</b>

**TABLE 11** | BOARD OF DIRECTORS BY AGE, GENDER AND NATIONALITY

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

## Salary comparison between genders

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

**TABLE 12** | AVERAGE BASE SALARY DIFFERENCE BY GENDER FOR THE 15 LARGEST COUNTRIES

Grade	Average female-to-male salary	Grade	Average female-to-male salary
Norway	98.8%	Italy	97.1%
United States	97.6%	Spain	103.7%
Germany	99.9%	South Korea	94.6%
United Kingdom	101.4%	Singapore	93.7%
China	95.2%	United Arab Emirates	98.8%
Poland	89.0%	Denmark	95.2%
Netherlands	94.7%	Brazil	90.4%
India	107.9%	<b>15 largest countries</b>	<b>98.0%</b>

OUR PEOPLE STRATEGY

# 5 SAFETY AND RESILIENCE



## Our ambition and objectives

Our ultimate goal is zero harm to anyone working for, or on behalf of DNV, and safeguarding our people is as much about maintaining a healthy and resilient workforce as it is about preventing work-related injuries and illness. One of our guiding principles is that no work is so urgent or important that it cannot be conducted in a safe and healthy way.

For DNV, resilience is what helps us to tackle day-to-day challenges and thrive in the face of change and uncertainty. We have been monitoring physical and mental health risks that may affect colleagues arising from extended periods of working from home because of the pandemic. Despite the continuing effect of the pandemic on our work environment, our occupational health and safety performance in 2021 continued the positive trend seen over recent years.

Our headline safety rates in 2021 were:

<b>0.5</b>	Injury rate was reduced to 0.5 (2020: 0.7)
<b>2.3%</b>	Absence rate 2.3% (2020: 2.0%)
<b>7.95</b>	Resilience index improved to 7.95 (2020: 7.8)

## Progress in 2021

### Safeguarding our people

With COVID-19 restrictions in place in many countries during 2021, we have travelled less and provided more remote services. The reduction in the lost time injury rate may be attributed to this.

We maintained our essential-travel-only policy throughout the year, continuing our commitment to protect the health of our employees and customers. Employees traveling for business-critical reasons were required to conduct a COVID-19 travel risk assessment with formal approval by both their line manager and regional manager.

In general, employees in DNV report low overall sickness. However, the global trend is that workforce mental health is a growing concern and we continuously monitor how our employees are impacted by the volatility and uncertainty of the pandemic. We are initiating dialogues within DNV about mental health to enhance our understanding of the fundamental factors contributing to our people's mental wellbeing. Full details of our performance, are provided in the [Metrics and data](#) pages in this section.

### Developing resilience

For DNV, employee resilience is as much about our ability to cope with change as it is about thriving and becoming the best version of oneself. Resilience starts with ourselves; taking care of ourselves is what puts us in the best position to support our customers and make a difference together.

### Managing the COVID-19 pandemic

Across the organization, local crisis management teams led by our country chairs have continued to support our people through these unprecedented times as the pandemic is evolving from a global crisis to one of local flare-ups.

We hold weekly meetings to share updates about the pandemic and best practices for keeping our employees safe and healthy. Supported by the Group COVID-19 crisis team, local crisis teams continuously provide employees in their countries with science-based information on what is and is not known about the virus, about measures to reduce the spread of infection and on how to offer psychological support to maintain resilience.

Together with biomedicine and social science experts, our crisis team has knowledge sessions and guidance on COVID-19 and vaccinations. The sessions focused on preventing infection and keeping employees motivated to uphold with safe behaviours relating to COVID-19.

Tragically, we have lost one employee and two subcontractors to COVID-19. Many colleagues have also lost family members due to the virus, and we have followed-up with them to ensure they receive the support needed to work through these traumatic times. Our crisis management teams have also supported colleagues affected by 'long COVID' and helped employees prepare for how to tackle COVID-19 in their households and personal lives by sharing learning experiences.

### In home office environments

With an increasing number of employees working from home, we recorded 35 cases of ill-health related to ergonomics in the home environment and local initiatives to mitigate these cases were initiated. In light of changes to working patterns associated with our new flexible and hybrid working routines

(see the [Our employees](#) section for more details), ergonomics initiatives are part of our transition projects towards our future workplaces.

### Employee resilience and mental health

Building on the resources that were launched in 2020, we continued to help all DNV employees develop their resilience in these challenging times. We focus on increasing awareness of what employees can do to improve wellbeing and motivation as they cope with uncertainty. Some of our initiatives included:

- Launching a revamped global DNV Resilience Gateway (see case study underneath).
- Webinars to help maintain and strengthen employee resilience, with a focus on mental health and transitioning to a hybrid work environment.
- A 'Mystery Coffee' initiative was launched globally in March 2021 to connect DNV people online, build new networks, and socialize, relax, and prevent loneliness and isolation.

- Maritime also continued its #staysafe campaign to encourage our surveyors to take extra precautions at work.
- Depending on local conditions and legislation, local management has initiated measures to mitigate the impact of the pandemic on their employees. Examples include: recruiting and training 30 mental health first aiders in UK and Ireland; a mental health helpline offering professional psychological support in Poland; workshops on remote leadership in Norway; digital mental and physical exercise breaks, and efforts to improve ergonomic working conditions in Germany and the US. Our Pulse surveys show that these initiatives to ensure employee wellbeing have been well received.

### Measuring resilience

We use a resilience index to monitor employee resilience across the whole company. The index is based on our employee engagement Pulse survey and enables managers to follow-up issues in local business units in a timely manner. Scored out of 10, our target is to achieve a resilience index score of 8 by 2025. The survey includes the following specific questions:

- I'm satisfied with the amount of flexibility I have in my work schedule
- My manager cares about me as a person
- DNV really cares about my health and wellbeing
- The demands of my workload are manageable.

Responses to questions related to resilience have been positive and steadily improving across the organization during the COVID-19 crisis.

### Incident reporting and learning from incidents

In 2021, we continued to focus on identifying and reporting hazards, risks, and incidents including near misses. Significant near misses with potential for high consequences were shared with top management and are made available to all employees on the intranet. To further encourage sharing of lessons learned, we host network meetings for health, safety and environment (HSE) representatives from our business areas and Global Shared Services (GSS). Reported incidents and potential risks feed into our overall risk management system.

#### CASE STUDY

## Global DNV Resilience Gateway

Coinciding with World Mental Health Day on 10 October, we launched our revamped DNV Global Resilience Gateway for employees on the DNV intranet. With the new Gateway, our goal is to make the support that DNV offers on resilience more visible, unified and accessible to our employees. We believe that the more accessible our resources are, the easier it is for our employees to reach out and get the support they need.

The Resilience Gateway offers curated content, such as podcasts, articles and videos in each of the six pillars of our resilience framework - physical, mental and social health, and autonomy, growth and purpose. It showcases the plethora of local and regional wellbeing and resilience initiatives that DNV has to offer, as well as specific content on relevant topics such as grief and chronic illness in relation to the pandemic.

Our aim is for the content to be dynamic and to respond to the needs of our employees. We have created slides with trigger questions or statements that can be used to kick-start team or one-to-one discussions on potentially difficult or sensitive resilience topics, such as mental health or psychological safety.

We use monthly highlights on our internal social media channel, Yammer, to encourage employees to use the gateway and its resources. So far, feedback has been positive and suggestions for maximizing the benefit of the gateway show that employees are engaged with the platform. Examples of suggestions include making the gateway accessible to our sub-contractors, making presentations to show users around the gateway, and sharing one-pagers to inspire safety moments and team building meetings.

#### CASE STUDY

## Reviewing our data on employee resilience

In March 2021, we conducted a deep-dive into our resilience data to help understand the current mental health status and resilience of our employees and identify improvement areas for the remainder of 2021.

We studied quantitative and qualitative data sources, including Pulse survey scores and comments; data from our health and safety software, Synergi Life; employee absence and sick leave data; COVID-19 task force feedback; country chair surveys; and feedback from resilience webinars, our future workplace pilot in China as well as external studies.

The findings showed some positive trends in employee resilience across DNV. Compared to industry benchmarks, our Pulse survey results show that DNV's improvements in employee resilience have outpaced improvements in the benchmark scores. The DNV Resilience Index increased from 7.83 to 7.88 between the end of 2020 and May 2021, while the industry benchmark stayed constant at 7.85.

Areas for improvement include an indication that excess workload is contributing to heightened employee stress

and anxiety, and that some employees have experienced loneliness as a result of working from home during the pandemic. Remote working has also put pressure on employee-manager relationships, an area that was already challenging before the pandemic. The impact of excess workload, in particular, has been noted as a concern and our business areas are working to implement mitigating actions, including support on time management in home working situations.

We have translated the findings from the deep dive into focus areas that target all levels in DNV: As a company, we will work to remove stigma and fear of repercussions around employee mental health; as leaders, we will improve communication and establish expectations; as teams, we will support each other in meeting resilience needs; and, as DNV employees, we will identify our own resilience needs and reach out for support. These focus areas inspired measures taken in 2021 and we will continue to refer to these areas as learning opportunities during our transition to flexible work schemes and hybrid working environments.



## Looking ahead

### Safety and resilience resources and support structure

In 2022, we will continue to improve our safety and resilience resources and support structure to ensure we safeguard our people as we navigate through the pandemic and shift to a hybrid work environment.

### Resilience

We expect that the persistence of the COVID-19 pandemic, coupled with the transition to a hybrid office-home work environment, will continue to put our employees' resilience to the test. There are many opinions about the return to working from the office and the shift to hybrid working following the pandemic. While many employees look forward to returning to the office, there are also indications that some feel anxious about returning. Others appreciate the flexibility that comes with the option to work from home.

In addition to improving our resilience support structure, we will continue to build our resilience resources, including updating our Resilience Gateway and further developing employee awareness and knowledge so that they can champion resilience and support others in developing theirs.

We will also:

- Analyse our resilience data and implement relevant support measures
- Increase awareness of our resources on resilience
- Conduct webinars on psychological safety to reduce stigma around mental health
- Identify specific employee resilience needs linked to hybrid working
- Identify factors that lead to excess workload and discuss opportunities for improving workflows.

### Incident reporting and learning from incidents

We will continue to focus on hazard, risk and incident reporting in 2022, including near misses. This is an essential part of our journey to create a safety culture characterized by learning and improvement. Part of this work will be encouraging employees who report an incident in Synergi Life, our proprietary risk management tool, to analyse the root causes of the incident, and to support the business areas in offering training on risk analysis. Cases with the potential for high consequences will continue to be shared with top management and learnings will be made available to all employees on the intranet.

## Approach

### Safety and resilience management

Safety and resilience are fully embedded in our purpose, vision and values, and our commitment to safeguarding people extends to everyone who is linked to our business. Our approach is to empower our people to make the right decisions about their own safety, health and wellbeing every day and to equip them with the knowledge and skills to thrive and perform at their best. We invest in a safe, healthy and future-fit working environment, focusing on employee wellbeing (physical, mental, and social health) and motivation (autonomy, mastery, and purpose) to contribute to their resilience.

Our safety and resilience policy and management system complies with all laws and regulations in countries where we operate and is certified to the ISO 45001:2018 standard. In areas where legislation is weak or does not exist, we adhere to our Group requirements, which comply with Norwegian regulations.

The right to say 'no' if you encounter inappropriate behaviour or unacceptable conditions that can pose a risk to your safety or harm your health and resilience while at work for DNV, is embedded in our safety and resilience policy.

### Governance

Within DNV, safety and resilience are structured across two lines of responsibility - by geography and by business area. At the highest level, the Group CEO and Executive Committee are responsible for all matters concerning safety and resilience. Quarterly safety and resilience reports are made available to all employees on the intranet.

Line managers are responsible for ensuring safe and healthy working conditions that protect our employees and contractors and support them in developing their resilience. They are also responsible for promoting open communication and a culture where incidents and feedback are treated as learning opportunities.

All our safety and resilience support resources are internal; we do not outsource any responsibilities related to safety and resilience. We conduct a management system review process annually. This is a bottom-up process and ensures continual improvement of our safety, occupational health and resilience performance. The review has a fixed agenda with elements such as risk management (including safety, resilience and quality) and information related to performance and effectiveness of the management system.

### Risk assessment

DNV has defined clear principles, processes and key responsibilities for hazard identification and risk assessment relating to office working, travelling, driving, conducting field work, and operations at laboratories and test sites. Occupational health

and safety risks, including those related to field and laboratory work, are periodically identified, assessed and reviewed by business areas or through the global risk register.

We are actively using risk assessments to guide our decision making on how to operate during the pandemic. Assessments are being used to support decisions on whether to conduct work in person or through remote services and also to mitigate the risk of infection during field work, laboratory and test site activities, and travel. We have also used risk assessments to support decisions on closing or restricting access to offices and managing their reopening in a controlled way. In line with our purpose, vision and values, we take pride in our forward leaning and relatively precautionary approach in comparison to local requirements.

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

### Work-related hazards

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

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

Safety and resilience are fully embedded in our purpose, vision and values, and our commitment to safeguarding people extends to everyone linked to our business.



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

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

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

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

## Metrics and data

### Occupational diseases with lost time

In 2021, 21 cases of work-related ill-health resulting in lost time were reported (2020: 17). Eleven of these identified stress and workload as the sole or contributing factor. The other cases were mainly due to working conditions in the home environment and field-work. All employees are expected to make a full recovery.

### Absence rate

Our absence rate due to sickness has remained low at 2.3% (2020: 2%; 2019: 2.3%). Our reporting system does not currently capture absence by region.

### Incident reporting

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

Employees involved in, or observing, a work-related incident or safety and health related risk are required to report it through Synergi Life. Employees concerned about revealing their identity can anonymously report incidents and hazards (including near misses).

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

### Learning from incidents

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

### Involving employees

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

### Incident and hazard reporting

During the year, 1,341 incidents, hazards and near misses related to occupational health, safety and the environment were reported (2020: 1,252). 294 cases were registered in Synergi Life as near misses, and of these 3.4% (10 cases) were reported as potential high risk.

TABLE 13 | HEALTH AND SAFETY PERFORMANCE

	2021	2020	2019
Work-related fatal accidents	0	0	0
High-consequence injuries, employees	0	0	0
High-consequence injuries, other workers	0	1	1
High-consequence injury rate, employees	0	0	0
High-consequence injury rate, other workers	0	0.3	0.4
Recordable injuries, employees	21	22	36
Recordable injuries, other workers	7	3	3
Recordable injury rate, employees	1	1.1	1.6
Recordable injury rate, other workers	2.14	1.0	1.1
Injuries with lost time, employees	10	14	19
Injuries with lost time, other workers	3	1	3
Occupational diseases with lost time, employees	20	18 <sup>1</sup>	13
Occupational diseases with lost time, other workers	1	0	2
Near misses with the potential for high consequences	9	19	21
Lost time injury rate, employees	0.5	0.7	0.9
Lost time injury rate, other workers	0.9	0.3	1.1
Absence rate (%)	2.30 <sup>2</sup>	2.0	2.3

<sup>1</sup> Occupational diseases with lost time reported for 2020 has been corrected from 17 to 18 due to one new case registered after the deadline for external reporting in 2020. The case has been investigated and corrective actions have been implemented.

<sup>2</sup> The number is extrapolated from data covering 80% of DNV employees.

#### DEFINITIONS

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

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

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

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

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

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

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

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

OUR SUSTAINABILITY STRATEGY

# 6 ENVIRONMENT AND CLIMATE

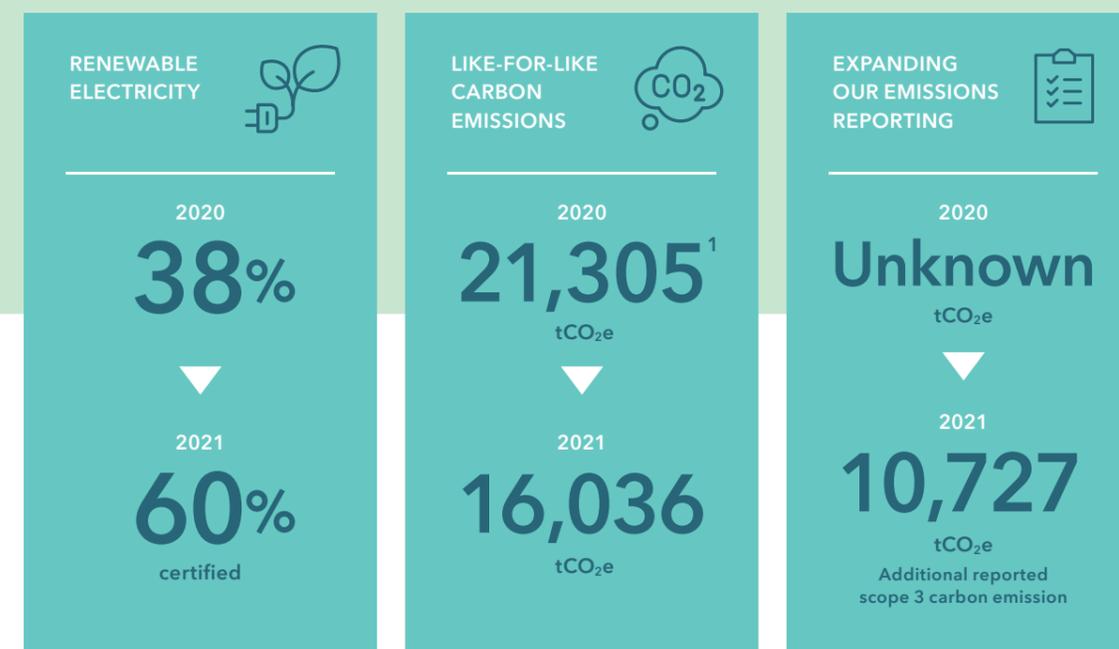


## Our ambition and objectives

To avert the climate crisis, action is needed from all parts of society including governments, companies and individuals. At DNV, we take our responsibility to minimize our environmental impact very seriously and environmental protection is embodied in our purpose to protect life, property and the environment. Our sustainability and climate strategy focuses on reducing the environmental footprint of our business.

Although our operations have been carbon neutral for two years, we are committed to reducing carbon

emissions across the business by 50%, sourcing 100% renewable electricity, focusing on lower-carbon business travel and becoming carbon positive by 2025. We have also committed to setting a science-based target to reduce our carbon emissions in line with the 1.5°C pathway of the Paris Climate Agreement. Beyond our own impact, we use our technical expertise to accelerate the energy transition, working with customers to support them in achieving their sustainability objectives (see [Sustainable innovations](#) and [Markets](#) sections).



## Progress in 2021

### Enhancing our commitments

In 2021, DNV strengthened its commitments to tackling climate change. We have committed to the Science Based Targets initiative to reduce our carbon emissions by 2025 in line with the 1.5°C pathway of the Paris Climate Agreement by setting a science-based target during the first half of 2022. We have also pledged to achieve net zero well before 2050. Last year we participated in the UN Global Compact Climate Ambition Accelerator to get us started on this journey.

### GHG emissions

On a like-for-like basis, DNV carbon emissions reduced by 24.7% to 16,036 tonnes of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e) emissions in 2021 (2020: 21,305 tonnes<sup>1</sup> CO<sub>2</sub>e). This is mainly due to switching to renewable electricity sources and less business travel during the year.

During 2021, we also expanded our reporting on indirect (scope 3) emissions from our value chain, adding several new emissions sources to our reporting. (See [Measuring our scope 3 emissions](#) below).

These newly reported scope 3 emissions have added 10,727 tonnes CO<sub>2</sub>e to our overall carbon footprint and in 2021, our total carbon emissions were 26,736 tonnes<sup>2</sup> of CO<sub>2</sub>e. The table below shows our like-for-like emissions in 2021 and emissions from the newly reported scope 3 emissions sources. For a full breakdown of our scope 1, 2 and 3 emissions, see the metrics and data section below.

**TABLE 14 | GREENHOUSE GAS EMISSIONS** (tCO<sub>2</sub>e)

	2021	2020
Like for like (same emissions sources as 2020)	16 036	21 305
Additional scope 3 emissions sources	10 727	N/A
Total	26 763	21 305

With reduced business travel, emissions from air travel, one of our biggest emissions sources, fell by 33% compared to 2020. Since 2019 and the COVID-19 pandemic, emissions from air travel have fallen 83%.

### Energy use

In 2021, we used 59.7 gigawatt hours (GWh) of energy in our operations, up 7% from 2020 (55.8 GWh<sup>3</sup>). Major users of energy in DNV are our facilities in Høvik, Hamburg and Groningen.

60% of our total electricity was purchased with green certificates in 2021, accounting for 47% of our total energy use. 7% was renewable energy generated onsite at DNV facilities and 31% came from grid electricity or district heating. 15% of our total energy consumption came from burning fuels. Our slight increase in energy consumption in 2021 is mainly due to the soft opening of some of our office facilities following COVID-19 lockdowns.

### Measuring our scope 3 emissions

In 2021, DNV joined an initiative organized by Skift to expand reported sources of emissions among member companies. From 2021 onwards, we have started mapping and reporting more emissions and creating an inventory of emission sources that we will expand in the coming years. For the first time, we are also reporting emissions from purchasing IT equipment, smartphones, office furniture, cloud usage and employee commuting. The inventory will become a roadmap that guides us in reducing our biggest sources of emissions and implementing effective sustainability initiatives.

### Renewable electricity

We exceeded our interim 2021 target of 50% certified renewable electricity in 2021, moving us one step closer to our 2025 target of 100% renewable electricity. In working towards this goal, we used expertise in our Energy Systems business area to create a purchasing strategy that is credible, transparent and impactful.

We chose to acquire certified renewable electricity from sources that have the potential to support underdeveloped renewable electricity markets. The chosen registries on which the certificates are issued, traded, and retired are robust tracking mechanisms designed to prevent double counting; for every MWh of energy produced and issued on a registry, a specific ID number issued to that MWh and is tracked all the way to retirement where it appears on retirement certificates.

### Business travel

During pre-pandemic times, air travel was DNV's biggest source of emissions. It has also been an area in which DNV has had significant focus on emission reduction. We have launched an initiative to reduce emissions from business travel by 30% in 2022 from pre-pandemic levels. Although this goal is challenging, the COVID-19 pandemic has shown that business as usual can continue with less air travel and higher adoption of digital technology.

### Company cars

DNV has a company car fleet of approximately 1,500 vehicles globally, of which 76% run on petrol or diesel. To reduce the climate impact of our fleet, we are working to accelerate the switch from petrol and diesel engines to electric vehicles and plug-in-hybrids. Our new company car guideline stipulates electric or plug-in hybrid cars where local infrastructure is mature enough.

### Plastics

We are also targeting a reduction in single use plastics with the ultimate goal of having zero single-use plastics in our offices. The [Sustainable supply chain](#) section gives updates on our progress in this area.

