

The means of making a difference

Annual report 2009

MANAGING RISK



Key figures

FIGURE 01 REVENUE (MILLION NOK)

10,283

FIGURE 01 REVENUE; LAST FIVE YEARS

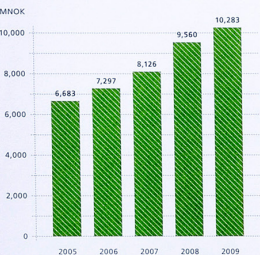


FIGURE 03 EQUITY RATIO (%)

67.4%

FIGURE 03 EQUITY RATIO; LAST FIVE YEARS

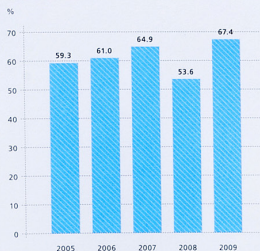


FIGURE 02 OPERATING PROFIT (MILLION NOK)

1,108

FIGURE 02 OPERATING PROFIT; LAST FIVE YEARS

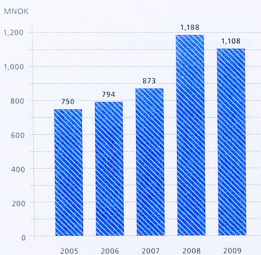
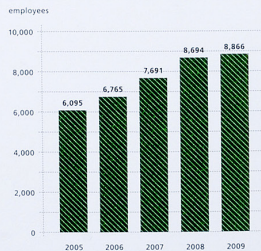


FIGURE 04 NUMBER OF EMPLOYEES

8,866

FIGURE 04 NUMBER OF EMPLOYEES; LAST FIVE YEARS

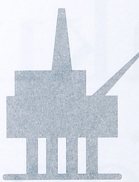


Business areas



MARITIME

We help shipowners, yards, authorities and other maritime players to manage their risks in all phases of a ship's life: through classification, fuel testing and a range of technical, business risk, environmental and competency-related services.



ENERGY

We help energy companies manage business risk, safety, environmental performance, and technology challenges across the entire energy value chain. Our solutions are provided globally across the entire energy sector, covering both oil and gas and renewable energy.



BUSINESS ASSURANCE

We help create trust and confidence and assure sustainable performance for companies across a variety of industry sectors. This is mainly done through system certification, assessment and risk management services.



IT GLOBAL SERVICES

We help companies manage IT risks and make IT-dependent processes and software more efficient and predictable. These services are primarily provided to the finance, maritime, energy, telecoms and automotive sectors.

In 2009, DNV was organised into four business areas and three independent business units. This organisation was replaced in 2010 as reflected on page 6.

INDEPENDENT BUSINESS UNITS

CLIMATE CHANGE

We provide third party validation and verification of emission reduction projects and emission trading schemes. We also help companies with climate change strategies and compliance, and how to manage climate change related risks, uncertainties and opportunities.

RESEARCH & INNOVATION

We identify technology trends and build new knowledge and services in order to ensure DNV's future growth and sustainability.

SOFTWARE

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

The relevance of managing risk

Companies and organisations are operating in an increasingly complex and demanding risk environment. On the other hand, their customers, owners and other stakeholders are adopting a zero tolerance of failure and demand improved performance, transparency and accountability.

Our means of making a difference is to help companies build the trust and confidence of their stakeholders. We do that by helping to identify, assess, and manage risk.

By combining risk methodology, technology expertise and in-depth industry knowledge, we enable our customers to safely and responsibly improve their business performance. Companies and authorities all over the world rely on our independent decision support and non-compromising standards of quality and integrity. They have done so since 1864.

As a self-owned independent foundation, we are set up to balance the needs of business and society. This is also demonstrated in our purpose. Through our global network of 300 offices in 100 countries, we serve a range of industries, with a special focus on the maritime and energy sectors.

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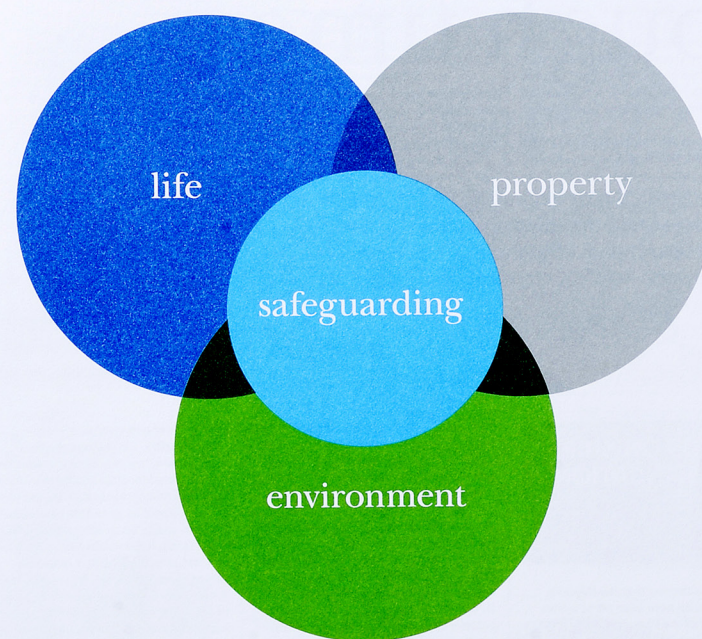
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Our means of making a difference in what we deliver

- » Ship classification
- » Energy
- » Certification
- » Sustainability
- » Innovation



The potential of 30% in tough times

When hardship hits, innovation finds fertile conditions. And 2009 was a tough year for the shipping industry. No stone will be left unturned to find operational efficiencies in the future. The good news is that this may also help cut emissions by up to 30%.

FOCUS ON SHIP CLASSIFICATION

It is widely accepted that the shipping industry would have been hit by a crisis irrespective of the financial turmoil and the consequent economic recession. Just two years ago – in 2007 – contracts to build some 5,000 new ships were signed globally. In 2009, this figure was just under 500. The overcapacity had been developing for years. At its peak, the order books for bulk carriers were almost 70% of the existing fleet – seven newbuildings for every ten existing vessels. Similar examples can be found within other ship segments. This was not a sustainable development.

Under such conditions, cancellations of newbuildings and lay-ups of existing vessels are solutions to be considered by owners. Between the crisis hitting the industry (October 2008) and the year-end 2009, almost 90 newbuildings that should have been built to

DNV Class were cancelled. At the end of 2009, the number of DNV-classed vessels laid-up was more than 160. The whole shipping industry is turning every stone to save costs.

However, cost-cutting can be seen as an opportunity too. Together with shipowners, we have developed guidelines and tools to identify and implement short- and long-term initiatives to achieve fuel efficiency, and as a result reduce operating expenses and voyage costs. Throughout 2009, DNV took an active approach and utilised valuable industry best practices to identify efficiency measures that could benefit shipowners.

When it comes to lay-ups, and again together with shipowners, we developed rules and procedures to maintain the ships in a safe and cost efficient way and also reduce the recommissioning period and cost when the time comes for the ships to operate again.

CUTTING EMISSIONS FROM SHIPPING. The change in the global economy and increased global environmental concerns mean that shipping is facing a new reality. Ahead of COP15 in Copenhagen in December last year, significant attention was paid to bunkers and shipping emissions. However, when the conference ended, no conclusions or guidance had been provided for the future

regulation of emissions from shipping.

During 2009, we analysed the fleet development, both the current one and the one predicted for 20 years into the future. Our study demonstrates that CO₂ emissions can be reduced by up to 15% below baseline now and by up to 30% in 2030. Most importantly, these results can be achieved in a cost effective way. The reduction potential reaches almost 60% in 2030 if all the identified measures are included and necessary investments made. These results have been presented to the International Maritime Organisation (IMO) and communicated to the shipping industry at large.

Before the financial crisis hit, there was a trend towards higher growth within the BRIC countries (Brazil, Russia, India and China) compared to the western world. What has been seen over the past year is that some of these are able to use their muscles and pick up speed faster than other nations. China – for example – will build almost half of the close to 80 new vessels that have been signed to DNV class during 2009. Among these are two more very large ore carriers for transporting iron ore from Brazil to China. This follows the giant order for 12 very such vessels from 2008, all with the record size of 400,000 deadweight tonnes.

Some of these vessels will most likely be operating until 2040. Based on projected climate change, DNV has evaluated the advantages of utilising the shorter trans-Arctic route in the years to come before 2040 and further on to 2050. These predictions show a continuous decrease in ice extent, concentration and thickness. However, even in 2050, the ice conditions will remain heavy during winter and spring, while open waters are predicted in the summer and autumn.

FOCUS ON ADDED VALUE. To be prepared for a future with fewer new ships being built and stronger competition on quality, efficiency and value for money, we have reviewed our class notations to ensure that all relevant parts of the rules provide the expected added value to customers. The aim is to demonstrate to both existing and new customers that our strong focus on quality, the environment and technical expertise also pays off in practice.

In 2009, DNV again topped the list of recognised class societies with the fewest detentions of ships according to the Paris MOU.

All the evidence points to some challenging years ahead for the shipping industry. In these tough times, we have used and will

continue to use our technology platform and strong financial position to further develop our position as an innovator.

COMPETENCE AND INNOVATION. In order to ensure personal development challenges for top engineers who have chosen to pursue a technical career in DNV rather than a managerial position, the Top Tech programme has been created in cooperation with the University of California at Berkeley. To ensure the recruitment of talented young students, we are continuing to find new solutions to attract the best brains. Last summer, 13 hand-picked students worked for DNV on an innovative concept for 2050. They introduced a conceptual ship that is designed like a train and consists of several modules to address the need for environmental, flexible, and efficient shipping.

Our own research and innovation projects in 2009 included next generation container ships and LNG propulsion in shipping. An innovative container ship concept was developed in which flexibility was a central feature as an answer to a world of uncertainties. The ship is partially fuelled by LNG, which is predicted to become a much more feasible fuel – especially when it comes to short sea shipping.

OTHER ACHIEVEMENTS IN 2009

Q1 Guideline on lay-ups

An updated interim guideline for ship lay-ups was released providing a systematic and cost-effective approach to preparing the ship for lay-up and maintaining it in a safe and cost-effective condition.

Q2 Milestone passed for offshore units

The 200th mobile offshore unit in operation to DNV class was delivered.

Q2 Ranking of ships' green performance

Launch of an Environmental & Energy Efficiency Rating Scheme (DNV Triple-E) that gives an objective assessment of an individual ship's performance irrespective of age or type. It also allows owners and operators to set targets, monitor improvements and document their success.