### Carbon neutral operations

DNV remained carbon neutral for 2021. We offset our 2021 carbon emissions with carbon credits aiming to protect two major forest areas in Peru. The projects improve the livelihood of indigenous people in these regions by supporting sustainable agroforestry and protecting endangered species. Both projects are gold-standard certified REDD+ (reducing emissions from deforestation and forest degradation) projects. The offsets are provided by Climate Partner, a provider of carbon credits.

### Incidents and compliance

We had no environmental incidents in 2021 and no non-compliances or fines related to environmental regulations.

## Understanding our employees' commuting patterns

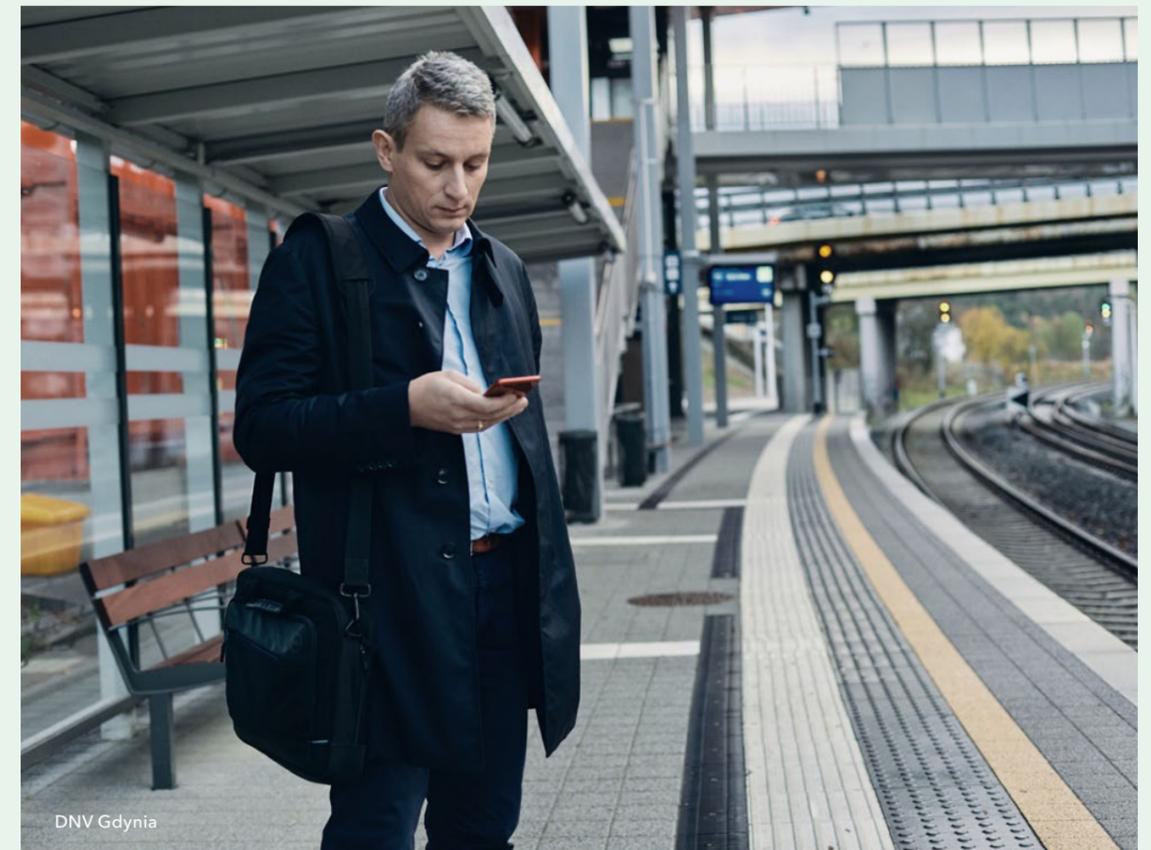
To get an accurate view of our indirect emissions for 2021, we needed to understand how our employees commute to work and to calculate the emissions from travel. But with COVID-19 disrupting normal working patterns and imposing varying degrees of home-working in countries around the world, gathering information on our employees' commuting patterns was a challenge.

To overcome this issue, we constructed a commuting survey identifying the number of days per week employees were working in the office while also mapping the different means of transportation our people were using to commute to our offices. The survey was run in Norway, Germany, China and North America, countries that account for 48% of our employees. Norway had the highest response rate with 57% of employees respond-

ing and overall we received sufficient responses from the rest of the countries to make a solid estimation of emissions from employee commuting.

We have calculated emissions from commuting to be 5,165 tCO<sub>2</sub>e, around 20% of our total greenhouse gas emissions. To continue improving our understanding and identify changes in commuting patterns (especially post-COVID), we will run the survey every year.

The survey also included an open response question to which factors would influence employees to choose more environmentally-friendly transport for their commute. The response rate was impressively high and has given us valuable insights that can feed into future initiatives. It has also increased awareness and engagement among employees when it comes to sustainable travel.



DNV Gdynia

1 2020 total CO<sub>2</sub>e emissions figure has been corrected from that published in our 2020 Annual Report (23,383 tonnes) due to replacing estimated data with final measurements.  
2 3% of emissions reporting comes from estimated energy use. This is mainly done by estimating average office size.

3 The 2020 energy consumption figure has been corrected from that published in our 2020 Annual Report (57.3 GWh) due to replacing estimated data with final measurements.

## Looking ahead

Our 2025 strategy includes ambitious plans to reduce our greenhouse gas emissions, switch to renewable electricity and work towards being climate positive by 2025. In 2022 we aim to:

- Design a roadmap to reach 100% renewable electricity by 2025 in the most effective and transparent manner.
- Reduce emissions from business travel by 30%. All business areas are actively working to limit air travel and consider alternative travel options.
- Expand our monitoring and reporting of value chain emissions, including emissions from vendors, contractors and our supply chain.
- Continue to develop a methodology for measuring and demonstrating the impact of our work on our selected SDGs.
- Engage and involve employees in our sustainability initiatives.
- Continue reducing single-use plastic waste across all our offices through campaigns and by engaging with our service providers.
- We will continue to work on projects that support our goal of becoming climate net positive by 2025, meaning that we will absorb and store more carbon than we emit.



DNV Høvik

## Approach

Our purpose directs us to safeguard the environment. Our aim is to continuously reduce the environmental footprint of our own operations and help customers do the same. We aim to use our expertise to make a positive contribution to the SDGs and the 1.5°C pathway of the Paris Climate Agreement (see also the [Sustainable innovations](#) section).

As signatories to the UN Global Compact, we take a precautionary approach to managing our environmental and climate impacts. Our Code of Conduct (see the [Ethics and integrity](#) section) also commits us to reduce the environmental impact of our operations, procurement, investments, and property management.

### Environmental management system

Since 2008, DNV Group has been independently certified according to the ISO 14001 environmental management system standard. Periodic audits take place to maintain our certification, which is key to identifying and reducing our environmental impacts on an ongoing basis. In November 2021, we had a successful recertification audit.

### Environmental management reporting system and tool

We measure and monitor our key environmental aspects and any environmental incidents using DNV's Synergi Life software, which was developed in-house. We measure greenhouse gas emissions from air and rail travel with reporting tools from our travel agencies (see more on our greenhouse gas reporting in the [Metrics and data](#) pages).

### Green supply chains

As part of our approach to creating a sustainable supply chain (see the [Sustainable supply chain](#) section), all suppliers are required to adhere to our Supplier Code of Conduct, including our environmental policies and standards.

### Climate and environmental governance

Our approach, processes and systems for managing environmental risks and performance is a Group-level responsibility. Our CEO is responsible for sustainability performance within DNV. He receives regular reports on environmental matters and performance, and monitors the implementation of the strategy to ensure that we meet our ambitious targets. Our Board of Directors has formal oversight of DNV's sustainability performance, including environment and climate.

### How we calculate our greenhouse gas emissions

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

We use Defra CO<sub>2</sub> emission factors with radiative forcing index factor for calculating air travel.

Indirect emissions from electricity and district heating have been calculated using country-specific grid average emission factors published in the IEA 2022 revision.

We do not report on the greenhouse gases CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, NF<sub>3</sub> or SF<sub>6</sub>. We do not report on NO<sub>x</sub> and SO<sub>x</sub> emissions. We are not aware that we have any emissions of ozone depleting substances.

Our aim is to continuously reduce the environmental footprint of our own operations and help customers do the same.

Our 2025 strategy includes ambitious plans to reduce our greenhouse gas emissions, switch to renewable electricity and work towards being climate positive.

# Metrics and data

TABLE 15 | ENERGY CONSUMPTION (GWH)

	2021	2020	2019	2018
Energy consumption	59.7	55.8	94.8	109

TABLE 16 | GREENHOUSE (GHG) GAS EMISSIONS (THOUSAND tCO<sub>2</sub>e)

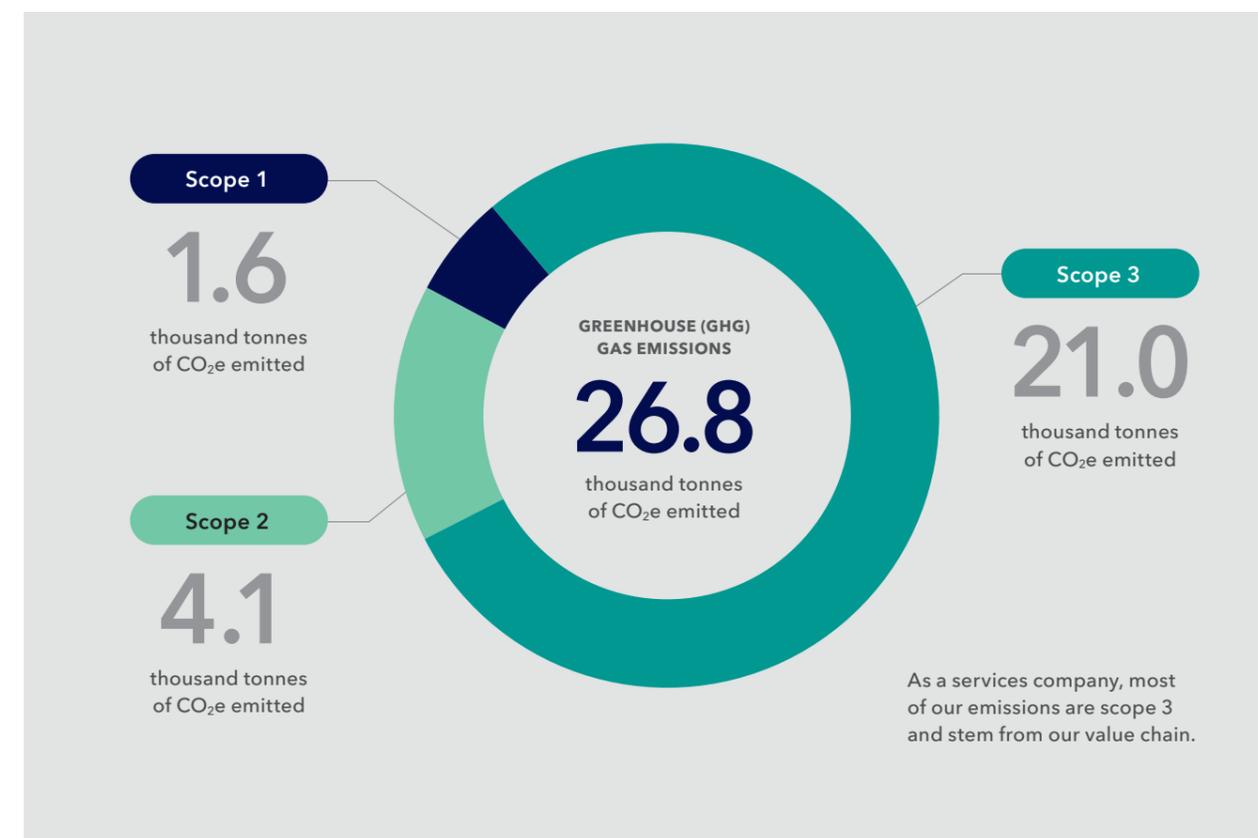
	2021	2020	2019	2018
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Scope 1		2021	2020	2019	2018
Direct GHG emissions from operations		1.6	1.5	25.6 <sup>1</sup>	5.7
Natural gas on-site		1.6	1.5	2.4	2.3
Oil on-site		0.03	-	-	0.01
SF6		-	-	23.2	3.4

Scope 2		2021	2020	2019	2018
Indirect GHG emissions from purchased electricity and heat		4.1	7.4 <sup>2</sup>	13.9	17.2
Electricity off-site		2.9	6.6	12.6	15.8
District heating		1.0	0.8	1.1	1.2
Purchased renewable electricity		0.3	0.05	0.2	0.2

Scope 3		2021	2020	2019	2018
Indirect GHG emissions		21.0	12.3	38.4	41.9
Business travel	Air travel	5.8	8.7	33.8	36.4
	Car travel	4.4	3.6	4.6	5.5
	Rail travel	0.01	Not previously reported		
	Hotel stays	0.2	Not previously reported		
Waste generated in operations <sup>4</sup>	All waste	0.008	0.005	0.005	0.005
Employee commuting	Employee commuting	5.2	Not previously reported		
Purchased goods and services	IT	2.0	Not previously reported		
	Cloud usage <sup>5</sup>	0.8	Not previously reported		
	Smartphones <sup>4</sup>	0.04	Not previously reported		
	Furniture <sup>4</sup>	0.2	Not previously reported		
Leased assets <sup>3,4</sup>	Buildings (offices, laboratories, storage & parking spaces)	2.3	Not previously reported		

<b>Total GHG emissions</b>	<b>26.8</b>	<b>21.3<sup>6</sup></b>	<b>77.9</b>	<b>64.8</b>
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**carbon neutral**

100% of our emissions in 2021 were offset through verified schemes.

**2.27**  
tCO<sub>2</sub>e per person

Scope 1, 2 and 3 greenhouse gas emissions from DNV operations.

When comparing like for like:  
2021: **1.36**, 2020: **1.87**

1 23.2 tCO<sub>2</sub>e came from chemicals (SF<sub>6</sub>) used in laboratories that are no longer owned by DNV.  
 2 2020 scope 2 emissions figure has been corrected from that published in our 2020 Annual Report (8.4 thousand tonnes) due to replacing estimated data with final measurements.  
 3 DNV AS is the lessee for some of the assets that belong to DNV Eiendom, we are reporting on their emissions as a lessee not as an owner.  
 4 Reporting only for Norway, emissions from more locations will be added in next year's report.  
 5 Estimated amount as there is uncertainty in the data received from our supplier - the issue is being resolved.  
 6 2020 total CO<sub>2</sub>e emissions figure has been corrected from that published in our 2020 Annual Report (23.4 thousand tonnes) due to replacing estimated data with final measurements.

OUR SUSTAINABILITY STRATEGY

# 7 SUSTAINABLE SUPPLY CHAIN



## Our ambition and objectives

Our approach to sustainability extends beyond our own operations and into our supply chain. It is important for us to build a sustainable supply chain to ensure smooth and efficient business operations globally, and to support our commitment to business ethics and the environment.

All suppliers are expected to adhere to our Supplier Code of Conduct and to ensure that their operations are in line with DNV's sustainability objectives. We regularly audit suppliers for compliance against the environmental, social and human rights requirements of our Code.

We work closely with the DNV environment team to ensure our procurement processes and facilities management support and deliver our environmental goals, especially relating to energy usage in our offices and our carbon footprint.

Headline performance in 2021:

**-32%** Reduced average floor space per employee from 25m<sup>2</sup> in 2017 to 17m<sup>2</sup> in 2021.

**34%** of our offices are in green-certified buildings, increased from 25% in 2019.

**11** suppliers were audited in 2021 with no significant infringements on our Supplier Code of Conduct.

 Initiative to reduce or remove plastics from our supplies, starting with a plastic-free July campaign.

## Progress in 2021

### Energy use and greenhouse gas emissions

We use our procurement process to help reduce our energy use and greenhouse gas emissions. This includes purchasing renewable electricity, running low-emission company cars and renting environmentally-sound offices. For more details on renewable electricity and company cars, and our overall approach to reducing our environmental and climate impact, see the [Environment and climate](#) section.

### Efficient, green and future-fit workplaces

With the ongoing COVID-19 pandemic, most DNV employees continued to work from home for large parts of 2021. Despite the disruption to traditional working patterns, we have continued to deliver high quality services to customers. This inspired us to consider future ways of working and we launched the 'Future Workplace Project' in August 2020 looking into hybrid home-office working possibilities.

Following successful pilots, our Group CEO, Remi Eriksen, announced in June 2021 that all DNV employees now have the

option to work partly in the office and partly remotely, depending on individual roles, tasks and customer needs. Not only does hybrid working balance the advantages of office and home working, it also delivers some environmental benefits from reduced daily commuting by employees globally.

To support a reduction in energy consumption and CO<sub>2</sub> emissions, we are also targeting reduced floor space per employee in our offices without impacting on the quality of the work environment. For office leases signed in 2021, we have successfully reduced floor space per employee to an average of 17m<sup>2</sup>. This compares to an average of 25m<sup>2</sup> in 2017.

DNV has increased the percentage of green certified office space (measured by floor area) during the past few years. By the end of 2021, 34% of our offices are in green-certified buildings, up from 25% in 2019. A green-certified office, through its design, construction or operation, reduces or eliminates negative impacts on our climate and natural environment, including in the areas of energy consumption and waste management.

### Improving procurement processes

In 2021, we continued working on sustainable procurement projects. Following a successful pilot in Poland during the year, we selected Basware's cloud-based purchase-to-pay software to support our procurement and payment processes.

### Assessing suppliers

All DNV supplier contracts refer to our Supplier Code of Conduct. We continued our programme of auditing randomly-selected suppliers against the Code and audited 11 of our indirect suppliers in 2021. The supplier audits were carried out by DNV procurement experts and the results showed no significant infringements.

To improve our contract and supplier management, we are automating the process using our proprietary Synergi Life health, safety and environment (HSE) software. This will enable us to manage supplier risk assessments more efficiently, increase the frequency and ensure risks are identified more easily.

### Human rights

Our Supplier Code of Conduct outlines our expectation that suppliers are not complicit in human rights abuses. Human rights are part of our supplier audits and we have not identified any human rights breaches in audits performed in 2021.

### Reducing plastic use

We launched a Global Plastic Reduction project in May 2021, which focuses on reducing single-use plastics by avoiding their use entirely within DNV or using alternatives, such as degradable materials. All employees were invited to take part in our Plastic-free July campaign to contribute to reducing plastic consumption at work and at home. The project has been well received across the company with positive local initiatives contributing to plastic reduction. Examples include our offices in the Netherlands which replaced plastic cutlery, cling film and waste bags with 100% biodegradable alternatives in the canteen and Global Shared Services Poland which replaced the annual plastic gift card with electronic ones to eliminate the use of single-use plastics.

## Looking ahead

We will continue the procurement lighthouse project to standardize the procurement process and clarify roles and responsibilities for indirect procurement. Our focus on making sustainability an important factor in selecting suppliers will also continue. We will start the global roll out of our new cloud-based purchase-to-pay software in 2022, to increase governance, transparency and compliance throughout the procurement process.

Our suppliers must adhere to our Supplier Code of Conduct and consider how they can support our sustainability goals in their own operations.

### Assessing suppliers

We will update our Supplier Code of Conduct in 2022, strengthening sustainability requirements. Our audit programme for indirect suppliers will also continue with a minimum of 10 supplier audits globally. We select the suppliers to be audited based on how critical they are to our business.

### Reducing plastic use

In 2022, we will develop and communicate requirements for key suppliers with the aim to remove or reduce plastics in our office supplies. Internally, we will use digital posters, intranet articles and other communication channels to raise awareness and engage our people so that we can all be mindful about plastic reduction both at the office and at home.

## Approach

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

### Setting high standards

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

### Global governance, local purchasing

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

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

Indirect procurement is managed by GSS. Our large supplier categories include subcontractors, office and real estate expenses, ICT, travel and car fleet.

### Risk management

To manage risk and deliver cost savings and transparency, we are working to consolidate our suppliers globally; selecting trustworthy suppliers whose values and service quality meet our requirements. The new contract and supplier management module within our Synergi Life software will help us to better manage supplier risk, and we will promote this module within procurement and GSS functions in 2022.



## OUR SUSTAINABILITY STRATEGY

# 8 ETHICS AND INTEGRITY



## Our ambition and objectives

Trust is a critical building block for our business and we recognise this in our vision 'to be a trusted voice to tackle global transformations'. Trust in our brand, our products and services, and our knowledge and technical expertise is vital, as is trust that we run our business in the correct way.

Ethical conduct, legal compliance, and business and personal integrity are essential ingredients for building trust with customers and stakeholders. Alongside our purpose, vision and values, our Code of Conduct defines what we consider ethical, responsible and sustainable behaviour. It applies to everyone involved in DNV's business and we strictly adhere to its standards. Our approach to ethics and compliance is not simply to impose a set of rules, but to raise DNV's collective awareness of the practical implications of ethical behaviour and compliance.

### Our headlines in 2021 were:

We support and adhere to the principles of the UN Global Compact to support a better, more sustainable world.

We launched our fully revised Code of Conduct and new mandatory training on the Code.

New guideline developed for high-risk countries that we operate in with a particular focus on anti-corruption measures.

## Progress in 2021

Our focus in 2021 was on maintaining high levels of employee awareness on ethics and compliance-related topics. This included publishing our fully revised Code of Conduct and providing web-based and virtual classroom ethics and compliance training. Our Code of Conduct and global compliance programme protects against the diverse landscape of compliance and ethical risks we face as a Group operating in more than 100 countries across multiple sectors.

### Code of Conduct

Our Code of Conduct has been restructured and the content has been fully updated, including new chapters on human rights and diversity to emphasize the importance we place on these topics. It provides a framework for expected behaviour at all levels in DNV and includes clear requirements related to responsibilities, behaviour and decision making by employees, sub-contractors and managers.

To help our employees familiarize themselves with the new Code of Conduct, its launch was accompanied by a new Group-wide mandatory training. The training explains the Code's main principles and expectations, and how to apply DNV's ethical standards and decision-making process. As part of the training, every employee needs to sign a personal commitment

to follow the Code of Conduct. 96% of DNV employees completed the training. The new Code of Conduct can be [downloaded here](#).

To evaluate the effectiveness and impact of the Code of Conduct training we conducted a feedback survey, which was completed by around 2,800 employees. The survey showed that, overall, employees were satisfied with the content. We will continue to explore the impact of the new Code in 2022 with an awareness survey covering a representative group of employees.

### Anti-corruption

We updated and simplified our anti-corruption guidelines and instructions in 2022 to align with the new Code of Conduct. We also amended our gift guidelines in China to reflect new laws.