Q3 Best classification society globally

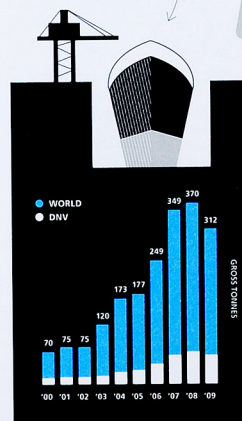
DNV was named best classification society globally by the maritime industry's leading publication, Lloyd's List. '... because it has focused, and excelled in three areas: quality, environment and technical competence.'

dnv.com/industry/maritime

SHIPPING IS FACING OVERCAPACITY

01 ORDERBOOK

Previously signed contracts ensure a continued high production of new ships, which makes the world fleet expand even further.

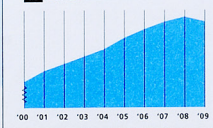


02 CONTRACTS

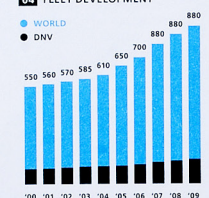
Contracting of new ships fell sharply with the financial crisis.



03 SEABOARD TRADE



04 FLEET DEVELOPMENT



FLEET DEVELOPMENT NOT SYNCHRONISED
While world trade experienced a drop in 2009, the world fleet kept on expanding

resulting in more ships to carry less cargo. The world fleet has grown unsustainably at around 8% per year since 2004.

The power of 9 metres per second

Although the global financial crisis caused a dip in energy demand and CO₂ emissions in 2009, the macro trends for energy remain the same. Demand is poised to increase by 50% over the coming 20 years, and climate change and security of supply will be major issues. Harnessing high wind speeds will be one of the energy solutions.

FOCUS ON ENERGY

To realise a low-carbon future, there must be a transformation of the whole energy industry, with a significant contribution from renewable sources.

However, fossil fuels will remain the dominant energy source for decades to come. But as easy oil is waning, oil exploration and production is being pushed to technologically challenging ultra-deep waters, the Arctic, and politically difficult areas. Investments are increasing in non-conventional sources, such as shale gas, and controversial hydrocarbons, like oil sands. Due to higher production costs in these areas there will be a renewed focus on existing facilities to improve their operating efficiency, extending field life, and enhance recovery of oil and gas resources. These have been main areas of activity for DNV in

2009 and continue to be so going forward.

As fossil fuels continue to dominate energy supply, there must be a transition to cleaner fossil fuels. When using higher CO₂ emitting oil and coal, the carbon must be captured, cleaned and stored. In addition, the use of lower emitting natural gas will have to increase. Wind energy will be the second biggest renewable energy source, next to hydropower and, in addition, nuclear power will experience a renaissance.

The transmission of energy will be controlled by smart grids that allow the more efficient generation, transmission and use of power. In addition, major new trunk pipelines will be used for gas and cleaner burning biofuels.

DEVELOPING IN MANY REGIONS. From China to Brazil and the US to Europe, DNV has assisted major energy players in their day-to-day business. In order to support and speed up the inevitable changes to the energy industry, we have been working closely with the authorities. Also, we have taken the initiative to lead the development of knowledge and technologies to address new frontiers.

Related to challenging exploration and production operations, we have supported a number of deep-water projects in Brazil. In the Arctic, we have coordinated the cooperation between Russian and Norwegian ministries and industries in order to develop common rules and best practices for health, safety and the environment in the Barents Sea. DNV also leads several other joint industry projects relating to this sensitive and harsh area. As regards production units already in operation, many operators are soon reaching the 'application deadline' for extending their operational time. In 2009, we helped authorities regulate in this area and supported operators in extending the life of the North Sea offshore structures.

Our internationally recognised pipeline standards are being used on the biggest and most challenging projects. Nord Stream's construction is progressing and will supply Europe with a significant share of its additional future energy needs from Russia when ready in 2011. In 2009, the Norwegian authorities asked DNV to develop standards for extending the life of offshore pipelines – an escalating issue worldwide.

CLEANER SOLUTIONS. LNG has been one of our strategic areas in order to support the transition from oil to natural gas. Previously, we have been involved in more than one third of the world's LNG projects, a share which grew significantly in 2009. An example is the South Hook regas terminal, which is capable of delivering 20% of the UK's gas demand. It started up in 2009 with verification support from DNV.

Carbon capture and storage (CCS) was also a major technological and political issue in 2009. We have provided considerable support to speed up large-scale applications of CCS. In addition to facilitating Europe's CCS development on behalf of the European Commission, three global joint industry projects are running on our initiative. On top of this, we support the individual industry players. Also, we published the world's first CO₂ transmission guideline together with authorities and major industry partners.

Its unified approach will ensure that CO₂ is transmitted in offshore and onshore pipelines in a reliable, safe and cost-effective manner.

The incentives for developing renewable energies increased in 2009, with the US and Europe providing governmental financial support to the wind industry. Since acquiring the US-based GEC in 2008, DNV is now a global leading service provider to the wind industry – with the broadest range of technical and business services throughout the wind project's life cycle. Our offshore wind turbine standard is still the most used, covering about 75% of the world's installations.

OTHER ACHIEVEMENTS IN 2009

Q3 Wind installation vessels

In response to the emerging offshore wind power market, DNV launched the world's first class notation for offshore wind turbine installation vessels.

Q3 Clean energy unit in London

In order to support the UK's ambitious renewable energy and carbon abatement industries, such as wind, wave, tidal and CCS, DNV is strengthening its presence in London. A new unit will accommodate at least 25 specialists within a year.

Q4 Global pipeline award

The American Society of Mechanical Engineers (ASME) awarded DNV the Global Pipeline Award 2009. This is the industry's most prestigious global award and emphasises the status of DNV's widely used pipeline standard.

Q4 Acquiring French risk company

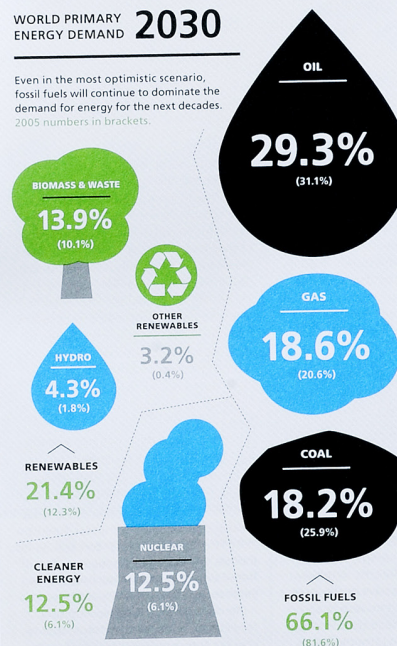
DNV acquired the French company SOF CONSEIL – a leading professional provider of safety and environmental risk management services in France. It will be an important base for growing the French and North African energy market.

dnv.com/industry/energy

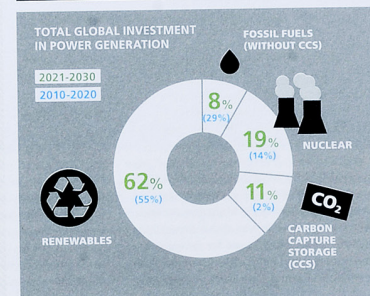
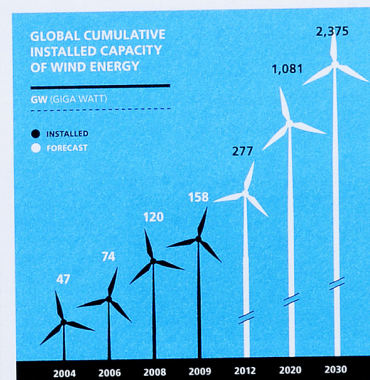
ENERGY TRENDS

WORLD PRIMARY ENERGY DEMAND 2030

Even in the most optimistic scenario, fossil fuels will continue to dominate the demand for energy for the next decades. 2005 numbers in brackets.



Source: IEA, 450 Scenario (i.e. average global warming kept at +2 degree Celsius)



The threat of two for one

A sustainable approach to everything we do is necessary in order to maintain viable production. For example, seafood is the world's most heavily traded primary product, but today we catch two fish for every fish consumed. The other ends up as waste. Complying with recognised international standards is one means of managing this challenge.

FOCUS ON CERTIFICATION

As a certification body, DNV helps companies achieve sustainable business performance without compromising on financial performance. In 2009, we were accredited to certify fisheries to the Marine Stewardship Council's standard for sustainable seafood. Certification communicates to consumers that the fish on their plate stems from a responsible fishery. Going beyond the food industry, a broad range of companies worked with us last year to address quality, safety and efficiency, thus improving their sustainable performance.

Demand for our certification services grew last year, mainly in relation to Management System Certification. The number of new customers requesting our Management System Certification services was above expectation in 2009, reflecting the need for companies to communicate trust and confidence in turbulent financial times too. This is also reflected in the development of the mature stan-

dards, like ISO 9001 (quality) and ISO 14001 (environment), which continue to grow.

Sustainability and environmental impact were essential keywords in the product certification market, with a shift from a single product focus to a more general life-cycle approach. The globalisation and harmonisation of certification specifications and schemes persisted.

Overall, we continued to broaden our certification portfolio. Accreditation was obtained for the Food Safety System Certification scheme FSSC 22000, GlobalG.A.P. Aquaculture and the Marine Stewardship Council schemes. Accreditation was also obtained for the Aerospace scheme EN 9120 and the Business Continuity Management scheme BS 25999.

CONSOLIDATING CERTIFICATION BUSINESS.

The consolidation trend in the certification market is continuing. Companies are increasingly looking for one certification body that can handle their total certification needs to ensure consistency in delivery and the ability to provide consistent quality services internationally. They are looking for single providers of management system certification, product certification and inspection and testing services. We are therefore seeing a further consolidation within the testing, inspection and certification industry.

BUILDING CONFIDENCE IN WHAT WE EAT AND DRINK. The food and beverage industry continues to be a focus industry for us. The industry has seen consumer confidence being shaken worldwide following a series of high-profile food safety incidents. The industry must work collectively to restore confidence and ensure that all consumers can exercise their right to buy and consume safe food. Cooperation and the harmonisation of food safety standards are essential in order to ensure effectiveness.

In 2009, DNV's food and beverage services grew by 30%. The new Food Safety System Certification scheme FSSC 22000 was approved, and DNV delivered FSSC 22000 certification to key customers in nine countries simultaneously. The scheme helps food manufacturers systematically address food safety in every step in order to prevent failures. The first customer projects were completed under the Marine Stewardship Council scheme, and DNV successfully completed the first GlobalG.A.P. certification for shrimps in Indonesia, gaining recognition from Europe's largest shrimp company and generating further cross-regional projects.