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

## CASE STUDY

## Focus on measures in high-risk countries

Our compliance team worked with Global Shared Services in Pune, India, to develop an 'ethical employee journey' to reinforce the high expectations as to ethics and integrity that DNV expects from all employees. The training is adapted different phases of employment, including pre-onboarding, onboarding, continuous employee engagement and exit from DNV. Based on this concept, Group compliance defined actions, including declaring conflicts of interest in the pre-onboarding-

phase and a train-the-trainer approach, to improve local training initiatives.

These new initiatives include a stronger focus on cultural differences and on areas of concern, such as conflicts of interest and personal data protection. This approach will be extended to all countries identified as high-risk in 2022.

## Training and awareness

DNV places a strong emphasis on continuous training for employees, and this is particularly important to reinforce our high ethical standards. We monitor completion rates related to on the available trainings for employees and subcontractors and have achieved completion rates above 90% for mandatory trainings.

A training on personal data handling for line managers, rolled out in Q4 2020, was completed by 90%, and a training on unstructured personal data was completed by 93%. We continued to deliver integrity training as part the leadership essentials programme for line managers throughout the year.

We also developed a guideline for line managers in high-risk countries on handling misconduct reported by employees. Supporting the guideline, new line manager training has been prepared focusing on ethical practices to achieve a culture of integrity. Line managers will also receive materials enabling them to provide integrity training to their teams. Completing the e-learning and delivering team training will be mandatory for line managers in high-risk countries as of Q1 2022.

We also developed a new concept for an 'ethical employee journey' to help us communicate the standards we expect from DNV employees. (see case study above).

## High-risk countries

DNV identifies countries that are considered high-risk for potential breaches of our business ethics and applies increased anti-fraud and anti-corruption actions. In 2021, a new network of employees responsible for compliance in high-risk countries was set up to discuss, promote and coordinate awareness measures, and to support initiatives and activities in high-risk countries. The network met four times in 2021 to discuss

anti-corruption measures. They received supporting material to conduct local training. Completion of mandatory trainings was followed-up and local challenges were discussed.

The network were also informed about internal audit findings and the new 'Enterprise Compliance Model (ECM)' initiative launched by Group finance. The ECM initiative involves a gap analysis to identify local legal requirements relating to Legal, HR and Finance functions within DNV companies in high-risk countries.

## Export control laws and sanctions

In 2021, we focused on the interpretation of sanctions and increasing awareness of export control laws and sanctions. We took actions to identify export control law risks in Netherlands and UK and prepared new local processes and guidelines for transparency on legal requirements as well as roles and responsibilities. We continued monitoring sanctions' developments to determine any impact on DNV's business. Internal guidelines were continually updated, and we held frequent web-meetings with internal stakeholders.

We are introducing a tool designed to improve our due diligence checks for screening potential business partners, including scanning adverse media reports.

## Legal actions

No critical integrity concerns leading to legal actions or disclosure to authorities were registered in 2021. This is in line with the trend seen in previous years. No legal actions related to anti-competitive behaviour or antitrust and monopoly legislation were pending or completed during the year. There have been no significant fines or non-monetary sanctions for non-compliance with laws and/or regulations relating to environmental, social or economic issues. In a few cases, we have taken disciplinary action at the employee level.

## Looking ahead

## Awareness

To continue to maintain high levels of awareness on all topics in the compliance programme, we will focus on new initiatives identified for the 'ethical journey' using a new approach to training and awareness measures including pre-surveys and tests. We will use learnings from compliance cases and questions directed to the Group compliance unit to guide our approach.

To measure awareness within DNV on the topics covered by our revised Code of Conduct, we will complete a survey on compliance in 2022 with a representative group of employees.

## Whistleblowing

We will strengthen DNV's process for reporting misconduct by introducing a new web-based system, available 24/7.

## Data protection

Personal data protection will remain in focus in 2022. We will improve our organizational setup for data protection with formalized roles and responsibilities, follow up on 'Schrems-2' ruling (including risk assessments) and implementation of new standard contractual clauses, and update and improve DNV's Binding Corporate Rules and internal instructions, such as access to email accounts and employee files.

Improvements are also planned for our process on handling third parties and the approach for mapping and documenting record of processing activities. We will also support the setup of our internal governance for digital channels (see the [Data privacy](#) section).

## Export control and sanctions

We will continue to monitor sanctions and their interpretation in 2022 and will develop new processes in countries where export control-relevant services are provided. We will also continue discussions with DNV's business areas to identify the need for local export control processes and implement them where necessary.

## Norwegian Transparency Act

As of July 2022, the Norwegian "Transparency Act" will come into force. The act requires Norwegian companies to carry out due diligence activities, in line with the OECD Guidelines for Multinational Enterprises, to ensure responsible operations, respecting both human rights and decent working conditions. We have initiated a review of our current procedures to ensure that we comply with new act.

## Approach

As a global company operating in over 100 countries across multiple sectors, we work within a wide range of legislative, business and cultural environments. This results in a diverse landscape of compliance and ethical risks. Based on our Code of Conduct, our global compliance programme protects against these risks. Our approach is not simply to impose a set of rules, but to raise DNV's collective awareness through communication and training explaining the background and practical implications of ethical behaviour and compliance.

## Code of Conduct

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

The Code is firmly linked to DNV's Values and clearly sets out the expected behaviour and responsibilities of employees and managers in each chapter and gives guidance on ethical decision making. Separate instructions and guidelines for employees are in place for all issues covered in the Code of Conduct.

## Zero tolerance

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

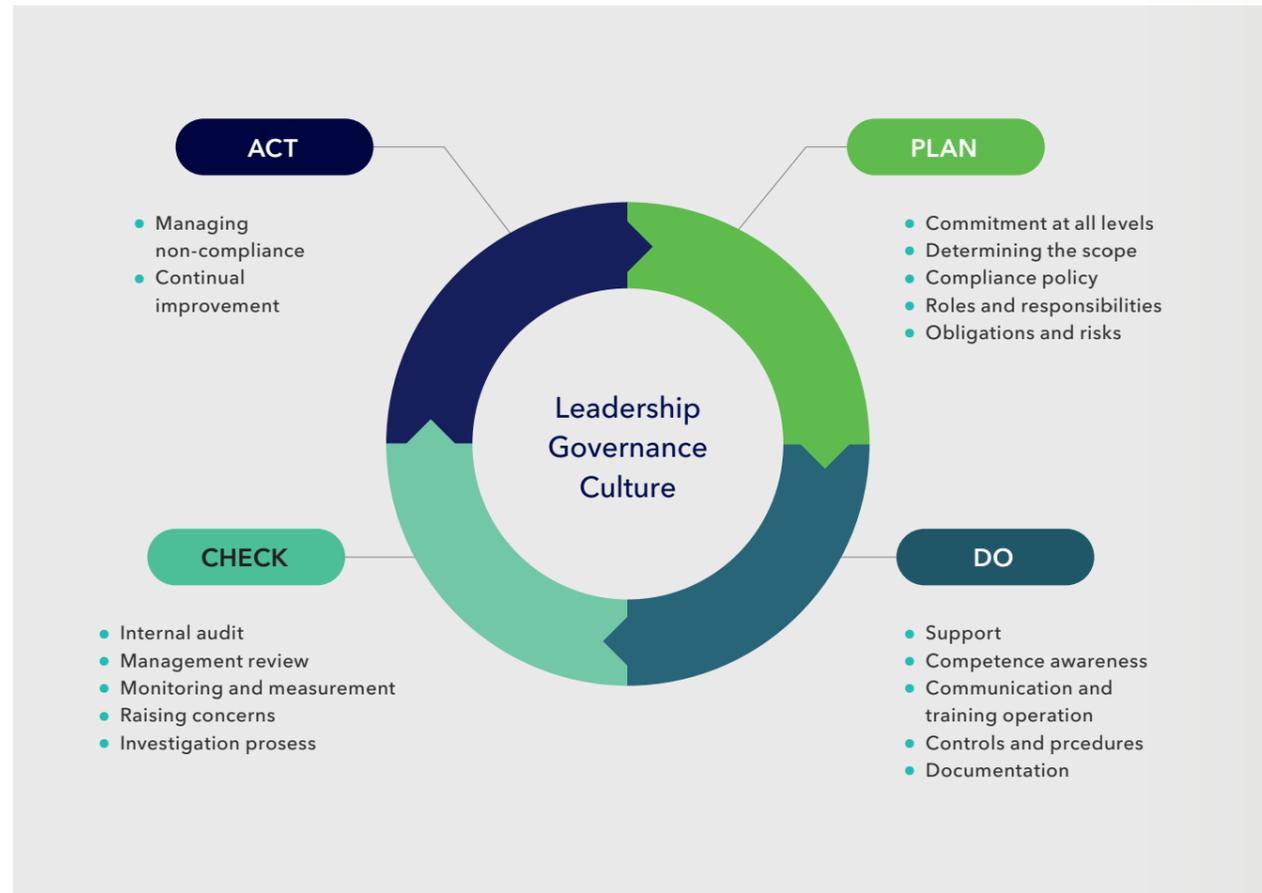
## Compliance programme

Our compliance programme is based on the Code of Conduct which is owned by the Board of Directors. All focus areas - anti-corruption, antitrust, export control law and sanctions, and personal data protection - are based on the ISO standard 37301 for compliance management (see above). This creates an integrated and tailor-made approach to compliance. Lessons learned are used to build competence and resilience, enabling our employees to understand the structure and requirements of the compliance management system and meet customer requirements.

## Training

Training and raising awareness are at the core of our approach. Awareness is key to reducing compliance risks and we continually invest in new and updated training on a number of compliance topics (see the [Progress in 2021](#) earlier in this section).

FIGURE 02 | COMPLIANCE PROGRAMME ACCORDING TO ISO 37301



**Governance**

Effective compliance is based on the global governance of our compliance programme and clear reporting lines. The Group Compliance Officer reports directly to the Board of Directors Audit Committee and to the Group CEO, with both receiving quarterly updates on compliance cases and the latest initiatives. The Board of Directors of DNV Group AS and Control Committee of Stifelsen Det Norske Veritas receive annual updates.

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

**Anti-corruption**

We manage corruption and fraud risks through our Group risk management process and the Group compliance officer is a member of DNV's Group risk forum. All business areas conduct an annual risk assessment using the DNV risk management tool, which includes identified and active fraud and corruption risks.

In addition, we review risks reported by high-risk countries through a separate risk reporting process.

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

For employees, anti-corruption is part of our mandatory training programme, our leadership essentials training and, for targeted groups, we provide webinars.

**Antitrust**

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

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

**Supply chain**

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

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

**Reporting misconduct**

Our employees, customers and suppliers are encouraged to report actual or suspected misconduct and all employees are required to complete an e-learning on reporting misconduct. Reports could include concerns related to bribery, fraud, labour grievances, discrimination or other ethical issues or breaches

The DNV Code of Conduct outlines our requirements and expectations for ethical conduct.

of our Code of Conduct concerning colleagues, suppliers, subcontractors or agents working on behalf of DNV.

We have an ethical helpline available to employees and an anonymous channel for reporting concerns. These and other channels to contact DNV are set out in our instruction on reporting misconduct, the Code of Conduct, the DNV intranet and on our website.

**Metrics and data**

The number of financial misconduct cases remained steady in 2021. An increase in reported breaches of data protection was observed in 2021. We attribute the rise in the number of

reported data protection breaches to an increased awareness among employees following internal campaigns.

TABLE 17 | REPORTED NEW POTENTIAL COMPLIANCE CASES

Case type		2021	2020	2019
<b>Labour</b>	Suspicion of harassment, discrimination or breach of other labour-related instructions	6	2	10
<b>Financial</b>	Suspicion of financial misconduct	8	8	6
<b>Data Protection</b>	Suspicion of breach of data protection laws	24	16	20
<b>Ethical Behaviour</b>	Suspicion of unfair treatment	14	21	16
<b>Other</b>	All other suspicions of breach of law or internal instructions	14	17	15
<b>Total</b>		66	64	67

# 9 ECONOMIC VALUE CREATION



## Our ambition and objectives

Economic performance is part of how DNV views sustainability. Through strong financial performance, we are able to deliver our strategic ambitions in line with our purpose, develop our people by building their skills and competence, and invest in research and innovation to ensure that we remain relevant to our customers. By creating opportunities for direct and indirect employment, investing in upskilling and life-long learning, and by paying tax where we operate, we contribute to local communities.

We have always focused on maintaining a strong financial foundation so that our company can stay

resilient, remain independent and take a long-term view on delivering on our purpose “to safeguard life, property and the environment”. This was never more evident as during the ongoing pandemic. By working hard to deliver a profit, we generate value for society.

We also add value by advancing safety and contributing to research and development in strategic areas such as the energy transition, digital assurance, and ocean industries. We support our globally-funded research by reinvesting five percent of our global revenue in research, development and innovation.

## Activity in 2021

### Financial performance

Revenue for the year was NOK 21,464 million (2020: NOK 20,911 million) with an operating profit of NOK 2,646 million (2020: NOK 2,406 million). EBITDA was NOK 3,673 million (2020: 3,481).

We continue to commit five percent of our annual revenues to research and innovation programmes, which helps us fulfil our purpose to safeguard life, property and the environment. See our [Financial performance](#) section for more details.

## Looking ahead

We launched our new five-year Group strategy at the start of 2021. The strategy runs until 2025 and sets out our goal for customer-centric growth and an ambition to shape the future of assurance within our core industries. For more information on the new strategy, see the [How we make an impact](#) section.

Our strategy sets out our goal for customer-centric growth and an ambition to shape the future of assurance within our core industries.

## Approach

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

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

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

### Tax policy

DNV's tax policy is part of how we view corporate responsibility. Our tax policy provides the direction and framework for our fiscal affairs, and most importantly, provides a foundation for the development and maintenance of common culture for our operations across our organization. We actively work to update our approach and align with organisations that we consider leading, such as Norges Bank Investment Management.

Our global tax policy establishes the following principles:

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

More information on our tax liabilities in 2021 is available in the [Financial statements](#) section.



## Performance

TABLE 18 | VALUE GENERATED AND DISTRIBUTED GLOBALLY

AMOUNTS IN NOK MILLION

	Nordics	Central Europe	West, South and East Europe	Great Britain	North America	South America	North Asia	South Asia	India, Middle East and Africa	Total
Revenues <sup>1</sup>	6 014	1 366	2 911	1 467	4 299	313	2 952	1 058	1 129	21 509
Operating costs <sup>2</sup>	1 953	-29	778	369	1 540	109	943	251	420	6334
Employee wages and benefits	3 408	1 263	1 801	982	2 139	133	1 125	585	663	12 099
Payments to providers of capital <sup>3</sup>	21	29	3	-4	0	4	1	1	11	66
Corporate income taxes	204	25	86	15	149	14	234	48	49	824
Community investments	4	-	-	-	-	-	-	-	-	4
Economic value retained	428	77	245	105	471	54	649	173	-14	2 188

<sup>1</sup> External revenue and interest income

<sup>2</sup> Operating costs excluding employee wages and benefits, amortizations and impairment

<sup>3</sup> External interest expenses



# PERFORMANCE

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

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

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

# BOARD OF DIRECTORS' REPORT 2021

DNV's purpose to safeguard life, property and the environment continues to be relevant in guiding the company's activities and operations. Record-high financial results in 2021 despite the pandemic, paired with a customer-centric and robust strategy, lay a strong foundation for further growth in the current decade of transformations.

While most markets were affected by the pandemic in some way or another, DNV maintained its leading position in key markets and continued to deliver strong results. DNV's business models proved resilient, and the company recorded operating revenues of NOK 21,464 million in 2021, a 2.6% growth compared with 2020. The emphasis on, and investment in, digitalization before the pandemic have been critical in ensuring DNV's ability to secure daily operations and serve customers across the world.

At the start of 2021, DNV launched a new strategy and made significant organizational changes to better support customers, generate growth, and deliver on its purpose of safeguarding life, property and the environment. The new business area structure is described in the "Strategy" and "Market" sections below.

**The swift and early response to the pandemic in 2020, and the appropriate adjustments made in 2021, have ensured that the financial impact on DNV's business has been minimized.**

The Board sincerely thanks management and employees for their hard work and commitment throughout 2021 under challenging circumstances. The roll-out and execution of DNV's 2021-2025 strategy has gained traction, and the foundation underpinning the new strategy stands firm. The acquisitions of six new companies in the fields of digital health, energy market intelligence, medical technology certification, and cyber security are testimony to the company's ambitious growth ambitions and capabilities towards 2025.

## A year with COVID-19 still high on the world's agenda

The business environment continued to be challenging during 2021, with operations affected by the pandemic across several regions and sectors. After a much sought-after reopening of some DNV offices in the third quarter of 2021, the Omicron variant of COVID-19 ignited new uncertainty on the verge of 2022. In face of the pandemic, DNV's group crisis team continued to drive, facilitate, and support the work done by all local crisis teams around the world.

The swift and early response to the pandemic in 2020, and the appropriate adjustments made in 2021, have ensured that the financial impact on DNV's business has been minimized. Thanks to a robust IT infrastructure, digital tools, and an increasingly agile way of working, most employees can work from home and many services can be performed remotely at short notice - including data-driven analytics services as well as remote surveys, audits, and inspections.

The Board is very satisfied with the way in which the pandemic has been handled since 2020. Indeed, the response has enabled the company to achieve strong results. At the same time, our thoughts go out to our colleagues who have suffered losses and pain caused by the pandemic.

As we enter 2022, DNV is well positioned for continued growth and to pursue its vision "to be a trusted voice to tackle global transformations".

## Financial performance

The DNV Group recorded operating revenues of NOK 21,464 million in 2021, NOK 553 million more than in 2020, representing growth of 2.6%. Adjusted for exchange rate fluctuations, the growth was 7.8%. While the Maritime business area experienced a small contraction at actual rates, all business areas recorded growth at comparable rates. This was driven by a combination of a rebound effect following the COVID-19 outbreak in 2020 and strong market developments in most of our businesses.

- Maritime recorded revenues of NOK 7,464 million in 2021, corresponding to growth of -1.2% compared to 2020.
- Energy Systems reported revenues of NOK 7,897 million, representing growth of 3.2% (compared to the 2020 revenues of the merged business areas Oil & Gas and Energy).
- The new Business Assurance achieved revenues of NOK 2,892 million in its first year, with a sole focus on management system certification and related training services.
- The Supply Chain and Product Assurance (SCPA) business area was carved out from Business Assurance at the beginning of the year and ended the year with revenues of NOK 1,009 million.
- In total, Business Assurance and Supply Chain and Product Assurance achieved growth of 8.5%.
- The new Digital Solutions realized growth of 2.2% in 2021 and delivered revenues of NOK 1,121 million.
- The newly established Accelerator came in at NOK 977 million.

Earnings before interest, taxes, depreciation, and amortization (EBITDA) grew by NOK 192 million from NOK 3,481 million in 2020 to NOK 3,673 million in 2021. The operating profit (EBIT) for 2021 ended at NOK 2,646 million, an increase of NOK 240 million compared to the NOK 2,406 million recorded in 2020. The enhanced EBITDA primarily relates to higher revenues, improved margins across all businesses, and reduced costs related to travelling and restructuring. A special focus on low-performing units also contributed strongly to the improvements. Following a stronger EBIT before profit share (DNV's employee incentive scheme) compared to 2020, the profit share given to the employees increased significantly by NOK 454 million, reducing the reported EBIT accordingly.



The net financial income was NOK 512 million in 2021, compared to net financial expenses of NOK 233 million in 2020. The change from 2020 was primarily caused by the gain of NOK 599 million from the sale of shares in StormGeo Holding AS and reduced net currency losses.

The 2021 tax expense of NOK 737 million represents an average tax cost of 23%, down from 31% in 2020, mainly due to the tax-exempt gain of NOK 599 million from the sale of the shares in StormGeo Holding AS. The net profit for the year was NOK 2,420 million, compared to last year's net profit of NOK 1,502 million.

The DNV Group had a strong balance sheet, with an equity ratio of 53% and liquidity of NOK 6,936 million, at the year-end 2021. As of 31 December 2021, DNV Group had total assets of NOK 33,932 million and total equity of NOK 17,861 million. In December 2021, the parent company entered into a NOK 3,000 million revolving credit facility agreement, replacing two existing facilities totalling NOK 2,500 million (no amounts were drawn under the facility as of year-end 2021). The new facility has a tenure of five years with options to extend for 1+1 year. A net actuarial gain of NOK 902 million from defined benefit pension plans and negative exchange differences from net investments in foreign subsidiaries of NOK 464 million were recognized in equity at the year-end.

The cash flow from operations came to NOK 2,761 million in 2021, compared with NOK 4,081 million in 2020. The NOK 351 million increase in working capital is mainly explained by revenue growth. The cash flow from investments was NOK -460 million in 2021. This includes the acquisitions of Imatis and Applied Risk (both described below), offset by proceeds from the divestment of StormGeo shares for NOK 786 million. The investments of NOK 198 million in intangible assets mainly relate to the development of commercial software by Digital Solutions and in-house Oracle enterprise resource planning (ERP) implementation and system integration in the business areas.

Financing activities produced a negative cash flow of NOK 797 million, of which NOK 271 million relates to the down payment on an external loan. Following from IFRS 16, a change in lease liabilities caused a negative impact of NOK 437 million on the cash flow from financing activities, with a positive effect on the cash flow from operations.

The total net positive cash flow for the year was NOK 1,504 million.

The accounts of DNV Group AS, the parent company of the DNV Group, show a net profit for the year of NOK 1,662 million, mainly generated from dividend received from subsidiaries in 2021. As of 31 December 2021, DNV Group AS had total assets of NOK 19,896 million and total equity of NOK 10,893 million. The Board proposes to transfer the profit for the year to other equity.

The Board confirms that the going concern assumption applies and that the financial statements have been prepared on this basis. The Board regards DNV Group's financial performance and status as strong and liquidity as very good. The parameters

### The roll-out and execution of DNV's 2021-2025 strategy has gained traction, and the foundation underpinning the new strategy stands firm.

contribute to a robust platform for achieving strategic targets and maintaining our independence as a financially strong and autonomous company. The Board also confirms that, to the best of its knowledge, the information presented in the financial statements gives a true and fair view of the assets, liabilities, financial position, and results of the DNV Group for the period. To the best of the Board's knowledge there are no material events after the balance sheet date affecting the 2021 financial statements.

## Strategy

The 2025 strategy was launched in January 2021 together with strategies for six business areas. The strategy is designed to drive the company's purpose of safeguarding life, property and the environment and is inspired by DNV's vision "to be a trusted voice to tackle global transformations".

DNV's customer-centric growth strategy has the overall ambition to shape the future of assurance. In delivering on this ambition, DNV aims to lead the digital transformation of assurance and the assurance of digital assets.

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

The new strategy is centred on decarbonization and digitalization trends, along with an increased need - reinforced by the COVID-19 pandemic - for trust and transparency in products, services, and value chains.