We also launched Sustainable Supply Chain certification, allowing businesses to evaluate their supply chains sustainability.

The standard focuses specifically on quality and value creation in relation to stakeholders. It was inspired by the Italian coffee roaster Illycaffè's business model and covers economic, environmental and social responsibility. While developed for the green coffee sector, the same logic can be applied to other supply chains.

PRODUCT SUSTAINABILITY STANDARD. DNV is developing a standard for the assessment and certification of the sustainability performance of products, in partnership with BASF. The standard aims to establish a credible, objective and transparent approach to assessing and communicating the sustainability performance of products, taking into consideration a wide range of environmental, social and economic impacts arising throughout the course of the product's lifecycle.

IMPROVING QUALITY AND SAFETY IN THE HEALTHCARE SECTOR. The late 2008 approval of DNV Healthcare's hospital accreditation programme by the US government

offered American hospitals a new choice for accreditation. The scheme has also been adopted in Brazil and India. Hospitals vary from single hospitals, large and small, to multi-hospital systems such as IASIS who is the first hospital system (16 hospitals) to embark on DNV's approach for improved quality and patient safety with all its hospitals. The growth is expected to continue throughout 2010 and the international accreditation of hospitals is also gaining interest in countries with active medical tourism.

MAKING BUSINESSES MORE ROBUST. As globalisation is making competition tougher, companies need to be able to handle critical business incidents which could harm their production, resources, reputation, earnings and ultimately survival. In response, we added the BS 25999 Business Continuity Management assessment in our service portfolio. The BS 25999 standard enables companies to prepare for any threats and implement necessary contingency solutions to maintain business as usual in case of any incidents.

OTHER ACHIEVEMENTS IN 2009

Q2 New business assurance services

An eco-labelling certification was launched in Spain. Assessment schemes for sustainable coffee products were launched in Italy.

Q2 Strengthening supplier capacity

DNV assisted the Global Food Safety Initiative and Michigan State University in developing a Food Safety Knowledge Network, strengthening supplier capacity in emerging markets.

Q4 Rapidly approaching 100 hospitals

Within one year of our approval by the US government to act as an accreditation organisation, DNV is approaching the milestone of accrediting 100 hospitals helping improve quality and patient safety.

dnv.com/services/certification

OVERFISHING AND INEFFICIENT VALUE CHAINS



About one third of the world's fish stock are endangered.



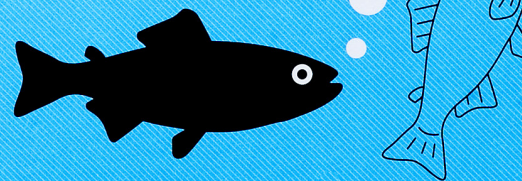
The seafood industry generates USD 400 billion a year.



The world will run out of seafood by 2048 if the steep decline in marine species continues at current rates.

1/2

Half the fish caught ends up as waste, due to inefficient value chains and overfishing.



200 MILLION PEOPLE

More than 200 million people depend directly or indirectly on fishing for their main source of income.

1 BILLION PEOPLE

A billion people eat seafood as their main source of animal protein.

VALUE CHAIN AND DNV'S VALUE ADD

01 HARVESTING

Ensure environmentally and economically sustainable production.



02 PROCESSING

Manage risk, quality and safety in food processing.



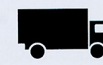
03 PACKAGING

Guarantee safe and hygienic packaging.



04 LOGISTICS

Ensure safe transportation and storage.



05 CONSUMERS

Build trust and confidence in what we purchase or consume.



The importance of 2° Celsius

Keeping the expected rise in global temperature below 2°C will require concerted efforts on many fronts. How businesses respond to new risks and expectations of responsible conduct will have a decisive impact on global sustainability.

FOCUS ON SUSTAINABILITY

The climate negotiations in Copenhagen in late 2009 did not manage to arrive at binding commitments on how greenhouse gases emissions are to be curbed in the years to come. What the world leaders agreed on in the 'Copenhagen Accord' was to work for solutions to reduce emissions to the level necessary to avoid a global temperature increase of more than 2°C. A two degree average temperature rise will still have quite dramatic effects on many local societies. Businesses will have to adapt to these changes.

A key issue in solving the challenges of providing a minimum of prosperity to an ever growing world population without rapidly exploiting all the natural resources is how we are able to develop sustainable businesses and societies. A sustainable business is characterised by being able to balance economic development with environmental and social

impact. DNV believes that sustainable business development is the only way forward. We continued in 2009 to build a position to help businesses assume a leadership role and build a sustainable advantage in the market.

BUILDING TRUST IN THE CARBON MARKET.

The need to cut greenhouse gas emissions has created a global carbon market, in which credits from emission reducing projects are being traded. DNV was one of the first accredited organisations to perform independent validation and verification of Clean Development Mechanism (CDM) projects, an arrangement under the Kyoto Protocol. Our role is to build trust in the fast emerging carbon market, which had an estimated value of Euro 94bn in 2009. The market stayed flat in terms of value in 2009, but expanded by 68% in terms of volume. DNV is involved in all major trading schemes, but has its strongest position in the field of CDM.