All the business areas have adapted their organization, started to realize the strategy, and executed growth initiatives. Key achievements in 2021 are described in greater depth below under the "Market" section and include:

- In Maritime, strong financial performance and the best-ever share of the newbuild market were achieved, supported by an intensified focus on digitalization, remote ways of working, and decarbonization underpinning long-term work with our key customers, as well as expanded service deliveries beyond the classification activities.
- For Energy Systems, the merger of legacy Oil & Gas and Energy business areas has positioned DNV to fully utilize the width of competence across the energy space. In addition, it has led to higher employee engagement levels, strong growth in revenue, and a higher order intake. DNV's Energy Systems business area also acquired new companies. These



include Antuko; a leading energy price forecaster and the solar photovoltaic analytics platform from Alteso. In addition, the acquisition of ERS at the end of 2020 strengthened DNV's energy insight, planning, design, and implemented services during 2021.

- The establishment of Business Assurance as a reshaped business area concentrating on management system certification and related training has enabled a sharpened focus and agile ways of working during the pandemic, thereby ensuring good results for existing and new certification schemes.
- Supply Chain and Product Assurance is a new business area spun off from Business Assurance to grow the portfolio of services within supply chain assurance, ESG, and product assurance, including medical devices. The acquisition of MEDCERT completed in January 2022 will help DNV grow its assurance offering and delivery capabilities in the medical device sector.
- In addition to acquiring industrial cyber security specialist Applied Risk, the Accelerator business area also achieved strong organic and profitable growth in its cyber security business unit. The first strategic acquisition was made within digital health through the purchase of Imatis, a company that provides digital solutions to hospitals and other care-giving institutions, allowing healthcare workers access to structured real time information anywhere.
- Digital Solutions introduced the global business management of each product line for improved focus and performance and delivered sales above annual targets. The ongoing development of tools and methods for assuring digital assets achieved early wins, particularly within the assurance of digital twins.

The strategy is designed to drive the company's purpose of safeguarding life, property and the environment and is inspired by DNV's vision "to be a trusted voice to tackle global transformations".



## Market

**MARITIME.** Disruptions to global supply chains continued throughout 2021. Nevertheless, shipping and shipbuilding markets generally benefitted thanks to a sharp increase in demand for goods and commodities combined with logistical disruptions and port congestions. This was especially the case in the container and dry bulk segments. Globally, seaborne trade grew by 3.7% in 2021, representing a 20 million tonne volume increase over the pre-pandemic level. At the same time, driven by the shortage of available fleet, overall average earnings of shipping companies jumped to a level that is 85% higher than in 2020.

Triggered by the rise in market demand, orders for new vessels surged. Overall ordering doubled the levels set in 2020, reaching 2,042 ships, and the container sector was again the most active, followed by dry bulk carriers, tankers, and gas carriers.

A striking new development was the number of vessels ordered with alternative fuel systems. DNV's "Alternative Fuel Insight" portal closely monitored this trend throughout the year, and alternative fuel vessels made up 17% of all vessels ordered in 2021, but more than 36% by gross tonnage, demonstrating the strong uptake of alternative fuels in larger vessels. This

**DNV achieved its strongest year ever in terms of newbuilding order intake. Our market share surpassed that of all other classification societies, and DNV won 30% of all orders measured in gross tonnes.**

included over 240 ships fuelled by liquefied natural gas (LNG), 48 by liquefied petroleum gas (LPG), 22 by methanol, and four by hydrogen. In addition to this, significant numbers of new pure electric, hybrid, and plug in hybrid vessels were ordered in 2021, mainly in the car/passenger ferry segment.

Growing pressure on the industry to decarbonize from across the shipping value chain necessitated some tough decisions for owners. The demand for a transition to greener fuels has created no small degree of uncertainty for customers and the wider industry. By publishing several reports on new fuels, producing guidance on the pathways to decarbonization, and launching several alternative fuel notations, DNV was able to offer advice to owners challenged by these strategic dilemmas.

DNV achieved its strongest year ever in terms of newbuilding order intake. Our market share surpassed that of all other classification societies, and DNV won 30% of all orders measured in gross tonnes. DNV was particularly strong in the container sector, winning the lion's share of orders, including the market-leading orders of large LNG fuelled container vessels from Hapag-Lloyd, almost all the record-setting orders from Seaspan, and several high-profile orders from MSC.

At the end of 2021, the DNV-classed fleet stood at 10,630 vessels and mobile offshore units, totalling 286.6 million gross tonnes - an increase of roughly 1%. With some 19% of the total world fleet measured by gross tonnage, DNV solidified its position as the world's largest classification society.

In the annual Lloyd's List ranking of the top classification societies, DNV once again attained the number 1 position. This maritime trade publication praised DNV's focus on identifying the shipping industry's journey towards decarbonization and its transformational impact. Furthermore, DNV was named classification society of the year at the Maritime Standard Awards 2021 in Dubai for the 8th time in succession.

**ENERGY SYSTEMS.** At the start of 2021, DNV's Oil & Gas and Power & Renewables business areas merged to form the new business area Energy Systems. This strategic move reflects the ongoing energy transition and allows DNV to expand and continue to support the operation of both physical and digital critical assets and systems, while taking a holistic view of what is needed to build future energy systems.

DNV's Energy Systems business area performed strongly in 2021, with both revenue and earnings ahead of target and a 13% higher order intake than in 2020. Over 50% of this was driven by significant projects with key customers.

Decarbonization, electrification and the desire to build a clean energy system through controlled costs are the main focus areas for DNV's customers in the energy markets. The energy landscape is changing very fast and becoming increasingly complex, resulting in uncertainty, risks, and possible high costs for businesses, investors, and governments. Driven by this complexity, customers are looking for assurance in their operations, thus creating many new opportunities for DNV in all energy segments. This also includes digitalization, which continues to be a driver for increased investment and is a core enabler of the energy transition. After falling in 2020 due to the COVID-19 pandemic, global CO<sub>2</sub> and greenhouse gas emissions started to rise again in 2021. This highlighted once more the urgent need to accelerate the pace of the energy transition.

By forming Energy Systems and drawing on the breadth of competences within the new business area, we believe DNV is geared-up to support customers and industry by offering a broader, integrated set of services for companies in every phase of their decarbonization pathway. In 2021, DNV already saw a positive impact on the growth segments related to hydrogen, carbon capture & storage, offshore wind, and energy storage. In addition, the service areas related to energy management, renewables certification, green power monitoring, and advisory all saw good growth in 2021.

**BUSINESS ASSURANCE.** In 2021, product assurance and supply chain services were carved out of the Business Assurance business area, which now focusses solely on management system certification and related training activities. The market for these services improved across all geographies, with a strong rebound in markets most affected by the 2020 reductions in operations and trade.



Strategic industry sectors, such as automotive, food & beverage, and information and communications technology, all developed strongly. Business Assurance improved key customer growth, operational efficiency, and customer centricity, and also implemented people excellence initiatives to retain and attract essential soft and hard skills. The core services were further developed and differentiation tools, such as an upgraded self-assessment suite and "Boost My Audit", were released. These tools support companies' audit preparation and the continual improvement of their management system.

Business Assurance also expanded its training portfolio and delivery models to be better aligned with current market trends and demands.

A focus on the industry dimension has proven to be successful for winning major contracts with large brand owners in the automotive and food & beverage industries, covering both management system certification and related training.

**SUPPLY CHAIN AND PRODUCT ASSURANCE.** The Supply Chain and Product Assurance business area was carved out from Business Assurance at the beginning of the year and performed well in 2021. This was driven by strong market dynamics as many key economies regained traction following the COVID-19 pandemic. DNV saw higher levels of activity related to increasing safety and performance requirements in the medical and industrial product assurance domain, a heightened focus on green finance and clients' sustainability agendas, and further scrutiny of supply chain performance and resilience.

Decarbonization and circularity aspects related to products are of increasing importance to customers, especially in the food & beverage, automotive, and other consumer-driven industries. DNV's Chain of Custody standard for reclaimed plastic from oceans and rivers has helped an increasing number of organizations like "The ReSea Project" to verify the authenticity and origin

**Digital Solutions continued to build a position as a leading provider of software, data analytics, and platform services to complement our services to our core industries.**



of ocean plastics. This provides the ability to trace the plastic back to its extraction site and then view its onward journey to the waste bank, thus allowing transparency and flexibility.

Digital passports and other supply chain and product tracking services connecting physical and digital spaces in real time, such as DNV's blockchain-powered "Tag. Trace. Trust.", are becoming more sought-after. Hydro, a Norwegian industrial group, was one of several companies that implemented this to evidence its sustainability claims for the aluminium it produces.

Similarly, the demand for environmental, social and governance (ESG) standards and related services continues to grow. DNV worked with, among others, the World Business Council for Sustainable Development to explore how the whole ESG agenda is covered and strengthened in board-level decision-making, highlighting the wider strategic attention this topic receives.

DNV also further deployed digital solutions to help customers with more stringent reporting requirements, especially relating to worker welfare and grievance resolutions, having piloted a "Workers' Voice" tool for the monitoring of human rights and social compliance.

**DIGITAL SOLUTIONS.** 2021 was a year of some major strategic restructuring processes in Digital Solutions. To strengthen the focus and further growth within cyber security and digital health, these units became part of the newly formed Accelerator business area in 2021. During the year, Veracity acted as an internal joint venture under a DNV board consisting of members from various business areas in DNV.

Digital Solutions reported revenue growth of 2.2% in 2021 and strengthened recurring business. This business area secured important contracts with companies such as Pembina, Equinor, and TotalEnergies.

Digital Solutions continued to build a position as a leading provider of software, data analytics, and platform services to complement our services to our core industries. Throughout 2021, the focus was on supporting the energy transition, particularly within renewable energy, by transforming software products and enterprise solutions to assure safe and reliable energy production, supply, and use. The renewables' product line reported solid year-on-year revenue growth of 45.9%.



Another area of progress was the use of big data technology and data smart asset solutions to help customers improve performance and risk management. As digital twin technology becomes an increasingly important tool, this business area further developed solutions to enable a new generation of advanced predictive analytics. Furthermore, the strategic transition from on-premise business towards more software-as-a-service business continued.

**THE ACCELERATOR.** Established in February 2021, The Accelerator is a new business area dedicated to rapidly growing targeted business units that will shape the future of assurance. The Accelerator acts as a greenhouse for a strategically selected portfolio of businesses, each of which serves different industries and markets. The portfolio benefits from dedicated support for its rapid growth through organic means, as well as through acquisitions and partnerships. Three business units were housed in The Accelerator in 2021: Cyber Security, Digital Health, and Inspection.

**CYBER SECURITY.** The Cyber Security unit grew its revenue by 55% while delivering a strong margin throughout the year. This was achieved through the recruitment of new excellent expert consultants, and by increasing sales mainly in sectors where DNV already has a strong position. By the end of the year, the unit had more than doubled its sales order book to secure a more diverse customer base and geographic presence.

In November 2021, DNV acquired industrial cyber security specialist Applied Risk, headquartered in the Netherlands. This was part of our strategic ambition to bolster support for the emerging need for customers to secure the computing systems managing their industrial operations. DNV's cyber security unit and Applied Risk will join forces under the DNV brand with the aim of taking a leading position within industrial cyber security.

**DIGITAL HEALTH.** The new Digital Health unit was established in February 2021. DNV's strategic ambition is to establish trust in technologies, systems, and data, so that healthcare professionals can improve more lives more efficiently. The unit's work is supported by a digital health advisory board.

In July 2021, DNV acquired Imatis, headquartered in Norway, in the first step of our planned rapid expansion into the digital health market. Imatis provides digital solutions to hospitals and other caregiving institutions, giving healthcare workers access to structured real time information anywhere. DNV will use its



strong brand and global infrastructure to further grow this digital health company internationally and introduce new products and services to the sector.

DNV also formed a joint venture named CareIndexing together with Danish digital healthcare solutions provider CareCom in October. CareIndexing uses natural language processing to rapidly structure vast quantities of unorganized clinical information, helping the healthcare sector to share data more easily, report more effectively, and unlock previously undiscovered medical insights.

**INSPECTION.** The Inspection unit grew by 11% and stayed profitable throughout the year despite market volatility, and also increased the size of its order book by 25% in 2021 compared to 2020.

Good progress has been made in diversifying the Inspection unit into markets beyond its current oil and gas industry stronghold. Renewables and infrastructure projects accounted for 7.5% of the unit's order intake in 2021.

## Corporate governance

DNV considers sound corporate governance to be fundamental for ensuring trust in the company, and a foundation for achieving sustainable value creation in the best interests of DNV's customers, employees, owner – Stiftelsen Det Norske Veritas – and other stakeholders.

DNV issues an annual Corporate Governance Report to verify corporate governance in accordance with the most recent Norwegian Code of Practice for Corporate Governance (Code of Practice) to the extent relevant for the DNV Group as a private limited company. DNV's Corporate Governance Report deals with each of the 15 topics covered by the Code of Practice and describes DNV's adherence to this code. The Corporate Governance Report also describes the legal basis and principles for DNV's corporate governance structure. The management company of the DNV companies is DNV Group AS, registered in Norway and governed by the Norwegian Private Limited Companies Act. DNV Group AS is wholly owned by Det Norske Veritas Holding AS (DNV Holding) and ultimately fully owned by Stiftelsen Det Norske Veritas. Stiftelsen Det Norske Veritas issues a separate annual corporate governance report available on [www.detnorskeveritas.com](http://www.detnorskeveritas.com).

The Board of Directors of DNV Group AS consists of ten members. Six of these are elected by the shareholders while four are elected by and from among DNV employees worldwide. The Board comprises six men and four women from four nationalities, with an average age of 57.2 years. The tenure of the Board members ranges from eight months to five-and-a-half years, with an average of three years. The Board's combined expertise represents a range of stakeholders, markets, and competences. In 2021, two shareholder-elected Board members were up for re-election. The Nomination Committee proposed no changes for the 2021 election year. The composition of the shareholder-elected Board members hence remained unchanged and is as follows:

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

During the election by and from among the employees, one new member was elected. The composition of the employee-elected Board members is as follows:

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

Detailed information about the individual Board members can be found in the Board of Directors' Profiles section of the DNV Annual Report.

The Board held six ordinary meetings and six extraordinary meetings in 2021. The average attendance at these Board meetings was close to 100%. The Board Audit Committee held five meetings in 2021 and the attendance at these was 100%. The Board Compensation Committee held three ordinary meetings and two extraordinary meetings in 2021 and the attendance at these was close to 100%.

DNV purchases a comprehensive global directors' and officers' (D&O) liability insurance. This covers all directors and officers in the DNV Group, including DNV Group AS (with subsidiaries and affiliates). The Board of Directors considers the limits of the coverage to be sufficient to meet any relevant and foreseeable risks related to the governance of the DNV Group.

Further information related to DNV's corporate governance can be found in the company's Corporate Governance Report for 2021 published on [www.dnv.com](http://www.dnv.com).

**DNV's Corporate Governance Report deals with each of the 15 topics covered by the Code of Practice and describes DNV's adherence to this code.**

## Enterprise risk management

The Board underlines the importance of continuously having a comprehensive understanding of the risks facing DNV that could affect the Group's financial performance, reputation, and key business objectives. DNV has processes in place to proactively identify such risks at an early stage and initiate adequate mitigating measures and actions. DNV's risk management policy is part of the management system and shall ensure that the risk management processes are integrated into everything the company does. The policy is aligned with the ISO 31000 framework.

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

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

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

**Interest rate risk:** The company has limited borrowings, and the interest rate on existing loans is fixed for most of 2022. Consequently, the exposure to interest rate risk is primarily connected to any new loans beyond 2022. All existing loans are denominated in NOK and the risk is therefore linked to the Norwegian interest rate level.

**Foreign currency risk:** DNV has revenues and expenses in approximately 60 currencies. Of these, six (NOK, EUR, USD, CNY, KRW, and GBP) make up 78% of the total revenue. In most currencies, the company has a natural hedge through a balance of revenues and expenses. However, a significant portion of DNV's net income is based on the USD or currencies closely correlated to the USD. DNV is also materially exposed to the re-evaluation of balance sheet items, including net investments in foreign subsidiaries.

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

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

**Pension plan risk:** The company has closed all existing defined benefit pension schemes to new entrants. However, DNV is exposed to volatility in the financial markets affecting the value of the pension plan assets. The Group is also exposed to interest rate volatility affecting the pension commitments. Lower interest rates over several years have led to an increase in the pension commitments while the situation at year-end 2021 shows a minor increase in interest rates.

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

**Information and cyber security risk:** As the delivery of services is increasingly digitally enabled, there is also an increased risk related to securing technical-, business-, and customer-critical information. Generally, this risk is considered moderate but growing, and a single breach could be critical. It is therefore a high priority to continuously monitor and mitigate information and cyber security risks within the Group and business areas. DNV's information security management systems for GSS IT, Energy Solutions, Digital Solutions, and Maritime are certified to the ISO 27001 information security standard. The Board continues to review DNV's cyber security risk twice per year.

**DNV's risk management policy is part of the management system and shall ensure that the risk management processes are integrated into everything the company does.**

**Climate risk:** International concerns about climate change are high on the world's agenda. Addressing these concerns is a major driver of the energy transition and will affect both DNV and its customers. DNV conducts significant research into this area. The research is then fed into the company's strategy development. An impact analysis in line with the Task Force on Climate-related Financial Disclosures (TCFD) standard was initiated in 2021.

## Sustainability and climate

DNV's sustainability strategy is twofold. On the one hand, DNV works to become climate net positive in its own operations, and on the other hand DNV helps customers decarbonize, become more energy efficient, and contribute to the UN Sustainable Development Goals.

To achieve its purpose and vision, DNV conducts extensive research into the challenges facing ocean, energy, food, health-care, and transport systems, with a focus on how technology can help address these challenges. The Board expects DNV to use its technical expertise to accelerate the transformation required to limit global warming to 1.5°C, the goal established by the Paris Agreement, and make a positive impact on the Sustainable Development Goals (SDG).

**DNV conducts extensive research into the challenges facing ocean, energy, food, healthcare, and transport systems, with a focus on how technology can help address these challenges.**

DNV defines sustainability broadly and dedicates considerable resources to maintaining health and safety, ethics and compliance, data security, diversity and inclusion, and a sustainable value chain. Given its area of expertise and research, DNV puts particular emphasis on sustainability initiatives promoting environmental sustainability and accelerating the energy transition. SDG3 (Good health), SDG7 (Affordable and clean energy), SDG13 (Climate action), and SDG14 (Life under water) have been identified as core goals where DNV can make a particularly positive impact through the work it conducts for its customers as well as through partnerships.

DNV's sustainability strategy includes plans for offices and laboratories worldwide to use renewable electricity by 2025, and 50% of DNV's total renewable electricity usage in 2021 was certified green electricity. DNV is also implementing strong measures to reduce its carbon footprint in line with science-based targets. Any residual carbon footprint has been offset to maintain our status as carbon neutral. The Board maintains governance of sustainability issues and is monitoring the strategy implementation to ensure that DNV meets its ambitious targets and reduces the environmental impact of its operations.

DNV pursues continuous improvement in its sustainability performance, and its management systems are certified to the ISO 9001, ISO 14001, and OHSAS 18001 standards. DNV is a dedicated member, and supports the work, of the United Nations Global Compact. The Board maintains that the integration of the ten principles on human rights, labour standards, environmental performance, and anti-corruption is critical for achieving long-term value, and that the UN Sustainable Development Goals should be used to drive progress on the issues that matter. DNV is also an active member of the World Business Council for Sustainable Development and actively supports the work of the Red Cross.



In 2021, DNV had zero cases of non-compliance with environmental regulations and zero fines related to environmental aspects. Internal and external audits are undertaken to assure performance.

DNV reports in accordance with the core level Global Reporting Initiative (GRI) standards. KPMG has conducted limited assurance of the sustainability reporting on material topics. The Board Audit Committee has reviewed DNV's sustainability reporting, including recommendations made by KPMG. The Board refers to the annual report for a complete account of corporate sustainability, including information on the priorities, management approach, targets, and performance.

## Organization and people

The DNV Group has employees in close to 75 countries and corporate headquarters located at Høyvik, just outside Oslo, Norway. The total number of employees at the year-end 2021 was 11,795, of whom 98.3% are permanent employees. In addition, 9,844 subcontractors and expert consultants were engaged at the year-end.

Employee turnover was 9.9%, with voluntary turnover at 7.4%. DNV strives for diversity at all levels of the organization and is firmly committed to providing equal opportunity in all aspects of employment. A career in DNV should not be hindered by nationality, gender, or age if the employee has the competence, attitude and values needed for the role. The Board considers the company's purpose, vision, and values to be instrumental in attracting and retaining the diverse workforce necessary in global markets. The Board also emphasizes the importance of sound management of human and labour rights. DNV's statement pursuant to the UK Modern Slavery Act has been signed by the Board and is published on the company website.

The employees represent 114 nationalities and DNV has operations involving 100 or more employees in 20 countries. DNV's largest operations are in Norway, the US, Germany, the UK, and China. Of the permanent employees, 87.8% have a higher education. The proportion of female employees and female managers is 34% and 29% respectively.

As of 31 December 2021, the Executive Committee consisted of four women and seven men.

## Business ethics and anti-corruption

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

The DNV Group has a zero-tolerance policy for corruption and unethical behaviour which applies to all those working in DNV, including employees, subcontractors, agents, and suppliers.

DNV is committed to maintaining and continuously improving a compliance management system in accordance with ISO 37301, focusing on anti-corruption, anti-trust, data protection, export control, and sanctions. Compliance risks are regularly assessed as part of the corporate risk management process and appropriate measures are taken accordingly.

The Group Compliance Officer reports on performance to the Board and Executive Committee annually and to the Board Audit Committee quarterly.

Information on how to report occurrences or suspected misconduct is published on the company website and the intranet. DNV also offers an ethical helpline and anonymous whistleblowing channel to ensure and encourage reporting.

In 2021, a new Code of Conduct was approved by the Board, stating expectations for line managers and employees. The Code of Conduct is aligned with DNV's strategy and focuses on areas of increased importance. DNV's Code of Conduct was further emphasized in a new mandatory e-learning course made available in 2020 and completed by 95% of all employees. A new e-learning course was launched in 2021 and DNV will continue to follow this up to achieve its completion rate target. It should be noted that, as some employees are hired or leave the company during the year, a 100% completion rate is not possible.

**DNV is committed to maintaining and continuously improving a compliance management system ... focusing on anti-corruption, anti-trust, data protection, export control, and sanctions.**

In 2021, 63 potential compliance cases were reported and handled (versus 64 in 2020). DNV was not a participant in any legal action regarding anti-competitive behaviour or violations of antitrust or monopoly legislation during the reporting period. DNV was not subjected to any significant fines or non-monetary sanctions and no non-compliances with laws and/or regulations in the environmental, social, or economic areas were identified.

Further measures were also implemented in 2021 to sustain a high level of integrity, including training, communication, and updates to governing documents following statutory amendments. Moreover, over 4,000 employees received individual training on compliance-related topics.

## Safety and resilience

DNV abides by its guiding principle that no work is so urgent or important that it cannot be done in a safe and healthy way.

DNV is committed to managing safety in its work environment and helping employees develop resilience. The focus on safety and resilience is anchored in the strategy and in the way that Group Health, Safety and Environment (HSE) has been reorganized into Group People Safety and Resilience and Group Climate and Sustainability.

The pandemic continued to take its toll on people and businesses in 2021. In parallel, the pandemic became more volatile, on both a global and local level. Nevertheless, surveys revealed that DNV's employees have largely coped well during the pandemic, and many have established new routines for balancing their work and private life while working from home.

Survey data also identified employees' concerns about workload, loneliness, and communication issues related to virtual work. These concerns provided direction and inspired additional initiatives that were launched in 2021 to mitigate these factors. Resilience webinars for all employees, tailored knowledge-sharing sessions on how to deal with COVID-19 flare-ups and lockdowns, resilience webinars for team leaders, and the launch of the DNV Resilience Gateway all showcased DNV's commitment to its values.

The company's main occupational health and safety risks are related to slips, trips and falls, field work, driving, and stress caused by an excessive workload or other circumstances. Some cases of ill health related to working from home were also recorded and are being monitored. The long-term trend in the number of injuries and occupational disease cases has been stable for the last couple of years, with a slight increase (from 17 to 21) in lost time incidents (LTI). The average number of recovery days has decreased from 33.5 in 2020 to 23.5 days in 2021. The increase in the number of registered LTIs is due to COVID-19 infections, as five of the 21 cases are employees who were infected with COVID-19. More details are provided in the Health and Safety section of the annual report. Employee safety and resilience performance is reviewed by the Board twice a year and included in the CEO's report to every Board meeting, and the Board views this to be on par with industry benchmarks.

Moving into 2022, DNV will continue to offer guidance and support to employees to protect their safety, health, and resilience. At the same time, and in line with its new flexible work policy, the company will help employees navigate a more standardized and widespread hybrid way of working. The focus in 2022 will therefore be twofold: managing the safety and resilience risks associated with the pandemic and dealing with the challenges associated with the transition to a hybrid working environment. This means DNV will continue to invest in a future-fit, healthy, and safe work environment that fosters employee resilience.

**DNV will continue to offer guidance and support to employees to protect their safety, health, and resilience.**

## Outlook

Despite some signs of normalization of the global situation related to the ongoing pandemic, the world continued to live with the effects and consequences of COVID-19 in 2021. Although many countries have gradually reopened, and many sectors have experienced revitalization, some countries keep significant restrictions, and the pandemic has caused significant disturbance in several global supply chains. This has resulted in longer lead times and shortages in the availability of critical materials and components, ultimately impacting economic

**There is expected to be increased demand for DNV's services within the renewable and green-energy sectors in 2022 too, as the Europe urgently seeks to reduce dependency on Russian energy.**

growth. These global bottlenecks are expected to continue to have an impact on many sectors and the economy throughout 2022. Moreover, the ongoing war in Ukraine means that the strains and complexities regarding supply chains are expected to be further negatively impacted in addition to exceptional volatility in energy prices. The war has a direct impact on several of DNV's customers and business contracts. DNV has issued a statement saying that, as a result of the invasion of Ukraine, DNV will follow international sanctions and the intentions behind them, is reviewing all ongoing contracts and operations with Russian entities and is winding down all related business. This is expected to have minor financial impact on DNV, however indirect effects from the war may have broader consequences on the different sectors and regions where DNV operates.

The effects of the spread of COVID-19 have proven to be longer-lasting than expected. Although most Western countries have managed to keep up the pace of vaccination, the virus has mutated several times, causing flare-ups and increased infection rates and triggering the need for the frequent reinstatement of national and global measures to limit the spread of the virus. This will clearly further impact the growth outlook and represent an additional uncertainty related to DNV's global market conditions. However, the proven relevance of DNV's services, including during pandemic times, is expected to continue to create business opportunities. Combined with the company's demonstrated ability to deliver services and generate new business, we expect DNV to have favourable market conditions in 2022 relative to the average growth expectations in global markets. Except for some specific sectorial challenges, and generally competitive markets, the outlook for 2022 is still considered to be good, although ongoing efforts to contain COVID-19 and increasing geopolitical tensions present continued and somewhat hard to predict risks to the outlook.

**NEAR-TERM MARKET OUTLOOK.** DNV plays a significant role in the ongoing and fast-paced global energy transition. Through its monitoring, verification and advisory services, the company works to assure that energy systems and their infrastructure work safely and effectively. The energy transition is high-risk, regulatorily demanding and cross-sectoral.

The war in Ukraine has significantly and urgently altered Europe's energy agenda, which will have a further impact on the speed of the transition. This inherent complexity plays well to DNV's strength and makes the company well positioned to translate its knowledge and expertise into value for customers. In 2021, there was increased demand for DNV's renewable energy, power grid, storage, and energy efficiency services. Despite challenging profitability across the sector, there is expected to be increased demand for DNV's services within the renewable and green-energy sectors in 2022 too, as the Europe urgently seeks to reduce dependency on Russian energy.

In the fossil-based energy sectors, DNV is expected to experience continued modest growth. Furthermore, demand relating to offshore wind, hydrogen, and low carbon fuels, including carbon capture and storage (CCS), is expected to continue to grow in 2022, fuelled also by the new energy agenda in Europe.

The maritime market outlook for 2022 is impacted by the uncertain global trade dynamics. After positive developments during 2021 which led to a significant increase in newbuilding contracts, 2022 is expected to be marked by a softening related to increasing material costs, shortages of components, and limitations in slot availabilities in the yards. The outlook for 2022 is still positive as DNV is expected to experience increased activity and a higher workload in areas such as mobile offshore units in operations and maritime advisory services. For 2022, DNV aims to secure 25% of all global newbuilding contracts for the classification of ships measured in gross tonnes and 50% of the mobile offshore units ordered. Moreover, the company will continue to attract new tonnage from targeted customers and minimize the transfer of DNV-classed ships to other classification societies.

The revenue from DNV's portfolio of software products and digital services grew in 2021, despite the pandemic. This is expected to continue in 2022 thanks to the accelerated transformation of DNV's products, services, and operations to support the energy transition and deliver a superior customer experience to both existing and new customers. DNV's attention will remain on growing recurring business as well as on continuing to move towards software-as-a-service solutions.

The demand for DNV's management system certification services is expected to decline due to the cyclical challenge of a lower baseline of recertification audit days following a peak year in 2021. The effects of these developments are moderated by initiatives to increase market shares and reduce attrition.

The demand for product assurance and supply chain assurance services is expected to be strong in 2022, supported by the increasing global focus on sustainable business (ESG) and growth in healthrelated services. Moreover, growth in supply chain management services is driven by increased demand for transparency related to, among other things, environmental footprints, food security, originations, and hazardous material and human labour declarations, as well as by global supply chain disruptions. DNV will continue to strengthen its industry position, especially within the food & beverage, medical technology, and healthcare sectors.

**LONGER TERM STRATEGIC OUTLOOK.** The 2020s are often referred to as the exponential decade. It is a decade that will set the pace for the energy transition and in which global food, health, and transport systems are expected to drastically change. This is also the decade when digital technologies underpinning Industry 4.0, also known as the fourth industrial revolution, will mature and emerge from the experimentation stage to large-scale deployment. Most importantly, this is the decade in which humanity will manage, or fail, to deliver on the Sustainable Development Goals (SDG). It will also be a decade with more geopolitical challenges that must be both closely monitored and addressed, not least related to the war in Ukraine and its consequences.

DNV's capabilities have never been more relevant, and the decade ahead will be about renewing and strengthening core services, introducing new services, and scaling rapidly so that the company can take important steps towards delivering on DNV's vision of being "a trusted voice to tackle global transformations".

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

The Board believes that DNV's performance in 2021 demonstrates that the company's business models are quite resilient in the short to medium term. With its dedicated and competent work force, strong balance sheet, and newly established strategy, DNV has an excellent foundation for growth. The company is more robust than ever and can confidently take on the coming decade of transformation.

HØVIK, 23 MARCH 2022

JON FREDRIK BAKSAAS  
CHAIR

LASSE KRISTOFFERSEN  
VICE-CHAIR

BIRGIT AAGAARD-SVENDSEN

THOMAS REIMER

NINA IVARSEN

JON EIVIND THRANE

INGVILD SÆTHER

CHRISTIAN VENDERBY

SILVIJA SERES

DAVID MCKAY

REMI ERIKSEN  
GROUP PRESIDENT & CEO

# BOARD OF DIRECTORS' PROFILES



**Jon Fredrik Baksaa** (Chair)

**Member of the board:** Since 2019

**Nationality:** Norwegian **Born:** 1954

**Position:** Board pluralist. Formerly President and CEO of Telenor ASA (2002-2015)

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

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



**Jon Eivind Thrane**

**Member of the board:** Since 2018

**Nationality:** Norwegian **Born:** 1961

**Position:** Director Group Digital Excellence, DNV

**Education:** MSc Applied Physics, NTNU, Norway

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



**Lasse Kristoffersen** (Vice-Chair)

**Member of the board:** Since 2017

**Nationality:** Norwegian **Born:** 1972

**Position:** President and CEO Torvald Klaveness; various board positions in subsidiaries of Torvald Klaveness

**Education:** Executive Manager Programme, INSEAD, Paris, 2004. Senior Manager Programme, IMD, Lausanne, 2002-2003. MSc Naval Architecture and Marine Engineering, NTH, Norway, 1995

**Directorships outside DNV:** Stiftelsen Det Norske Veritas; Det Norske Veritas Holding AS; Torvald Klaveness Group: President and CEO with various board positions in subsidiaries of Torvald Klaveness; Board member and Vice President of ICS; Chair of SAYFR AS



**Nina Ivarsen**

**Member of the board:** Since 2016

**Nationality:** Norwegian **Born:** 1962

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

**Education:** Master of Management, Stavanger University; a number of courses at other universities, incl. University of Denver, and a PhD programme in psychology at the University of Oslo. Digital Leadership course at INSEAD

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



**Birgit Aagaard-Svendsen**

**Member of the board:** Since 2017

**Nationality:** Danish **Born:** 1956

**Position:** Independent Board professional

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

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



**Christian Venderby**

**Member of the board:** Since 2020

**Nationality:** Danish **Born:** 1969

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

**Education:** B.S. HD-Finance, Copenhagen Business School, 1994. FLS General Leadership Programme, Center for Creative Leadership, Greensboro, NC, 1999. General Management Programme, INSEAD, Paris, 2005-2006. Vestas Executive Leadership Programme, IMD, Lausanne, 2008

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



**Silvija Seres**

**Member of the board:** Since 2017

**Nationality:** Norwegian **Born:** 1970

**Position:** Indep. Investor and Board Member

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

**Directorships outside DNV:** Stiftelsen Det Norske Veritas; Det Norske Veritas Holding AS; Academedia AB; Ruter AS; Biblioteksentralen SA; P27 Nordic Payments Group AB; Chair of Norsk Rikstoto; owner of Technorocks AS and LØRN AS; President of the Polytechnic Society of Norway; Corporate Assembly Member of Telenor ASA; Advisory Board Member of Digital Norway



**David McKay**

**Member of the board:** Since 2019

**Nationality:** British/American **Born:** 1963

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

**Education:** BSc in Naval Architecture, University of Strathclyde, 1985. PMI Certified Project Management Professional (PMP) 2018

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



**Ingvild Sæther**

**Member of the board:** Since 2020

**Nationality:** Norwegian **Born:** 1968

**Position:** President and CEO, Altera Infrastructure

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

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



**Thomas Reimer**

**Member of the board:** Since 2021

**Nationality:** German **Born:** 1964

**Position:** Chair of DNV GL SE Joint Works Council, DNV

**Education:** Degree in Electrical Engineering, Hamburg University of Applied Sciences, MBA, Hagen Open University

**Directorships outside DNV:** Stiftelsen Det Norske Veritas; Det Norske Veritas Holding AS; DNV GL SE

# FINANCIAL PERFORMANCE

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

## KEY FIGURES

AMOUNTS IN NOK MILLION

	2021	2020	2019 <sup>1</sup>	2018	2017
<b>INCOME STATEMENT</b>					
Operating revenue	21 464	20 911	21 551	19 639	19 475
EBITDA	3 673	3 481	3 529	1 972	1 342
Depreciation	613	641	765	358	336
Impairment of fixed assets	0	0	0	552	14
EBITA	3 061	2 840	2 764	1 062	993
Amortization	387	420	420	513	503
Impairment of goodwill and other intangible assets	28	15	9	0	15
EBIT / Operating profit	2 646	2 406	2 334	549	474
Net financial income (expenses)	512	(233)	(349)	(273)	(110)
Profit before tax	3 158	2 173	1 985	276	364
Profit for the year	2 420	1 502	1 375	116	61
<b>BALANCE SHEET</b>					
Non-current assets	19 528	18 313	18 350	17 155	16 631
Current assets	14 405	12 444	11 821	10 992	12 112
Total assets	33 932	30 758	30 171	28 147	28 743
Equity	17 861	15 165	15 419	15 951	18 810
Non-current liabilities	8 080	6 409	7 167	5 423	4 010
Current liabilities	7 992	9 184	7 585	6 773	5 924
<b>CASH FLOW ITEMS</b>					
Net cash flow from operations	2 761	4 081	2 679	1 091	656
Net cash flow from investments	(460)	(305)	733	(425)	(669)
Net cash flow from financing activities	(797)	(2 235)	(2 234)	(1 698)	45
Net cash flow	1 504	1 541	1 178	(1 032)	32
Liquidity	6 936	5 365	3 809	2 631	3 660
<b>FINANCIAL RATIOS</b>					
<b>PROFITABILITY</b>					
EBITDA margin	17.1%	16.6%	16.4%	10.0%	6.9%
EBITA margin	14.3%	13.6%	12.8%	5.4%	5.1%
EBIT / Operating margin	12.3%	11.5%	10.8%	2.8%	2.4%
Pre-tax profit margin	14.7%	10.4%	9.2%	1.4%	1.9%
Net profit margin	11.3%	7.2%	6.4%	0.6%	0.3%
<b>LEVERAGE</b>					
Equity ratio	52.6%	49.3%	51.1%	56.7%	65.4%
<b>NUMBER OF EMPLOYEES</b>					
	11 795	11 614	11 832	12 101	12 715

### DEFINITION OF RATIOS

#### Profitability

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

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

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

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

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

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

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

#### Cash flow

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

**Liquidity:**  
Cash and bank deposits

#### Leverage

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

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

# INCOME STATEMENT

DNV GROUP AS		AMOUNTS IN NOK MILLION		DNV GROUP AS CONSOLIDATED	
2021	2020		NOTE	2021	2020
		<b>OPERATING REVENUE</b>			
34.2	32.0	Sales revenue	2	21 463.9	20 910.9
34.2	32.0	Total operating revenue		21 463.9	20 910.9
		<b>OPERATING EXPENSES</b>			
0.0	0.0	Payroll expenses	3, 4	12 100.4	12 088.5
35.9	31.9	Other operating expenses	5	5 690.1	5 341.7
(1.8)	0.1	<b>EBITDA</b>		3 673.5	3 480.7
0.0	0.0	Depreciation and amortization	8, 10	999.9	1 060.1
0.0	0.0	Impairment	8	27.7	15.0
(1.8)	0.1	<b>Operating profit</b>		2 645.8	2 405.6
		<b>FINANCIAL INCOME AND EXPENSES</b>			
0.0	0.0	Gain/(Loss) from associates	12	599.4	4.5
1 696.1	325.4	Other financial income	6	47.6	57.8
(19.9)	(172.8)	Financial expenses	6	(135.2)	(295.2)
1 676.2	152.6	Net financial income (expenses)		511.7	(232.9)
1 674.4	152.7	<b>Profit before taxes</b>		3 157.6	2 172.6
(12.3)	(29.8)	Tax expense	7	(737.5)	(670.6)
1 662.1	122.9	<b>Profit for the year</b>		2 420.1	1 502.0
		<b>Profit for the period attributable to:</b>			
		Non-controlling interest		17.7	11.8
		Equity holders of the parent		2 402.4	1 490.3
		<b>Total</b>		2 420.1	1 502.0

# STATEMENT OF COMPREHENSIVE INCOME

DNV GROUP AS		AMOUNTS IN NOK MILLION		DNV GROUP AS CONSOLIDATED	
2021	2020		NOTE	2021	2020
1 662.1	122.9	<b>Profit for the year</b>		2 420.1	1 502.0
		<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
		Actuarial gains/(losses) on defined benefit pension plans	15	902.1	(363.2)
		<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
		Currency translation differences / Translation differences foreign operations		(463.9)	604.3
		Change in fair value of interest rate swap		24.1	0.0
0.0	0.0	<b>Other comprehensive income for the period, net of tax</b>		462.3	241.1
1 662.1	122.9	<b>Total comprehensive income for the period</b>		2 882.3	1 743.1
		<b>Total comprehensive income attributable to:</b>			
		Non-controlling interest		17.7	11.8
		Equity holders of the parent		2 864.6	1 731.4
		<b>Total</b>		2 882.3	1 743.1

# STATEMENT OF FINANCIAL POSITION

## ASSETS

DNV GROUP AS		AMOUNTS IN NOK MILLION		DNV GROUP AS CONSOLIDATED	
2021	2020		NOTE	2021	2020
<b>NON-CURRENT ASSETS</b>					
<b>INTANGIBLE ASSETS</b>					
0.0	0.0	Deferred tax assets	7	1 010.5	1 086.7
0.0	0.0	Goodwill	8, 9	9 474.4	9 164.6
0.0	0.0	Other intangible assets	8	2 358.4	2 396.2
0.0	0.0	<b>Total intangible assets</b>		12 843.2	12 647.6
<b>TANGIBLE FIXED ASSETS</b>					
0.0	0.0	Land, buildings and other property	10	1 667.7	1 716.5
0.0	0.0	Office equipment, fixtures and fittings	10	404.1	434.2
0.0	0.0	Right-of-use assets	10	1 603.3	1 583.7
0.0	0.0	<b>Total tangible fixed assets</b>		3 675.1	3 734.5
<b>NON-CURRENT FINANCIAL ASSETS</b>					
11 848.5	11 813.4	Investments in subsidiaries	11	0.0	0.0
0.0	0.0	Investments in associates	12	0.0	186.8
0.8	0.4	Long-term shareholding	13	106.5	44.9
411.0	411.0	Other investments	15	0.0	0.0
0.0	0.0	Net pension asset	15	2 593.9	1 366.0
2 362.5	2 550.9	Loan to subsidiaries	16	0.0	0.0
16.5	0.0	Other long-term receivables	17	308.9	333.7
14 639.2	14 775.8	<b>Total non-current financial assets</b>		3 009.2	1 931.3
14 639.2	14 775.8	<b>Total non-current assets</b>		19 527.6	18 313.4
<b>CURRENT ASSETS</b>					
0.0	0.0	Trade receivables	18	4 058.4	3 756.6
0.0	0.0	Contract assets		2 546.0	2 355.9
63.0	245.7	Other receivables group companies	16	3.0	6.3
20.7	159.9	Other receivables		861.6	960.5
5 173.3	3 814.0	Cash and bank deposits	19	6 935.9	5 365.1
5 256.9	4 219.6	<b>Total current assets</b>		14 404.9	12 444.4
19 896.2	18 995.4	<b>TOTAL ASSETS</b>		33 932.5	30 757.8

# STATEMENT OF FINANCIAL POSITION

## EQUITY AND LIABILITIES

DNV GROUP AS		AMOUNTS IN NOK MILLION		DNV GROUP AS CONSOLIDATED	
2021	2020		NOTE	2021	2020
<b>EQUITY</b>					
<b>PAID-IN CAPITAL</b>					
100.0	100.0	Share capital	20	100.0	100.0
9 158.3	9 158.3	Share premium		9 158.3	9 158.3
9 258.3	9 258.3	<b>Total paid-in capital</b>		9 258.3	9 258.3
<b>RETAINED EARNINGS</b>					
1 634.4	0.0	Other equity		8 543.3	5 870.4
0.0	0.0	Non-controlling interest		59.2	35.9
10 892.7	9 258.3	<b>Total equity</b>		17 860.8	15 164.6
<b>LIABILITIES</b>					
<b>NON-CURRENT LIABILITIES</b>					
2 998.0	0.0	Interest bearing loans and borrowings	21	2 998.0	0.0
0.0	0.0	Pension liabilities	15	2 727.7	2 994.9
5.2	32.6	Deferred tax liabilities	7	518.8	366.1
679.9	1 846.9	Loan from group companies	16	0.0	1 300.0
0.0	0.0	Lease liabilities	22	1 410.7	1 307.1
0.0	0.0	Non-current provisions	23	71.1	101.9
0.0	0.0	Other non-current liabilities		353.4	338.8
3 683.1	1 879.4	<b>Total non-current liabilities</b>		8 079.8	6 408.7
<b>CURRENT LIABILITIES</b>					
0.0	0.0	Overdrafts	19	15.5	13.3
0.0	0.0	Trade creditors		498.5	490.0
18.8	0.0	Tax payable	7	516.3	386.9
0.0	0.0	Public duties payable		532.5	593.1
5 291.4	7 857.1	Current liabilities group companies	16	291.1	2 085.5
0.0	0.0	Lease liabilities	22	342.3	426.1
0.0	0.0	Current provisions	23	156.4	238.1
10.2	0.5	Other current liabilities	24	5 639.3	4 951.3
5 320.4	7 857.6	<b>Total current liabilities</b>		7 991.9	9 184.4
9 003.5	9 737.0	<b>Total liabilities</b>		16 071.7	15 593.1
19 896.2	18 995.4	<b>TOTAL EQUITY AND LIABILITIES</b>		33 932.5	30 757.8