The accredited organisations (DOEs), which validate and verify CDM projects, became subject to increased quality monitoring and assessment in 2009, and DNV reacted by thoroughly improving its quality system. This has resulted in better response times and greater predictability for our customers. More competitors entered into the CDM

validation and verification market last year, resulting in DNV's accumulated share of the global market for validation projects declining. However, DNV is still the largest player in this sector having validated and verified 31% of all CDM projects.

New carbon trading schemes are emerging, and DNV has taken positions early on. Korea launched a new trading scheme last year, and DNV is the dominant validator. We also expanded our services to include voluntary carbon market validation and verification services, notably in the USA, with a dedicated and experienced team. In addition, we piloted new energy efficiency services for the energy industry, with projects in China and Germany.

ASSESSING SUSTAINABILITY PERFORMANCE. Corporate Responsibility (CR) is about how businesses achieve long-term value for shareholders and broader stakeholder groups through sustainable environmental, social and governance practices.

A challenge for many companies today is to focus their resources effectively on managing CR risks and measuring performance. In 2009, our CR assessment, advisory and training services helped customers decide on the strategic relevance to them of a broad

range of environmental, social and business ethics risks. The benchmarking of sustainability performance is an area where we are developing industry-specific capabilities.

ENSURING CREDIBILITY THROUGH REPORTING. Many companies now recognise that corporate reputation and trust depends increasingly on meeting the growing information needs of both internal and external stakeholders. Reporting related to businesses' environmental and social performance has therefore increased dramatically, from a few hundred reports annually in the early 1990s to more than 3,000 reports annually since 2007 (data from CorporateRegister.com).

Since launching our report verification service in 2004, we have assured the integrity of more than 150 reports worldwide. As companies depend upon trust and confidence in

difficult economic times, our sustainability reporting services are helping customers communicate a transparent management approach and credible performance data.

TOWARDS A GLOBAL AGREEMENT ON SOCIAL RESPONSIBILITY. In 2009, we continued to contribute to the development of the ISO 26000 Guidance Standard on Social Responsibility (ISO/SR). The standard is aimed at all organisations, commercial or public, large or small, and has been developed by one of the biggest multi-national stakeholder initiatives within the CR area. Since 2001, we have been an expert delegate to the international working group on ISO/SR and active in several national mirror committee groups. With in-depth knowledge of the standard, DNV is helping customers to understand and use it effectively in their business.

OTHER ACHIEVEMENTS IN 2009

Q4 Sustainable City Project

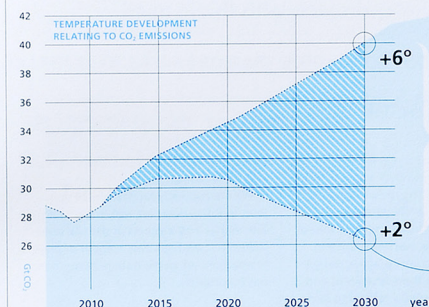
In an effort to become a 'Socially Responsible Territory' a municipality in Spain relied on a framework developed by DNV to assess and benchmark a range of impacts relating to social, environmental and economic dimensions of urban development.

Q4 Global CEO survey

How do CEOs worldwide view Corporate Responsibility (CR) in light of the global economic crisis? Together with Bocconi University we surveyed 7,000 companies worldwide and found that CR is increasingly perceived as a core part of a company's overall strategy.

dnv.com

HOW TO MEET THE CLIMATE CHANGE CHALLENGE



How to achieve the 2030 goal: Abatement of the 13.8 Gt CO₂ equivalents necessary to keep average temperature rise at 2°C can be achieved through four main measures. The percentages show how much each measure is estimated to account for.



57%
EFFICIENCY



23%
RENEWABLES & BIOFUELS



10%
NUCLEAR

CO₂

10%
CARBON CAPTURE AND STORAGE

\$10.5 TRILLION

of investment is needed in total in the +2°C Scenario, with measures to boost energy efficiency accounting for most of the abatement through to 2030.

If we continue as is, the world average temperature is estimated to rise by 6°C.