HØVIK, 23 MARCH 2022

JON FREDRIK BAKSAAS  
CHAIR

LASSE KRISTOFFERSEN  
VICE-CHAIR

BIRGIT AAGAARD-  
SVENDSEN

JON EIVIND THRANE

NINA IVARSEN

THOMAS REIMER

INGVILD SÆTHER

CHRISTIAN VENDERBY

SILVIJA SERES

DAVID MCKAY

REMI ERIKSEN  
GROUP PRESIDENT & CEO

## STATEMENT OF CASH FLOW

DNV GROUP AS		AMOUNTS IN NOK MILLION		DNV GROUP AS CONSOLIDATED	
2021	2020		NOTE	2021	2020
<b>CASH FLOW FROM OPERATIONS</b>					
1 674.4	152.7	Profit before tax		3 157.6	2 172.6
0.0	0.0	Gain on disposal of tangible fixed assets	10	2.8	(1.3)
0.0	0.0	Loss (gain) on divestments	14	(599.4)	2.8
0.0	(4.5)	Loss (gain) on equity instruments		0.0	(9.2)
0.0	0.0	Loss (gain) from change of defined benefit pension plans	15	0.0	(6.9)
0.0	(213.8)	Group contributions recorded as financial income		0.0	0.0
0.0	0.0	Depreciation, amortization and impairment	8,10	1 027.7	1 075.1
(18.8)	0.0	Tax payable	7	(768.5)	(611.6)
0.0	0.0	Change in contract assets, contract liabilities, trade receivables and trade creditors		(350.7)	1 419.2
148.4	(191.9)	Change in accruals, provisions and other		291.7	40.4
1 804.0	(257.5)	<b>Net cash flow from operations</b>		<b>2 761.2</b>	<b>4 081.3</b>
<b>CASH FLOW FROM INVESTMENTS</b>					
0.0	0.0	Acquisitions	14	(892.0)	(136.4)
0.0	0.0	Divestments of subsidiaries	14	0.0	178.9
0.0	0.0	Divestment of associates	12	786.2	0.0
0.0	0.0	Investments in tangible fixed assets	10	(153.2)	(118.3)
0.0	0.0	Investments in intangible assets	8	(198.2)	(237.2)
0.0	0.0	Sale of tangible fixed assets (sales value)		9.1	16.9
(0.2)	4.7	Change in other investments		(11.9)	(8.3)
(0.2)	4.7	<b>Change in other investments</b>		<b>(460.1)</b>	<b>(304.5)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
321.4	(795.0)	Change in loan from subsidiaries		0.0	(800.0)
(252.0)	0.0	Repayment of external loans		(270.7)	0.0
0.0	0.0	Change in overdraft		2.1	(8.7)
(727.6)	3 057.1	Change in net position towards participants in the cash pool system		(50.1)	(93.1)
0.0	0.0	Change in lease liabilities		(436.8)	(465.9)
0.0	(700.0)	Dividend paid		0.0	(700.0)
213.8	150.7	Group contribution (paid) /received		(42.1)	(167.6)
(444.4)	1 712.8	<b>Net cash flow from financing activities</b>		<b>(797.5)</b>	<b>(2 235.3)</b>
1 359.3	1 460.0	<b>Net increase/(decrease) in cash and bank deposits</b>		<b>1 503.6</b>	<b>1 541.5</b>
3 814.0	2 354.0	Liquidity at beginning of period		5 365.1	3 809.0
0.0	0.0	Cash in acquired companies	14	67.2	14.6
5 173.3	3 814.0	<b>Liquidity at end of period</b>		<b>6 935.9</b>	<b>5 365.1</b>

## STATEMENT OF CHANGES IN EQUITY

### CHANGES IN EQUITY IN DNV GROUP AS

AMOUNTS IN NOK MILLION

	SHARE CAPITAL	SHARE PREMIUM	OTHER EQUITY	TOTAL
Equity at 1 January 2020	100.0	9 323.5	1 661.9	11 085.4
Profit for the period			122.9	122.9
Accrued dividend		(165.2)	(1 784.8)	(1 950.0)
Equity at 31 December 2020	100.0	9 158.3	0.0	9 258.3
Profit for the period			1 662.1	1 662.1
Group contribution payable			(51.9)	(51.9)
Change in fair value of interest rate swap			24.1	24.1
Equity at 31 December 2021	100.0	9 158.3	1 634.4	10 892.7

### CHANGES IN EQUITY IN DNV GROUP AS CONSOLIDATED

AMOUNTS IN NOK MILLION

	SHARE CAPITAL	SHARE PREMIUM	OTHER EQUITY	CURRENCY TRANSLATION DIFFERENCES	NON-CONTROLLING INTEREST	TOTAL
Equity at 1 January 2020	100.0	9 323.5	2 027.9	3 925.8	42.0	15 419.2
Profit for the period			1 490.3		11.8	1 502.0
Group contribution payable			(32.8)			(32.8)
Dividend accrued		(165.2)	(1 784.8)			(1 950.0)
Exchange differences				604.3	0.3	604.6
Actuarial gains/(losses) on defined benefit pension plans			(363.2)			(363.2)
Other equity changes			3.0		(18.2)	(15.2)
Equity at 31 December 2020	100.0	9 158.3	1 340.3	4 530.1	35.9	15 164.6
Profit for the period			2 402.4		17.7	2 420.1
Group contribution payable			(191.5)			(191.5)
Exchange differences				(464.2)	0.2	(463.9)
Actuarial gains/(losses) on defined benefit pension plans			902.1			902.1
Change in fair value of interest rate swap			24.1			24.1
Other equity changes					5.4	5.4
Equity at 31 December 2021	100.0	9 158.3	4 477.4	4 065.9	59.2	17 860.8

# NOTES

## 01

### SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date.

Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

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

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

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

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

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

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

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

- Expected to be realized or intended to be sold or consumed in normal operating cycle
  - Held primarily for the purpose of trading
  - Expected to be realized within twelve months after the reporting period
- or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

Current and non-current liabilities are classified correspondingly.

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

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

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

**REVENUE RECOGNITION.** Revenue is recognized when control of a product or service is transferred to the customer. For sale of services, the revenue is recognized over time by applying percentage of completion method. Stage of completion is measured by reference to actual expenses incurred to date as a percentage of total estimated expenses for each contract. When the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable. A contract asset is recognized for all work performed, not yet invoiced.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

Revenue from sale of software licenses are recognized at a point of time. For software maintenance services delivered in the maintenance period, revenue is recognized over time based on the stage of completion of the contract.

**RECEIVABLES.** Trade receivables and other current receivables are recorded in the balance sheet initially at fair value and subsequently measured at amortized cost less provision for impairment. The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. DNV Group use a provision matrix as a practical expedient to calculate the expected credit losses on trade receivables. The provision matrix represents the group's expected credit risk. Impairment of trade receivables are recognized in the income statement.

**TAXES.** Income tax expense comprises both current tax and deferred tax, including effects of changes in tax rates. Current and deferred tax is recognized in income statement, except to the extent that they relate to items recognized in equity or other comprehensive income, of which the tax is also recognized in equity or other comprehensive income.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The current and deferred income tax is calculated based on tax rates (and tax laws) that have been enacted or substantively enacted, in the countries where the Group operates and generates taxable income at the end of the reporting period. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is recognized on temporary differences between the carrying amount of assets and liabilities and the corresponding tax bases as well as on tax losses carried forward at the reporting date. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets for temporary differences and tax loss carry forwards are recognized to the extent that it is probable that future taxable income will be available at the level of the relevant tax authority for utilization. Tax increasing and tax reducing temporary differences expected to reverse in the same period are offset and calculated on a net basis as far as this relate to the same taxable entity and the same taxation authority.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

**FOREIGN CURRENCIES.** The Group's consolidated financial statements are presented in Norwegian Kroner (NOK), which is also the parent company's functional currency. The functional currency of an entity is the currency of the economic environment in which the company primarily operates. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in the Income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Forward exchange contracts are included at market value at the reporting date.

On consolidation, the assets and liabilities of foreign operations, including goodwill and fair value adjustments are translated into NOK at the rate of exchange prevailing at the reporting date. The Income statements are translated at the average exchange rate for the financial year. Exchange rate differences arising are recognized in other comprehensive income (OCI). On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognized in the Income statement.

Realized and unrealized currency effects not reflected in OCI are included on a net basis in either other financial income or other financial expenses.

**PROPERTY, PLANT AND EQUIPMENT.** Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight-line basis over the expected useful life of the assets. The estimated useful life, residual values and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. Periodic maintenance costs are capitalized and depreciated over the expected maintenance period. Other repair and maintenance costs are recognized in the Income statement as incurred. Improvement and upgrading are assigned to the purchase cost/ carrying amount and depreciated along with the asset.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gains or losses is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

**LEASES.** The Group has applied IFRS 16 using the modified retrospective approach.

**IDENTIFYING A LEASE.** At the inception of a contract, The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A contract conveys the right to control the use of the identified asset if the lessee has the right to obtain substantially all the economic benefits from the use of the identified asset (e.g. by having the exclusive right to use the asset throughout that period) and the right to direct the use of the identified asset throughout the period of use.

**RECOGNITION OF LEASES AND EXEMPTIONS.** At the lease commencement date, the Group recognises a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee, except for the following practical exemptions applied:

- Short-term leases (defined as 12 months or less)
- Low value assets

For these leases, the Group recognises the lease payments as other operating expenses in the statement of profit or loss when they incur.

**MEASURING THE LEASE LIABILITY.** The lease liability is initially measured at the present value of the lease payments for the right to use the underlying asset during the lease term that are not paid at the commencement date. The lease term represents the non-cancellable period of the lease, together with periods covered by an option to extend the lease when the Group is reasonably certain to exercise this option, and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

The lease payments included in the measurement comprise of:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- Amount expected to be payable by the Group under residual value guarantees
- The exercise price of a purchase option, if the Group is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The Group do not include variable lease payments in the lease liability arising from contracted index regulations subject to future events, such as inflation. Instead, the Group recognises these costs in profit or loss in the period in which the event or condition that triggers those payments occurs.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect adjustments in lease payments due to an adjustment in an index or rate.

Group presents its lease liabilities as separate line items in the statement of financial position.

**MEASURING THE RIGHT-OF-USE ASSET.** The right-of-use asset is initially measured at cost. The cost of the right-of-use asset comprise:

- The amount of the initial measurement of the lease liability
- Any lease payments made at or before the commencement date, less any lease incentives received
- Any initial direct costs incurred by the Group
- An estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories

The right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated on a straight-line basis over the lease term or the useful life of the leased asset, whichever is shorter.

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

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

**INTANGIBLE ASSETS.** Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Except for capitalized development costs, all other internally generated intangibles are reflected in the Income statement in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

**RESEARCH AND DEVELOPMENT COSTS.** Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. The asset is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

**IMPAIRMENT OF NON-FINANCIAL ASSETS.** The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated.

These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Income statement.

Goodwill is tested for impairment annually as part of the Group's annual plan process and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

**CASH AND BANK DEPOSITS.** Cash and bank deposits in the Balance sheet comprise petty cash and cash at bank and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. Cash and bank deposits are initially and subsequently measured at fair value.

**PROVISIONS.** Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable (more likely than not) that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a financial expense.

**RESTRUCTURING PROVISIONS.** Restructuring provisions are recognized only when the Group had a constructive obligation, which is when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, and an appropriate timeline, and the employees affected have been notified of the plan's main features.

**POST EMPLOYMENT BENEFITS.** The group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

A defined contribution plan is a pension plan under which the Group pays fixed contribution into a separate entity (a fund/insurance company) and will have no legal or constructive obligation to pay further contributions. The pension cost related to the defined contribution plans is equal to the contributions to the employee's pension savings in the accounting period.

Multi-employer plans are accounted for as defined contribution plans.

A defined benefit plan is a pension plan that is not a defined contribution plan. In the defined benefit plans, the Group's obligation is to provide the agreed benefit to current and former employees, actuarial risk and investment risk fall in substance on the Group. The Group's defined benefit plans are both funded and unfunded.

Actuarial assumptions are made to measure the pension obligation and the pension expense. Actuarial assumptions are mutually compatible and reflect the economic relationship between factors such as inflation, rate of salary increase and discount rate. The actuarial assumptions comprise: demographic assumptions such as mortality and employee turnover and financial assumptions such as discount rate, rate of salary- and pension benefit increase.

The pension obligations are measured on a discounted basis. Pension plan assets are valued at their fair value. The fair value of plan assets is deducted from the present value of the defined benefit obligation when determining the net defined benefit liability or assets.

Actuarial gains and losses are recognized through other comprehensive income (OCI). Actuarial gains and losses are not reclassified to profit or loss in subsequent periods.

Changes to existing defined benefit plans that will lead to changes in pension obligation are recognized in the statement of income as they occur. Gains or losses linked to changes or terminations of pension plans are also recognized in the statement of income when they arise.

Net interest on the net defined benefit/ assets is presented as part of financial items.

Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements is presented as part of payroll expenses.

**USE OF ESTIMATES.** The preparation of the Group's consolidated financial statements in accordance with simplified IFRS requires management to make judgements, estimates and assumptions about the carrying amount of assets and liabilities at the end of the reporting period that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experiences and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Update of accounting estimates are recognized in the period of which the estimate is updated, if the update affects only that period, or in the period of the update if the update affects both current and future periods.

**CONTINGENT LIABILITIES AND ASSETS.** Contingent liabilities are not recognized in the annual accounts. Significant contingent liabilities are disclosed, with the exception of contingent liabilities that are unlikely to be incurred. Contingent assets (unless virtually certain) are not recognized in the annual accounts but are disclosed if the inflow of economic benefits is probable.

**EVENTS AFTER THE REPORTING PERIOD.** New information on the company's financial position on the end of the reporting period which becomes known after the reporting period is recorded in the annual accounts. Events after the reporting period that do not affect the company's financial position on the end of the reporting period but which will affect the company's financial position in the future are disclosed if significant.

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

## 02 EXTERNAL SALES REVENUE

DNV GROUP AS CONSOLIDATED		
GEOGRAPHICAL AREA	2021	2020
AMOUNTS IN NOK MILLION		
Nordic countries	5 942.7	5 617.7
Europe and Africa	5 804.6	5 777.8
Asia Pacific	5 108.5	5 167.8
North and South America	4 608.2	4 347.6
<b>Total sales revenue</b>	<b>21 463.9</b>	<b>20 910.9</b>

DNV GROUP AS CONSOLIDATED		
BUSINESS AREA	2021	2020
AMOUNTS IN NOK MILLION		
Maritime	7 464.3	7 556.7
Energy Systems	7 897.2	7 654.5
Business Assurance <sup>1</sup>	2 892.3	3 595.0
Supply Chain and Product Assurance <sup>1</sup>	1 009.2	
Digital Solutions	1 121.0	1 097.0
The Accelerator <sup>2</sup>	977.0	861.0
Real Estate	7.5	15.5
Other	95.4	131.2
<b>Total sales revenue</b>	<b>21 463.9</b>	<b>20 910.9</b>

<sup>1</sup> From the beginning of 2021, the business area Business Assurance was split into two new business areas - Business Assurance and Supply Chain and Product Assurance. Due to the reorganization, the 2021 figures are not comparable with the 2020 figures.

<sup>2</sup> From the beginning of 2021, the new business area The Accelerator was launched. The Accelerator operates the independent business units Inspection, Digital Health and Cyber Security.

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

Operating revenue in DNV Group AS of NOK 34.2 million (NOK 32.0 million in 2020) mainly consist of global liability insurance expenses charged to subsidiaries.

## 03 PAYROLL EXPENSES

DNV GROUP AS CONSOLIDATED		
	2021	2020
AMOUNTS IN NOK MILLION		
Salaries	8 732.8	9 187.4
Bonus expenses	1 000.0	546.0
Payroll tax	1 006.7	1 020.8
Pension costs	780.0	759.5
Effect of pension plan changes / curtailment effects	0.0	(6.9)
Other contributions	580.8	581.7
<b>Total payroll expenses</b>	<b>12 100.4</b>	<b>12 088.5</b>
Full time equivalent	11 601	11 405

**REMUNERATION GUIDELINES FOR THE GROUP CEO AND THE MEMBERS OF THE EXECUTIVE COMMITTEE.**

As further detailed and described in the 'Policy on remuneration to the executive management in DNV Group' the remuneration guidelines for the Group CEO and the members of the Executive Committee (EC) support DNV's Vision and Values. The main compensation elements are a market-based salary, a bonus/profit-share scheme, and employment benefits in line with the local market.

The Group CEO and EC members participate in the pension and insurance schemes applicable in the country where their employment contracts are signed (currently Denmark, Italy, and Norway).

DNV has a bonus/profit-share scheme in place for its employees. The scheme includes the Executive Committee, while the scheme for the Group CEO is described below. The profit-share scheme is based on a combination of the DNV results at Group and Business Area levels: achievement of financial targets (EBITA) at Group level (60%); and achievement of financial targets (EBITA) at Business Area level (40%).

The scheme is differentiated by Grade and function (e.g. for EC level) and has a pay-out factor influenced by the individual annual rating. There is a maximum level pay-out at 50% of base salary, which is in line with the guidelines for all companies organized as ASAs in Norway.

Ahead of the annual salary review process, which takes effect as of 1 April every year, the senior executive compensation is compared to external benchmarks at a home country and pan-European level. Benchmarking data were primarily collected by Korn Ferry ahead of the review in 2021, but some additional data were collected and analysed by Aon. Information publicly accessible from other comparable companies is also reviewed in this process.

The Group CEO has a discretionary bonus determined annually by the Board of Directors. The bonus calculation is reviewed against the principles for the other EC members, as well as specific individual goals for the Group CEO. The bonus is to / will stay within 50% of annual base salary. The bonus pay-out is subject to individual taxation and eligible for vacation accrual.

The compensation package for Remi Eriksen consists of: Annual base salary of NOK 6 275 thousand and a car allowance of NOK 250 thousand. Eriksen has a right to retire at the age of 65. If terminated from DNV while in the position as Group CEO, Eriksen is entitled to 12 months of base salary beyond notice period.

**REMUNERATIONS TO THE EXECUTIVE COMMITTEE FOR 2021**

AMOUNTS IN NOK THOUSAND

	SALARY	OTHER BENEFITS	BONUS	PENSION COST
Remi Eriksen	6 612	274	2 500	451
Kjetil Monssen Ebbesberg	3 225	173	820	110
Gro Gotteberg	2 005	173	613	110
Luca Crisciotti	3 422	110	767	912 <sup>1</sup>
Kenneth Vareide	2 463	172	369	233
Ditlev Engel	4 542	260	1 530	554
Knut Ørbeck-Nilssen	3 310	880 <sup>2</sup>	1 057	343
Liv Hovem	2 903	179	361	317
Klas Bendrik	3 044	942 <sup>2</sup>	1 111	110
Barbara Frecia	2 201	45	285	682 <sup>1</sup>
Ulrike Haugen	1 997	174	606	110

<sup>1</sup> Statutory payments to the Italian social security institute INPS

<sup>2</sup> Including a time limited annual international allowance

**REMUNERATIONS TO THE BOARD OF DIRECTORS PAID OUT IN 2021**

AMOUNTS IN NOK THOUSAND

	BOARD REMUNERATION	REMUNERATION BOARD AUDIT COMMITTEE	REMUNERATION BOARD COMPENSATION COMMITTEE
Jon Fredrik Baksaas	470		48
Nina Ivarsen	313		
Clemens Keuer <sup>1</sup>	183		
Lasse Kristoffersen <sup>2</sup>	370	56	
David McKay	313		
Thomas Reimer <sup>3</sup>	130		
Silvija Seres	313		30
Birgit Aagaard-Svendsen	313	85	
Ingvild Sæther <sup>4</sup>	313	14	30
Jon Eivind Thrane	313		
Christian Venderby	313	70	

<sup>1</sup> Member of the Board of Directors until 31 July 2021

<sup>2</sup> Member of the Board Audit Committee until 27 October 2021

<sup>3</sup> Member of the Board of Directors from 1 August 2021

<sup>4</sup> Member of the Board Audit Committee from 28 October 2021

**FEES TO THE AUDITORS FOR 2021**

AMOUNTS IN NOK THOUSAND

	DNV GROUP AS	GROUP AUDITOR OTHER NORWEGIAN ENTITIES	GROUP AUDITOR NON-NORWEGIAN ENTITIES	OTHER AUDITORS	TOTAL
Statutory audit	3 200	4 129	29 054	90	36 472
Tax consulting services	-	-	461	4	465
Other audit related services	-	449	1 236	20	1 705
Non-audit services	-	1 277	421	103	1 802



## 08

## INTANGIBLE ASSETS

AMOUNTS IN NOK MILLION

	GOODWILL	CUSTOMER CONTRACTS AND RELATIONS	TRADEMARKS	SOFTWARE AND SOFTWARE DEVELOPMENT	TOTAL
<b>Acquisition cost</b>					
1 January 2020	8 891.2	2 641.3	427.4	2 985.7	14 945.6
Additions	0.0	(0.0)	0.0	236.9	236.9
Additions from acquisitions	105.2	33.1	0.0	0.0	138.3
Disposals from divestments (note 14)	(30.4)	0.0	0.0	(65.6)	(96.0)
Currency translation differences	559.3	174.8	25.7	81.5	841.3
<b>Total acquisition cost 31 December 2020</b>	<b>9 525.3</b>	<b>2 849.2</b>	<b>453.1</b>	<b>3 238.5</b>	<b>16 066.1</b>
Additions	0.0	0.5	0.0	197.7	198.2
Additions from acquisitions	732.4	114.7	0.0	112.1	959.3
Disposals	0.0	0.0	0.0	0.0	0.0
Currency translation differences	(423.3)	(134.5)	(20.0)	(63.9)	(641.8)
<b>Total acquisition cost 31 December 2021</b>	<b>9 834.4</b>	<b>2 830.0</b>	<b>433.1</b>	<b>3 484.4</b>	<b>16 581.8</b>
<b>Accumulated amortization and impairment</b>					
1 January 2020	(359.6)	(1 876.2)	0.0	(1 642.0)	(3 877.8)
Amortization	0.0	(209.4)	0.0	(210.2)	(419.6)
Impairment	0.0	0.0	0.0	(15.0)	(15.0)
Disposals	0.0	0.0	0.0	3.0	3.0
Currency translation differences	(1.1)	(119.8)	0.0	(74.8)	(195.8)
<b>Total accum. amortization and impairment 31 Dec. 2020</b>	<b>(360.7)</b>	<b>(2 205.4)</b>	<b>0.0</b>	<b>(1 939.1)</b>	<b>(4 505.1)</b>
Amortization	0.0	(174.8)	0.0	(212.2)	(387.0)
Impairment	0.0	0.0	0.0	(27.7)	(27.7)
Disposals	0.0	0.0	0.0	0.0	0.0
Currency translation differences	0.7	110.1	0.0	60.1	170.8
<b>Total accum. amortization and impairment 31 Dec. 2021</b>	<b>(360.0)</b>	<b>(2 270.1)</b>	<b>0.0</b>	<b>(2 118.9)</b>	<b>(4 749.0)</b>
<b>Net book value</b>					
<b>31 December 2021</b>	<b>9 474.4</b>	<b>559.8</b>	<b>433.1</b>	<b>1 365.5</b>	<b>11 832.8</b>
<b>31 December 2020</b>	<b>9 164.6</b>	<b>643.9</b>	<b>453.1</b>	<b>1 299.4</b>	<b>11 561.0</b>
Useful life	Indef.	1-10 years	Indef.	5-10 years	

Other intangible assets are amortized linearly, based on evaluation of useful life.

Other intangible assets mainly consist of capitalized software development costs and acquired software.