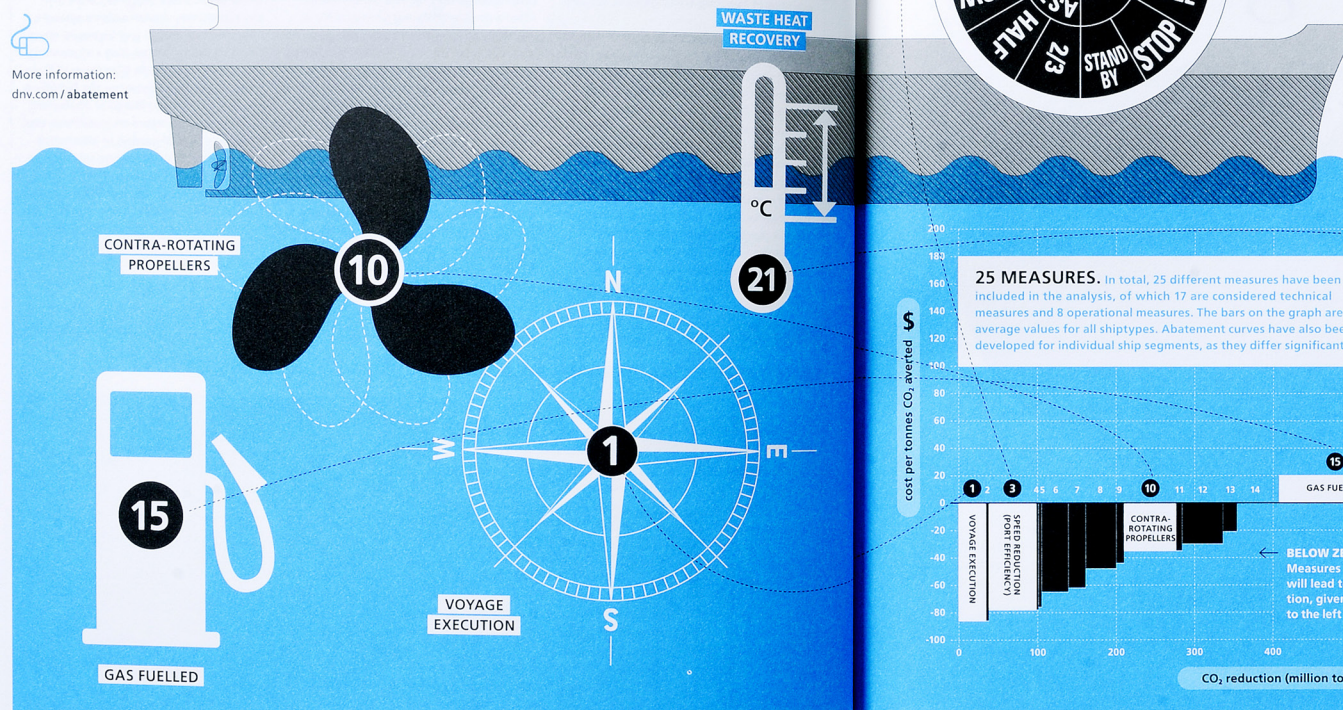
Source: IEA (International Energy Agency)

PATHWAYS TO LOW-CARBON SHIPPING



More information:
dnv.com/abatement

DNV has analysed the projected fleet and looked at the technical and operational opportunities to reduce emissions from the shipping fleet sailing in 2030. Highlighted here are some of the more effective actions, but with varying costs of implementation.



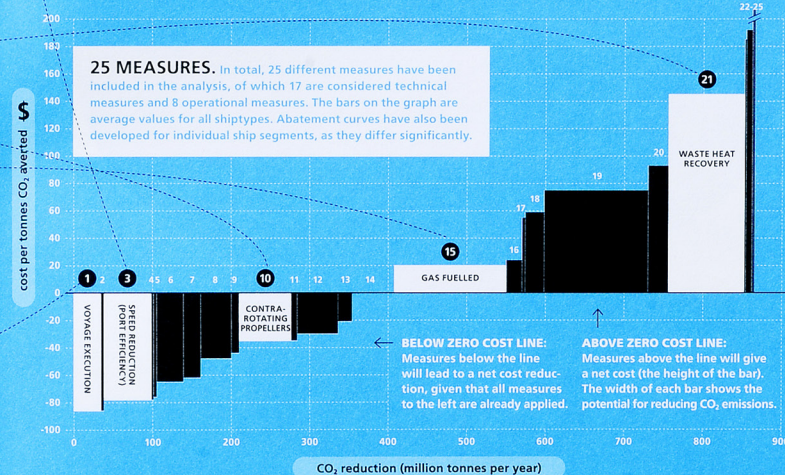
COST-EFFECTIVE ABATEMENT POTENTIAL IN 2030

30%

= more than 400 million tonnes CO₂ per year

The study demonstrates that, by 2030, CO₂ emissions can be reduced by 30% in a cost-effective way (the negative values below the zero cost line), and by almost 60% if all the identified measures are included.

ABATEMENT CURVES



CLIMATE CHANGE ADAPTATION. Regardless of CO₂ reduction measures implemented in the future, it is widely recognised that the average temperature on earth will increase, with climate change as an unavoidable consequence. We have initiated several research efforts in the area of climate change risk management and adaptation. One project deals with uncertainties in investment decisions for ports, terminals, ships and offshore structures. A second project focuses on design loads for ships and offshore structures in the future.

SOFTWARE AS A KNOWLEDGE REPOSITORY. Our suite of in-house developed and off-the-shelf software tools represents an essential part of our service delivery to customers in the maritime and energy industries. Our Nauticus, Sesam and Safeti software suites have embedded DNV knowledge and best practices to increase our customers' productivity through effective operations. Customers also use the software to store information on and the status of ship structures, offshore structures and other assets.

SHARING KNOWLEDGE THROUGH TRAINING. Transferring knowledge and competence to our customers through training services is an important part of our strategy. The greatest demand for training in 2009 was related to certification services like the management system standards ISO 9000 (quality), ISO 14000 (environment), OHSAS 18001 (health and safety) and various food safety standards. We also provided a significant amount of training to maritime clients and the IT industries in 2009. We saw an increased demand for advanced courses focusing on safety, risk management and Corporate Responsibility

in relation to all customer groups. Several new training courses were developed in 2009, including courses on Business Continuity Management, Supply Chain Management and ISO 31000 Risk Management.

OTHER ACHIEVEMENTS IN 2009

01 Facilitating the EU's CCS development
The European Commission asked DNV to facilitate a process to shorten the time from policy making to industry implementation of Carbon Capture and Storage (CCS).