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

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

## 09

## IMPAIRMENT TESTING OF GOODWILL

Goodwill obtained through acquisitions is allocated to the Group's business areas and followed up and tested collectively for the group of cash-generating units that constitute the business area. The cash-generating units correspond to DNV Group's business areas Maritime, Energy Systems, Business Assurance, Supply Chain and Product Assurance, The Accelerator and Digital Solutions. The Accelerator is however organized into the individual business units Inspection, Digital Health and Cyber Security which are considered as separate CGUs. The impairment test is performed at year-end. An impairment loss is recognized if the estimated recoverable amount is lower than the carrying amount of the cash generating unit.

From the beginning of 2021, the former business areas Energy and Oil & Gas were combined and formed the new business area Energy Systems. The business area Business Assurance was split into two new business areas – Business Assurance and Supply Chain and Product Assurance. The goodwill has been allocated accordingly.

A new business area, The Accelerator, was launched. The Accelerator operates the independent business units Inspection, Digital Health and Cyber Security.

Comparable figures for 2020 reflect the new business area structure.

Goodwill is allocated to the business areas/ cash generating units as follows:

AMOUNTS IN NOK MILLION

	2021	2020
Maritime	3 164.1	3 314.0
Energy Systems	4 653.9	4 898.6
Business Assurance	152.3	155.0
Supply Chain and Product Assurance	34.9	34.9
The Accelerator – Inspection	680.0	714.0
The Accelerator – Digital Health	433.6	0.0
The Accelerator – Cyber Security	307.8	0.0
Digital Solutions	47.9	48.0
<b>Total goodwill</b>	<b>9 474.4</b>	<b>9 164.6</b>

The Group has used value in use to determine recoverable amounts for the cash-generating units. Value in use is determined by using the discounted cash flow method. The expected cash flows are based on the business areas' budgets and long term plans, which are approved by the Board of Directors and executive management.

Budgets and long-term plans cover maximum a five year period. The growth rates used to project cash flows beyond the explicit 5 year plan period are based on management's past experience and market development expectations.

## KEY ASSUMPTIONS PER CASH-GENERATING UNIT

	COST OF CAPITAL (WACC) – POST TAX	LONG-TERM NOMINAL GROWTH RATE
Maritime	6.0%	1.5%
Energy Systems	5.6%	1.5%
Business Assurance	5.3%	1.5%
Supply Chain and Product Assurance	6.6%	1.5%
Digital Solutions	6.5%	1.5%
The Accelerator – Inspection	5.7%	1.5%

**SENSITIVITY ANALYSIS.** None of the cash-generating units will be in an impairment situation unless there are material changes in the key assumptions, and these changes are considered to be outside the probable outcome.

# 10

## FIXED ASSETS

AMOUNTS IN NOK MILLION

	LAND, BUILDINGS AND OTHER PROPERTY	OFFICE EQUIP- MENT, FIXTURES AND FITTINGS	RIGHT-OF-USE ASSETS	TOTAL
<b>Acquisition cost</b>				
1 January 2020	3 187.0	3 406.4	2 222.5	8 815.9
Additions	26.0	92.3	167.9	286.2
Additions from business combinations	0.0	0.9	0.0	0.9
Disposals	(13.8)	(67.8)	0.0	(81.6)
Disposals from divestments (note 14)	(92.2)	(180.5)	0.0	(272.7)
Currency translation differences	4.7	20.0	33.0	57.7
<b>Total acquisition cost 31 December 2020</b>	<b>3 111.7</b>	<b>3 271.2</b>	<b>2 423.4</b>	<b>8 806.3</b>
Additions	26.7	126.5	428.7	581.9
Additions from business combinations	0.0	2.8	0.0	2.8
Disposals	(7.4)	(80.0)	0.0	(87.4)
Currency translation differences	(10.8)	(18.2)	(7.3)	(36.3)
<b>Total acquisition cost 31 December 2021</b>	<b>3 120.3</b>	<b>3 302.3</b>	<b>2 844.7</b>	<b>9 267.3</b>
<b>Accumulated depreciation</b>				
1 January 2020	(1 374.5)	(2 843.5)	(425.7)	(4 643.7)
Depreciation	(66.4)	(160.2)	(413.9)	(640.5)
Disposals	2.5	63.5	0.0	66.0
Disposals from divestments (note 14)	41.5	111.5	0.0	153.0
Currency translation differences	1.7	(8.4)	0.0	(6.7)
<b>Total accumulated depreciation 31 December 2020</b>	<b>(1 395.2)</b>	<b>(2 837.1)</b>	<b>(839.6)</b>	<b>(5 071.9)</b>
Depreciation	(64.0)	(147.0)	(401.8)	(612.9)
Disposals	4.4	71.1	0.0	75.4
Currency translation differences	2.3	14.8	0.0	17.1
<b>Total accumulated depreciation 31 December 2021</b>	<b>(1 452.6)</b>	<b>(2 898.2)</b>	<b>(1 241.4)</b>	<b>(5 592.2)</b>
<b>Net book value</b>				
<b>31 December 2021</b>	<b>1 667.7</b>	<b>404.1</b>	<b>1 603.3</b>	<b>3 675.1</b>
<b>31 December 2020</b>	<b>1 716.5</b>	<b>434.2</b>	<b>1 583.7</b>	<b>3 734.5</b>
Useful life	15-67 years indefinite (land)	3-15 years	1-15 years	
Depreciation plan	Linear	Linear	Linear	

# 11

## INVESTMENTS IN SUBSIDIARIES

DNV GROUP AS CONSOLIDATED CONSISTS OF THE PARENT COMPANY DNV GROUP AS AND THE FOLLOWING SUBSIDIARIES:

AMOUNTS IN NOK MILLION

	BUSINESS OFFICE		SHARE CAPITAL IN 1000 LOCAL CURR. <sup>1</sup>	OWNERSHIP	BOOK VALUE
DNV AS	Bærum, Norway	NOK	11 441 280	100%	11 839.3
DNV Business Assurance Group AS	Bærum, Norway	NOK	1 033	100%	1.1
Det Norske Veritas Eiendom AS	Bærum, Norway	NOK	8 129	100%	8.1
<b>Total investment in subsidiaries</b>					<b>11 848.5</b>

<sup>1</sup> incl. share premium

198 legal entities are consolidated in DNV Group's financial statements at 31 December 2021 of which 5 entities has non-controlling interest.

# 12

## INVESTMENT IN ASSOCIATES

In June 2021, DNV Group (through DNV AS) sold the 26.4% ownership in Storm Geo Holding AS, the sales amount of NOK 786 million was settled in cash. The gain from the sale of shares in Storm Geo Holding AS was NOK 599.4 million and is recognized as financial income in 2021, ref. note 6.

# 13

## LONG-TERM SHAREHOLDINGS

COMPANY

	OWNERSHIP	BOOK VALUE 31.12.2021	BOOK VALUE 31.12.2020
Blade Test Centre AS	25.0%	4.6	4.6
Careindexing Aps	25.0%	4.6	0.0
Umotif Limited	9.7%	34.9	12.0
Scout Drone Inspection AS	7.0%	5.0	0.0
Kezzler AS	3.3%	20.0	0.0
VeChain Technology (HK) Company Limited	3.0%	15.6	15.6
Valoritalia S.r.l.	2.0%	11.1	11.1
Provision Analytics Inc.	7.4%	9.1	0.0
Other		1.6	1.6
<b>Total</b>		<b>106.5</b>	<b>44.9</b>

## ACQUISITIONS 2021

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

18 November 2021, DNV Group acquired 100% of the shares in the industrial cyber security specialist Applied Risk Holding BV

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

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

COMPANY / ACTIVITIES	TRANSACTION DATE	OWNERSHIP	PURCHASE CURRENCY	ACQUISITION COST, LOCAL CURRENCY MILL	EXTERNAL REVENUE INCL. IN 2021 ACCT. MILL NOK
Imatis	01/07/2021	80%	NOK	577.0	66.5
Applied Risk	18/11/2021	100%	EUR	36.0	13.4

PURCHASE PRICE ALLOCATION (PPA)	ACQUISITION COST	OF WHICH:					
		CUSTOMER RELATIONS	CUSTOMER CONTRACTS	TECHNOLOGY	DEFERRED TAX	NET ASSETS	GOODWILL
Imatis	577.0	20.5	58.9	52.7	(29.1)	40.4	433.6
Applied Risk	363.0	26.4	9.0	0.0	(8.8)	28.7	307.8

The difference between NOK 363 / EUR 36 million acquisition cost of Applied Risk and NOK 300 / EUR 30 million consideration paid is consideration (earn out) expected to be paid out: 30% Q1 2022, 30% Q1 2023 and 40% Q1 2024.

## CASH FLOW FROM ACQUISITIONS

AMOUNTS IN NOK MILLION

Net cash acquired with the subsidiary	67.2
Consideration paid in cash	(892.0)
Net cash flow from acquisition	(824.8)

## SIGNIFICANT CHANGES IN GROUP STRUCTURE 2020

1 March 2020, DNV Group sold the KEMA Laboratories in US (KEMA Powertest LLC and KEMA Realty LLC) to CESI. A sales loss of NOK 3 million from the transaction is included in the income statement for 2020. The net sales amount of NOK 179 million was settled in cash in 2020.

## ACQUISITIONS 2020

30 December 2020, DNV Group acquired 100% of the shares in Energy and Resource Solutions Inc. (ERS). ERS provides clients with smart energy solutions offering innovative ideas to help client organizations improve energy efficiency, maximize economic performance, and minimize environmental impacts.

The company, headquartered in Massachusetts, US, has 80 employees mainly located on the east coast. For DNV Group, the acquisition of ERS provides mainly additional market shares in our Policy and Advisory Research services and allows to gain critical mass with capabilities to better cover the US eastern coast.

COMPANY / ACTIVITIES	TRANSACTION DATE	OWNERSHIP	PURCHASE CURRENCY	ACQUISITION COST, LOCAL CURRENCY MILL	EXTERNAL REVENUE INCL. IN 2020 ACCT. MILL NOK
Energy and Resource Solutions Inc.	30/12/2020	100%	USD	19.1	-

The acquisition cost in excess of net book value of the equity, NOK 130 million has been allocated to customer relationship NOK 33.1 million, deferred tax NOK 8.3 million and goodwill NOK 105.2 million.

## CASH FLOW FROM ACQUISITIONS

AMOUNTS IN NOK MILLION

Net cash acquired with the subsidiary	14.6
Consideration paid in cash	(136.4)
Net cash flow from acquisition	(121.8)

The difference between NOK 163 / USD 19 million acquisition cost and NOK 136 million / USD 16 million consideration paid is consideration (earn out) expected to be paid over maximum 4 years after the acquisition date.

DNV Group has both defined contribution pension plans and defined benefit pension plans. 10 465 employees are covered by the defined contribution pension plans while 3 933 persons (employees and pensioners) are covered by defined benefit pension plans. All defined benefit pension plans are closed for new entrants, however active members still build up their pension rights under these plans. End of service benefit plans in some countries outside Norway (mainly Middle East and Asian countries with statutory defined benefit plan requirements) are still open for new entrants. These end of service benefit plans are required by law and fully settled at retirement/resignation.

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

The defined benefit pension plans in Norway are financed mainly through a separate pension fund. For defined benefit pension plans in Germany, the major plans are unfunded with the gross liability reflected as a pension liability, however there are also pension plans in Germany financed through independent insurance companies.

Of the other defined benefit pension plans, the major UK plans (closed in 2017) are financed through a separate pension fund, while the other plans are mainly financed through independent administrative funds/insurance companies. The pension cost and the pension liabilities as included in the accounts and in this note, are based on the presented actuarial assumptions, together with remuneration of the employee and length of service.

Contribution to the Group's pension plans are made in accordance with common actuarial methods and statutory regulations in the country where the pension plan is administered. Total pension costs for 2021 are NOK 780.0 million of which NOK 187.6 million are related to the defined benefit pension plans and NOK 592.5 million are related to the defined contribution pension plans and end of service benefit plans.

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

#### MARKET VALUE OF PLAN ASSETS IN NORWAY

AMOUNTS IN NOK MILLION

	31 DEC. 21	31 DEC. 20
Buildings and property	170.0	189.0
Mutual equity funds and hedge funds	6 063.2	4 921.6
Norwegian bonds and bond funds	1 527.7	1 851.3
Non-Norwegian bonds and bond funds	112.7	110.7
Bank accounts, other assets and liabilities	939.9	614.7
<b>Total market value of plan assets Norway (DNV Pension fund)</b>	<b>8 813.5</b>	<b>7 687.3</b>
<b>Actual return on plan assets</b>	<b>1 233.7</b>	<b>578.5</b>

Capital contributed from DNV Group AS to the Norwegian Pension Fund, NOK 411 million, is reflected as other investments in the balance sheet for DNV Group AS.

#### PENSION COST - DEFINED BENEFIT PENSION SCHEMES

AMOUNTS IN NOK MILLION

	FUNDED NORWEGIAN DEFINED BENEFIT PENSION PLANS		GERMAN DEFINED BENEFIT PENSION PLANS		OTHER DEFINED BENEFIT PENSION PLANS	
	2021	2020	2021	2020	2021	2020
Net present value of this year's pension contribution	130.6	118.6	30.5	38.4	8.4	5.5
Effect of plan changes/curtailments	0.0	0.0	0.0	(5.8)	0.0	(1.1)
Payroll tax	18.4	16.7	0.0	0.0	0.0	0.0
<b>Net present value of this year's pension contribution and curtailm. incl. payroll tax</b>	<b>149.1</b>	<b>135.3</b>	<b>30.5</b>	<b>32.6</b>	<b>8.4</b>	<b>4.4</b>
Net interest on the net defined benefit liability (asset)	(26.3)	(37.1)	36.6	41.4	0.3	(0.6)
Payroll tax	(3.7)	(5.2)	0.0	0.0	0.0	0.0
<b>Net interest on the net defined benefit liability (asset) incl. payroll tax</b>	<b>(30.0)</b>	<b>(42.4)</b>	<b>36.6</b>	<b>41.4</b>	<b>0.3</b>	<b>(0.6)</b>

#### NET PENSION ASSET (LIABILITIES) - DEFINED BENEFIT PENSION SCHEMES

AMOUNTS IN NOK MILLION

	FUNDED NORWEGIAN DEFINED BENEFIT PENSION PLANS		GERMAN DEFINED BENEFIT PENSION PLANS		OTHER DEFINED BENEFIT PENSION PLANS	
	31 DEC. 21	31 DEC. 20	31 DEC. 21	31 DEC. 20	31 DEC. 21	31 DEC. 20
Market value of plan assets	8 813.5	7 687.3	90.0	89.6	2 552.9	2 402.6
Actuarial present value of pension liabilities	(6 233.0)	(6 240.0)	(2 753.1)	(3 014.5)	(2 507.2)	(2 454.0)
Payroll tax	(96.9)	(99.9)	0.0	0.0	0.0	0.0
<b>Net pension asset (liabilities)</b>	<b>2 483.5</b>	<b>1 347.4</b>	<b>(2 663.2)</b>	<b>(2 924.9)</b>	<b>45.8</b>	<b>(51.4)</b>

#### END OF SERVICE BENEFIT SCHEMES

AMOUNTS IN NOK MILLION

	NORWEGIAN SCHEMES		GERMAN SCHEMES		OTHER SCHEMES	
	31 DEC. 21	31 DEC. 20	31 DEC. 21	31 DEC. 20	31 DEC. 21	31 DEC. 20
<b>Net liability</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(270.5)</b>	<b>(256.0)</b>
Hereof recorded in the balance sheet as:						
Net pension asset	2 483.5	1 347.4	0.0	0.0	110.3	18.6
Pension liabilities	0.0	0.0	(2 663.2)	(2 924.9)	(64.6)	(70.0)
Other non-current liabilities	0.0	0.0	0.0	0.0	(270.5)	(256.0)

# 15

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

The assumptions (discount rate, covered bonds) for calculation of the pension liabilities in Norway have been changed from 1.7% to 1.9%, the real income in society has been increased from 0.5% to 0.75%, inflation has increased from 1.5% to 1.75%. The changed assumptions led to increased pension liabilities of NOK 122 million in 2021.

The assumptions (discount rate, projected annual increase rate in pension benefit) for calculation of the pension liabilities in Germany

have been changed from 1.0% to 1.3% (discount rate) and 1.5% to 1.7% (increase rate in pension benefit). The changed assumptions led to increased pension liabilities of NOK 54 million in 2021.

NOK 902.1 million net actuarial gain on defined benefit pension plans have been reflected in other comprehensive income / other equity in 2021.

### THE CALCULATIONS OF THE PENSION LIABILITIES ARE BASED ON THE FOLLOWING ACTUARIAL ASSUMPTIONS:

	NORWEGIAN PLANS <sup>2</sup>		GERMAN PLANS		OTHER PLANS	
	31 DEC. 21	31 DEC. 20	31 DEC. 21	31 DEC. 20	31 DEC. 21	31 DEC. 20
Discount rate <sup>1</sup>	1.90%	1.70%	1.3%	1.0%	0.5-1.9%	0.5-3.0%
Projected annual salary adjustment	2.75%	2.25%	2.5%	2.5%	3.0-3.9%	3.0-5.0%
Projected annual increase in pension benefit	1.75%	1.50%	1.7%	1.5%	0.0-3.1%	0.0-2.7%
Projected annual increase of Norwegian government basis pension	2.50%	2.00%				
Expected annual return on plan assets	1.90%	1.70%	1.3%	1.0%	0.5-1.9%	0.5-3.0%

<sup>1</sup> Covered bond rate for Norwegian plans

<sup>2</sup> The pension liability calculations for the Norwegian plans are based on K2013BE (standard best estimate mortality table).

The retirement age in the group differs from country to country. In the most significant pension plans the ordinary retirement age is 67 years (Norway) and 65-67 years (Germany). To align with German regulations, the major German pension plans are gradually shifting

from 65 to 67 years based on the year of birth of the plan members. Some managers and employees are entitled to early retirement before 67, with full pension rights earned.

**SENSITIVITY ANALYSIS OF PENSION CALCULATIONS.** The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the

reporting period, while keeping all other assumptions unchanged. Sensitivities decrease (increase) defined benefit obligation year-end.

### ASSUMPTIONS, SENSITIVITY LEVEL

AMOUNTS IN NOK MILLION	DISCOUNT RATE		FUTURE SALARY INCREASES	
	0.5% INCREASE	0.5% DECREASE	0.5% INCREASE	0.5% DECREASE
Impact on defined benefit obligation Norwegian plans	492.6	(548.3)	(206.4)	212.7
Impact on defined benefit obligation German plans	191.6	(195.9)	(17.6)	17.7

# 16

## INTERCOMPANY BALANCES

DNV GROUP AS		AMOUNTS IN NOK MILLION		DNV GROUP AS CONSOLIDATED	
2021	2020	2021	2020	2021	2020
		<b>Long-term receivables</b>			
2 362.5	2 550.9	Group internal loans receivable	0.0	0.0	
		<b>Short-term receivables</b>			
63.0	31.9	Trade receivables group companies	3.0	6.3	
0.0	213.8	Group contribution	0.0	0.0	
63.0	245.7	Total short-term receivables	3.0	6.3	
2 425.5	2 796.7	Total receivables group companies	3.0	6.3	
		<b>Non-current liabilities</b>			
0.0	1 300.0	Group internal loan from Det Norske Veritas Holding AS	0.0	1 300.0	
679.9	546.9	Group internal loans from subsidiaries	0.0	0.0	
679.9	1 846.9	Total loan from group companies	0.0	1 300.0	
		<b>Current liabilities</b>			
10.4	10.0	Group internal accounts payable	3.0	0.7	
5 169.4	5 897.0	Debt to cash-pool participants	42.7	92.7	
0.0	1 950.0	Dividend accrued	0.0	1 950.0	
111.5	0.0	Group contribution	245.5	42.1	
5 291.4	7 857.0	Total current liabilities group companies	291.1	2 085.5	
5 971.2	9 703.9	Total liabilities group companies	291.1	3 385.5	

# 17

## OTHER LONG-TERM RECEIVABLES

AMOUNTS IN NOK MILLION		DNV GROUP AS CONSOLIDATED	
2021	2020	2021	2020
Loans to employees	12.6	15.8	
Arrangement fee external loan	16.5	0.0	
Other long-term receivables	279.8	317.9	
Total other long-term receivables	308.9	333.7	

# 18

## TRADE RECEIVABLES

DNV GROUP AS CONSOLIDATED

AMOUNTS IN NOK MILLION

	2021	2020
Gross trade receivables	4 208.6	3 906.5
Provision for bad debts	(150.2)	(149.9)
<b>Net trade receivables</b>	<b>4 058.4</b>	<b>3 756.6</b>

# 19

## CASH AND BANK DEPOSITS

DNV Group AS has the following cash pool systems:

BANK	OVERDRAFT FACILITY (MILL)	PARTICIPATING ENTITIES	BALANCE 31 DEC. 2021 (MILL NOK)
Danske Bank	NOK 500	Most subsidiaries in Norway, Denmark, Sweden, Finland, UK, Ireland, and the Baltics	1 687
Deutsche Bank	EUR 20	Several subsidiaries in Europe	(116)
Bank of America		Most of the subsidiaries in US	32
Bank of America		Most of the subsidiaries in Canada	22
DNB ASA	NOK 50	DNV AS and DNV Group AS	174
Citibank - AED		Some subsidiaries in Middle East	23
Citibank - AUD		Some subsidiaries in Australia	38
Citibank - USD	USD 13	Some subsidiaries in Middle East and South East Asia	139
Citibank - SGD		Some subsidiaries in South East Asia	(9)
Citibank - JPY		Some subsidiaries in Japan	40
Citibank - CNY		DNV China Company Limited	277
Citibank - EUR		Some subsidiaries in the Euro-countries	11

Balances on bank accounts participating in the cash pooling systems are considered as internal assets or liabilities vis-à-vis DNV Group AS. Cash pool balances 31 December are included in Cash and bank deposits in the balance sheet at 31 December.

The following DNV Group AS' wholly owned subsidiaries have local credit facilities guaranteed by DNV Group AS or DNV AS through parent company guarantees:

BANK	OVERDRAFT FACILITY	PARTICIPATING ENTITY	DRAWN 31 DEC. 2021
Citibank China	CNY 50	DNV China Company Ltd	Undrawn
Citibank India	INR 40 + INR 30	DNV GL Business Assurance India Private Ltd	Undrawn
Citibank India	INR 200	Garrad Hassan India Private Ltd	Undrawn
Citibank India	INR 370	DNV GL Shared Services India Private Limited	INR 130
Citibank Korea	KRW 17 000	DNV GL Korea Ltd	Undrawn
Citibank Brazil	BRL 5	DNV GL Business Assurance Avaliacoes e Certi Brasil Ltda	Undrawn
Citibank Brazil	BRL 20	DNV GL Classificacao Certificacao e Consultoria Brasil Ltda	Undrawn

Cash and bank deposits in the balance sheet comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

# 20

## SHARE CAPITAL AND OWNERS

The share capital of DNV Group AS consist of 1 000 000 shares, with par value of NOK 100 each. The company is owned 100% by Det Norske Veritas Holding AS, with business office in Bærum, Norway.

# 21

## INTEREST BEARING LOANS AND BORROWINGS

The 100% shareholder of DNV Group AS, Det Norske Veritas Holding AS, had an agreement for a NOK 1 500 million multi-currency revolving credit facility and a NOK 3 250 million term loan with a bank syndicate consisting of Danske Bank, Norwegian Branch, Handelsbanken Norwegian branch of Svenska Handelsbanken AB and Nordea Bank Abp, filial i Norge. The facilities were secured with a pledge in properties belonging to Det Norske Veritas Eiendom AS.

26 March 2021, the facilities were transferred from Det Norske Veritas Holding AS to DNV Group AS. In June 2021, the term loan was reduced to NOK 2 998 million following a mandatory prepayment due to proceeds from the sale of the shareholding in Storm Geo. The NOK 3 250 million term loan was exchanged with NOK 1 300 million Group internal loan from and NOK 1 950 million dividend liability to Det Norske Veritas Holding AS.

Consequently, DNV Group AS now has an agreement for a NOK 2 998 million term loan with a bank syndicate consisting of Danske Bank, Norwegian Branch, Handelsbanken Norwegian branch of Svenska Handelsbanken AB and Nordea Bank Abp, filial i Norge. The loan expires in December 2024. The credit agreement supporting this loan has certain covenants. DNV Group AS was well within all

covenants at year-end 2021. The facilities are secured with a pledge in properties belonging to Det Norske Veritas Eiendom AS.

DNV Group AS has an agreement for a NOK 3 000 million multi-currency revolving credit facility with a bank syndicate consisting of Handelsbanken Norwegian branch of Svenska Handelsbanken AB, Danske Bank, Norwegian Branch and Nordea Bank Abp, filial i Norge. The facility expires in December 2026 and was undrawn per year-end 2021. The credit agreement supporting this facility has certain covenants, including a negative pledge clause, and also restrict DNV Group AS' ability to freely dispose of material assets. The credit agreement requires that DNV Group AS' net interest bearing debt on a consolidated basis does not exceed a set level relative to EBITDA. DNV Group AS was well within all covenants at year-end.

Following the establishment of this facility, both the NOK 1 000 million revolving credit facility with Handelsbanken Norwegian branch of Svenska Handelsbanken AB and the NOK 1 500 million facility with Danske Bank, Norwegian Branch, Handelsbanken Norwegian branch of Svenska Handelsbanken AB and Nordea Bank Abp, filial i Norge were cancelled.

## 22

## LEASE LIABILITIES

DNV GROUP AS CONSOLIDATED

## OVERVIEW OF FUTURE MINIMUM LEASE

AMOUNTS IN NOK MILLION

	2021	2020
Within one year	342.3	426.1
After one year but not more than five years	843.1	1 046.2
More than five years	559.5	341.5
<b>Future minimum lease</b>	<b>1 744.8</b>	<b>1 813.8</b>

## SUMMARY OF THE LEASE LIABILITIES IN THE FINANCIAL STATEMENTS

Total lease liabilities at 1 January	1 733.2	1 960.4
New lease liabilities recognised in the year	408.2	213.3
Cash payments for the principal portion of the lease liability	(436.8)	(465.9)
Interest expense on lease liabilities	55.7	58.1
Reassessment of the discount rate on previous lease liabilities	0.0	(65.7)
Currency exchange differences	(7.3)	33.0
<b>Total lease liabilities at 31 December</b>	<b>1 753.0</b>	<b>1 733.2</b>

Non-current lease liabilities	1 410.7	1 307.1
Current lease liabilities	342.3	426.1

## 23

## PROVISIONS

DNV GROUP AS CONSOLIDATED

AMOUNTS IN NOK MILLION

	CLAIMS AND CONTINGENCIES	RESTRUCTURING	OTHER PROVISIONS	TOTAL
<b>Balance at 1 January 2020</b>	47.9	109.2	100.8	257.9
Currency translation differences	0.0	4.2	1.8	6.0
Additions	0.0	176.8	18.0	194.8
Utilization	(13.0)	(84.1)	(15.4)	(112.5)
Reversal	0.0	(4.5)	(1.7)	(6.2)
<b>Balance at 31 December 2020</b>	<b>34.9</b>	<b>201.6</b>	<b>103.5</b>	<b>340.0</b>
Current	9.9	201.6	26.6	238.1
Non-current	25.0	0.0	76.9	101.9

<b>Balance at 1 January 2021</b>	<b>34.9</b>	<b>201.6</b>	<b>103.5</b>	<b>340.0</b>
Currency translation differences	0.0	(3.5)	0.1	(3.4)
Additions	0.0	24.9	24.8	49.7
Utilization	(1.1)	(114.3)	(13.0)	(128.4)
Reversal	0.0	(12.9)	(17.5)	(30.4)
<b>Balance at 31 December 2021</b>	<b>33.8</b>	<b>95.8</b>	<b>97.9</b>	<b>227.5</b>
Current	33.8	95.8	26.8	156.4
Non-current	0.0	0.0	71.1	71.1

Provisions for claims and contingencies more likely to materialize than not, reflect the financial exposure.

The exposure for other claims classified as contingent liabilities, less likely than not to materialize is considered not to be material.

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

## 24

## OTHER CURRENT LIABILITIES

DNV GROUP AS CONSOLIDATED

AMOUNTS IN NOK MILLION

	2021	2020
Contract liabilities	2 698.0	2 565.3
Accrued bonus to employees	1 000.0	546.0
Accrued holiday allowances	393.5	382.8
Accrued expenses and other current liabilities	1 547.8	1 457.1
<b>Total other current liabilities</b>	<b>5 639.3</b>	<b>4 951.2</b>

# 25

## RELATED PARTY TRANSACTIONS

DNV AS has a lease agreement for the office building in Stavanger, Norway with the related party DNV Pension fund, the rent expensed in 2021 amounts to NOK 7.1 million.

DNV AS has a management services agreement for the delivery of general management and administrative services with the related party Det Norske Veritas Holding AS (100% shareholder) and

Stiftelsen Det Norske Veritas. The total amount invoiced for services rendered in 2021 is NOK 1.0 million to Det Norske Veritas Holding AS and NOK 1.8 million to Stiftelsen Det Norske Veritas.

DNV AS has a service agreement with the related party DNV Pension fund for management and administrative services. The revenue recognized for these services in 2021 is NOK 0.3 million.

# 26

## GUARANTEES

DNV GROUP AS		AMOUNTS IN NOK MILLION		DNV GROUP AS CONSOLIDATED	
2021	2020		2021	2020	
0.0	0.0	Guarantee commitments not included in the accounts	473.3	388.5	

These guarantees are not secured by mortgage.

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

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

# 27

## FINANCIAL MARKET RISK

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

**LIQUIDITY RISK.** The Group monitors its liquidity risk on an ongoing basis. The liquidity forecasting considers planned investments in non-current assets, financing activities, working capital needs, as well as projected cash flows from operations.

**FOREIGN CURRENCY RISK.** The Group has revenues and expenses in approximately 60 currencies. Of these, six currencies (NOK, EUR, USD, CNY, GBP and KRW) make up for 78% of the total revenue. In many currencies the group has a natural hedge through a balance of revenue and expenses. The policy of the Group is to hedge significant project exposures. The Group has no open forward exchange contracts at year end. The Group does not apply hedge accounting and realized and unrealized gains and losses are recognized in the income statement. Unrealized gain at year-end is NOK 17.8 million.

A change in USD exchange rate of +/- 1 percentage point will lead to a change in operating revenue of approximately +/- NOK 39 million and a change in operating profit (EBIT) of approximately +/- NOK 7 million. A change in EUR exchange rate of +/- 1 percentage point will lead to a change in operating revenue of approximately +/- NOK 42 million and a change in operating profit (EBIT) of approximately +/- 4 million.

**CREDIT RISK.** Receivable balances (NOK 4 209 million) are monitored on an ongoing basis with the result that the Group's exposure to bad debts is limited. There are no significant concentrations of credit risk within the Group. With respect to credit risk arising from the other financial assets of the Group, which comprises cash and cash equivalents and money market funds (NOK 6 936 million) and certain derivative instruments (NOK 17.8 million), the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the market value of these instruments.

**INTEREST RATE RISK.** The Group's exposure to the risk of changes in market interest rates relates primarily to the outstanding term loan. The rate on this loan is fixed with an interest rate swap until December 2022. A change in the interest rate of +/- 1 percentage point will lead to a change in net financial items of +/- NOK 30 million.

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

# 28

## FINANCIAL ASSETS AND FINANCIAL LIABILITIES

AMOUNTS IN NOK MILLION	31 DECEMBER 2021				31 DECEMBER 2020			
	DNV GROUP AS CONSOLIDATED				DNV GROUP AS CONSOLIDATED			
	FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH P&L	AMORTIZED COSTS	FAIR VALUE THROUGH P&L	OTHER FINANCIAL LIABILITIES	FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH P&L	AMORTIZED COSTS	FAIR VALUE THROUGH P&L	OTHER FINANCIAL LIABILITIES
<b>ASSETS</b>								
<b>Non-current assets</b>								
Long-term shareholdings			106.5				44.9	
Loans to employees		12.6				15.8		
Other long-term receivables		279.8				317.9		
<b>Current assets</b>								
Cash and bank deposits		6 935.9				5 365.1		
Trade receivables		4 058.4				3 756.6		
Other receivables		864.6				966.8		
Forward contracts	17.8				149.9			
<b>FINANCIAL LIABILITIES</b>								
<b>Non-current</b>								
Interest bearing loans and borrowings				2 998.0				
Other non-current liabilities				353.4				338.6
<b>Current</b>								
Trade creditors				498.5				490.0
Overdrafts				15.5				13.3

# 29

## FINANCIAL INSTRUMENTS

**INTEREST RATE SWAP.** DNV Group AS has a NOK 2 998 million Term Loan. The interest on the loan consist of a floating interest element of NIBOR plus a margin. Hence, DNV Group AS will have risk related to fluctuations in NIBOR. To limit this risk the loan is hedged at a

fixed interest rate until December 2022. The interest rate swaps are measured at fair value through Other Comprehensive Income (OCI). Changes in fair value recognized in OCI in 2021 is NOK 24.1 million gain after tax.

# 30

## SUBSEQUENT EVENTS

As a result of the ongoing war in Ukraine, DNV is continuously following up on risk and mitigation activities to reduce the impact on the DNV Group. In 2021, the revenue from Russian and Ukrainian

customers represented less than 0.5% of Total operating revenue in the DNV Group. Total assets in the subsidiaries in Russia and Ukraine are minor (0.1% of total assets in the DNV Group).

# INDEPENDENT AUDITOR'S REPORT

## TO THE GENERAL MEETING OF DNV GROUP AS

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

**OPINION.** We have audited the financial statements of DNV Group AS, which comprise:

- The financial statements of the parent company DNV Group AS (the Company), which comprise the statement of financial position as at 31 December 2021, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of DNV Group AS and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2021, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

**BASIS FOR OPINION.** We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

### RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS.

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Oslo, 23 March 2022  
KPMG AS

Mona Irene Larsen  
State Authorised Public Accountant

(This document is signed electronically)

# INDEPENDENT AUDITOR'S ASSURANCE REPORT

## TO THE READERS OF DNV GROUP'S SUSTAINABILITY REPORTING 2021

We have been engaged by the management of DNV GROUP AS ('DNV') to provide limited assurance in respect of the sustainability reporting in the Annual Report of DNV. Included in the scope are the sustainability report chapters found on page 46-107. The scope excludes future events or the achievability of the objectives, targets and expectations of DNV and information contained in webpages referred to in the sustainability reporting 2021.

**OUR CONCLUSION.** Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

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

Based on the limited assurance procedures performed and the evidence obtained, as described below, nothing has come to our attention, to indicate that the sustainability reporting 2021 is not presented, in all material respects, in accordance with the criteria as defined by the GRI Standards; Core option.

**MANAGEMENT OF DNV'S RESPONSIBILITY.** The management of DNV is responsible for the preparation and presentation of the sustainability reporting 2021 in accordance with the criteria as defined by the GRI Standards; Core option. It is important to view the information in the sustainability reporting 2021 in the context of these criteria.

These responsibilities include establishing such internal controls as management determines are necessary to enable the preparation of the information in the sustainability reporting 2021 that are free from material misstatement, whether due to fraud or error.

**OUR RESPONSIBILITY.** Our responsibility is to provide a limited assurance conclusion on DNV's preparation and presentation of the sustainability reporting 2021.

We conducted our engagement in accordance with the International Standard for Assurance Engagements (ISAE 3000): "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board.

ISAE 3000 requires that we plan and perform the engagement to obtain limited assurance about whether the information in the sustainability reporting 2021 is free from material misstatement.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

**LIMITED ASSURANCE OF THE SUSTAINABILITY REPORTING 2021.** The procedures selected depend on our understanding of the sustainability reporting and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. Our procedures for limited assurance on the sustainability reporting 2021 included, amongst others:

- A risk analysis, including a media search, to identify relevant sustainability issues for DNV in the reporting period;
- Interviews with senior management and relevant staff at corporate level concerning sustainability strategy and policies for material issues, and the implementation of these across the business;
- Enquiries to management to gain an understanding of DNV's processes for determining material issues for key stakeholder groups;
- Interviews with relevant staff at corporate level responsible for providing the information, carrying out internal control procedures and consolidating the data in the sustainability reporting 2021;
- Reviewing relevant internal and external documentation, on a limited test basis, in order to determine the reliability of the sustainability reporting 2021 including but not limited to; On a test basis reconciled CO<sub>2</sub> emissions in spreadsheet prepared by DNV to underlying documentation and ensured offsetting certificates was purchased by DNV to cover the total CO<sub>2</sub> emissions as shown in spreadsheet prepared by DNV. We refer to table 16 on page 92 of DNVs Annual Report for the GHG emissions.
- Assessment of the GRI index;
  - Reading the sustainability reporting 2021 to determine whether there are any material misstatements of fact or material inconsistencies based on our understanding obtained through our assurance engagement.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

**PURPOSE OF OUR REPORT.** In accordance with the terms of our engagement, this assurance report has been prepared for DNV for the purpose of assisting the management in determining whether DNV's limited assurance sustainability information is prepared and presented in accordance with the GRI Standards; Core option and for no other purpose or in any other context.

Oslo, 5 April 2022  
KPMG AS

Mona Irene Larsen  
State Authorised Public Accountant

(This document is signed electronically)

# GRI INDEX

The DNV 2021 annual report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards, core level. The report is independently assured by KPMG and their independent auditors assurance report concludes that the report is presented, in all material respects, in accordance with the core level of the GRI Standards. This report also constitutes our Communication on Progress to the UN Global Compact.

## GENERAL STANDARD DISCLOSURES

GRI DISCLOSURE	WHERE REPORTED	PAGE	GRI DISCLOSURE	WHERE REPORTED	PAGE
<b>ORGANIZATIONAL PROFILE</b>					
102-1	Name of the organization	Company	2, 10-11		
102-2	Activities, brands, products, and services	Company Business areas at a glance	2 12-15		
102-3	Location of headquarters	Group structure	10-11		
102-4	Location of operations	Company Group structure	2 10-11		
102-5	Ownership and legal form	Group structure Financial performance	10-11 125		
102-6	Markets served	Company Business areas at a glance Markets	3 12-13 24-45		
102-7	Scale of the organization	DNV at a glance Key figures Business areas at a glance	2 8-9 12-13		
102-8	Information on employees and other workers	Our employees	68-77		
102-9	Supply chain	Sustainable supply chain	94-97		
102-10	Significant changes to the organization and its supply chain	Group structure	10-11		
102-11	Precautionary Principle or approach	Environment and climate	91		
102-12	External initiatives	How we make an impact > Partnerships	53		
102-13	Membership of associations	How we make an impact > Partnerships	53		
<b>STRATEGY</b>					
102-14	Statement from senior decision-maker	CEO statement	4-5		
<b>ETHICS AND INTEGRITY</b>					
102-16	Values, principles, standards, and norms of behaviour	Our employees Ethics and integrity	68-77 98-103		
<b>GOVERNANCE</b>					
102-18	Governance structure	Governance Corporate Governance report: <a href="http://www.dnv.com/about/in-brief/corporate-governance">www.dnv.com/about/in-brief/corporate-governance</a>	52		
<b>STAKEHOLDER ENGAGEMENT</b>					
120-40	List of stakeholder groups	How we make an impact	51		
102-41	Collective bargaining agreements	Our employees > Approach	72-73		
120-42	Identifying and selecting stakeholders	How we make an impact	51		
120-43	Approach to stakeholder engagement	How we make an impact Customer satisfaction Our employees	51 60-63 68-77		
102-44	Key topics and concerns raised	How we make an impact Customer satisfaction Safety & Resilience	51 60-63 78-85		
<b>REPORTING PRACTICE</b>					
102-45	Entities included in the consolidated financial statements	Financial performance	124-131		
102-46	Defining report content and topic Boundaries	How we make an impact	51		
102-47	List of material topics	How we make an impact	51		
102-48	Restatements of information	Safety & Resilience, Environment and climate	78-85 86-93		
102-49	Changes in reporting	GRI Index			
102-50	Reporting period	GRI index	160-161		
102-51	Date of most recent report	GRI index			
102-52	Reporting cycle	Annual			
102-53	Contact point for questions regarding the report	Contact information	162		
102-54	Claims of reporting in accordance with the GRI Standards	GRI Index	160-161		
102-55	GRI content index	GRI Index			
102-56	External assurance	Assurance statement	158-159		

## Omissions from the GRI Standards

<sup>1</sup> **205-2 DISCLOSURE PARTLY REPORTED.** The reason for the omission is a lack of information on employee category and region for our communication of anti-corruption policies and procedures. As 96% of all employees across categories and regions have completed the mandatory Code of Conduct, we will not register more details.

<sup>2</sup> **403-10 DISCLOSURE PARTLY REPORTED.** DNV monitors the work-related ill health of employees, but we have chosen not to report on this fully.

## Reporting period and format

The reporting period for the information provided is the 2021 calendar year. Our sustainability reporting is integrated into our Annual Report. The Annual Report for 2020 was made available on 6 April 2021 on our company website. No substantial changes have been made to our reporting compared to last year's report.

## TOPIC-SPECIFIC DISCLOSURES

GRI DISCLOSURE	WHERE REPORTED	PAGE	GRI DISCLOSURE	WHERE REPORTED	PAGE
<b>MANAGEMENT APPROACH</b>					
103-1	Explanation of the material topic and its boundaries	How we make an impact, and in each topic specific chapter	48 60-107		
103-2	The management approach and its components	How we make an impact, and in each topic specific chapter			
103-3	Evaluation of the management approach	How we make an impact, and in each topic specific chapter			
<b>ECONOMIC PERFORMANCE</b>					
201-1	Direct economic value generated and distributed	Economic value creation	104-107		
<b>ANTI-CORRUPTION</b>					
205-2 <sup>1</sup>	Communication and training about anti-corruption policies and procedures	Ethics and integrity	98-103		
<b>ANTI-COMPETITIVE BEHAVIOUR</b>					
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Ethics and integrity	98-103		
<b>TAX</b>					
207-1	Approach to tax	Economic value creation	106		
<b>EMISSIONS</b>					
305-1	Direct (Scope 1) GHG emissions	Environment and climate > Metrics and data	92-93		
305-2	Energy indirect (Scope 2) GHG emissions	Environment and climate > Metrics and data			
305-3	Other indirect (Scope 3) GHG emissions	Environment and climate > Metrics and data			
305-5	Reduction of GHG emissions	Environment and climate	86-93		
<b>ENVIRONMENTAL COMPLIANCE</b>					
307-1	Non-compliance with environmental laws and regulations	Environment and climate > Incidents and compliance	88		
<b>SUPPLIER ENVIRONMENTAL ASSESSMENT</b>					
308-2	Negative environmental impacts in the supply chain and actions taken	Sustainable supply chain Environment and climate	103 86-93		
<b>EMPLOYMENT</b>					
401-1	New employee hires and employee turnover	Our employees > Metrics and data	75		
<b>OCCUPATIONAL HEALTH AND SAFETY</b>					
403-1	Occupational health and safety management system	Safety & Resilience	78-85		
403-2	Hazard identification, risk assessment, and incident investigation	Safety & Resilience			
403-9	Work-related injuries	Safety & Resilience			
403-10 <sup>2</sup>	Work-related ill health	Safety & Resilience			
<b>TRAINING AND EDUCATION</b>					
404-1	Average hours of training per year per employee	Our employees	76		
404-3	Percentage of employees receiving regular performance and career development reviews	Our employees	76		
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>					
405-1	Diversity of governance bodies and employees	Our employees > Metrics and data Executive Committee profiles Board of Directors' profiles	77 18-19 122-123		
405-2	Ratio of basic salary and remuneration of women to men	Our employees > Metrics and data	77		
<b>NON-DISCRIMINATION</b>					
406-1	Incidents of discrimination and corrective actions taken	Our employees Ethics and integrity	103		
<b>SUPPLIER SOCIAL ASSESSMENT</b>					
414-2	Negative social impacts in the supply chain and actions taken	Sustainable supply chain	94-97		
<b>CUSTOMER PRIVACY</b>					
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Data privacy and security Ethics and integrity > Metrics and data	64-67 98-103		
<b>SOCIOECONOMIC COMPLIANCE</b>					
419-1	Non-compliance with laws and regulations in the social and economic area	Ethics and integrity	100 103		

## Our values



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



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



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

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pages 45, 86, 98, 106, 112, 116, 119

Espen Sturlason: pages 4,  
60, 64, 78, 82, 94, 104, 113, 115

DNV Imatis Danmark: 7  
DNV Korea: page 115  
DNV / Spice VR: page 68  
DNV / Tank: pages 62, 107, 113  
DNV / Holger Martens: page 43  
DNV / Pracownia EB / Flota  
Filmowa: page 89  
DNV / Max Emanuelson: page 90  
DNV / Eberhard Petzold: page 25

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All main images, Markets section  
(pages 22, 26, 30, 34, 38, 42)  
and Business areas at a glance  
(pages 14, 15)

Other: 16, 29, 33, 36, 37, 39, 40, 41,  
44, 45, 50, 59, 124

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Chapter intro pages: 20, 46, 108  
Other: 6, 7, 24, 28, 32, 41, 42, 48, 53,  
58, 109, 110, 113, 115

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Centrale Nantes: page 28

Belships: page 57

Bastø / Bjørn Joachimsen:  
page 57

## ABOUT DNV

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

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