DNV's role is to provide expert input to the European Commission for establishing and facilitating the gathering and sharing of information. DNV is organising knowledge sharing events and tools and providing specialised communications and CCS technology services.

04 The world's most environmentally friendly ship. The *Viking Lady*, the first commercial ship ever with a fuel cell specially adapted for marine use, visited Copenhagen in December. It docked in the city centre of the city and was used for several COP15

arrangements. Featuring as a main part of the FellowSHIP research project headed by DNV, the ship's LNG driven fuel cell delivers auxiliary power in place of a normal diesel power generator.

The FellowSHIP project started in 2003 and is managed by DNV, Eidesvik Offshore, Wärtsilä Ship Power, Wärtsilä Ship Design and MTU Onsite Energy. DNV has approved the system, taking into consideration all the safety and risk aspects of the installed equipment. The development of class rules for the installation of fuel cells onboard vessels is a critical part of the project.

The engagement of competent people

2009 has been a year of consolidation for DNV. While manning figures have increased, it has not been on the same scale as in previous years. The focus now is not so much on increasing the number of employees, but rather on developing the competence of our people further.

MANAGING OUR PEOPLE

With the announcement at the latter part of 2009 of DNV moving back to a geographical divisions, consolidation of maritime and energy activities becomes even more important. While our energy-related business is projected to grow by up to 50% over the next four years, the maritime industry continues to contract, putting even more importance now on moving people from Maritime to Energy wherever possible.

BUILDING COMPETENCE IN TOUGH TIMES. The financial crisis has, of course, caused concern for DNV, resulting in some cutbacks in areas where the market is contracting. However, the company has focused on planning for the longer term while in a current position of strength: resources are being used towards competence development. Top Tech – a programme designed for our

top engineers that choose a technical rather than a managerial career path – continues to recognise DNV's top technical employees and broaden their competencies across business areas. Likewise, the numbers of attendees to the Leadership Development programme, which has four different modules targeting specific topics and experience levels, have also remained strong. A new framework for succession management and performance management for managers was introduced, and is tied to the overall development of leadership performance in DNV. Following programmes rolled out in Asia and Europe, mentoring pro-

grammes continue to be developed with a new North American mentoring programme set to roll out next year. Through this, we aim to increase diversity in DNV, with more local management and female managers. Streamlining the competence management process has also been identified as a need, and a project group is working on the development of a competence management process to be used in the upcoming years.

FURTHER ENGAGING EMPLOYEES. In the past, we have focused on measuring the employees' satisfaction level. Now, the focus is going beyond just satisfac-

TABLE 01 WORKFORCE BY EMPLOYMENT CONTRACT

	2008	2009
DNV Employees, permanent contract (Class A*)	8 259	8 488
DNV Employees, long-term contract (Class C)	435	379
Subcontractors, non-DNV employees	3 016	3 079
Extra personnel, non-DNV employees	584	419

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

FIGURE 01 EMPLOYEES, LEVEL OF EDUCATION

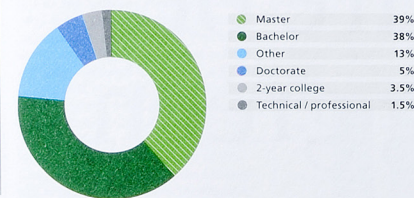


FIGURE 02 EMPLOYEES, WORLDWIDE PRESENCE

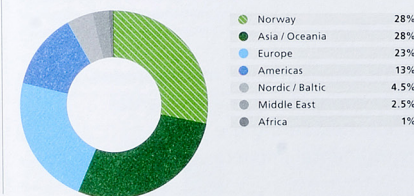
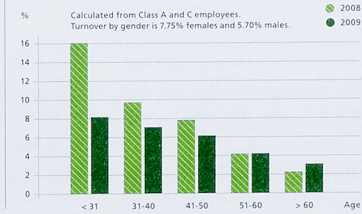


FIGURE 03 WORKFORCE BY AGE GROUP



FIGURE 04 TURNOVER BY AGE GROUP (%)



tion to also monitor engagement levels. Developed in 2009 and based on the previous People Satisfaction Survey, the new People Engagement Survey is scheduled for launch in 2010. It will be used annually as part of the goal setting for units and leaders, with the idea that it helps us understand what drives an employee and may help indicate the potential barriers that could hold that employee back. The aim is to strengthen an engaging DNV culture and have a positive impact on our overall performance.

To ensure further opportunities for engagement on the part of employees, DNV has introduced the Global Employee Forum (GEF). Developed in 2008 and officially launched in 2009, GEF had its first meeting in September 2009. The forum was established to ensure employee input and representation in all important corporate processes and is made up of employee representatives from Norway, Europe, Asia and the Americas. GEF will meet on a regional basis each spring and in the autumn for a joint annual meeting.

THE IMPORTANCE OF EACH INDIVIDUAL. Although DNV has used a tool for managing individual performance (MIP) for several years now, the tool was revamped in 2009 and has experienced extraordinary participation this year, reaching a participation rate of 97%. The MIP process helps employees and managers set priorities through effective communication about mutual expectations for the employee's work, performance and competence development. It is instrumental in turning plans into action, and helps DNV achieve results through people.

TABLE 02 WORKFORCE WORLDWIDE

	Employees ¹		Females (%)		Turnover ² (%)		Expatriates (%)		Local management ³ (%)	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
Africa	76	73	28	25	14.1	11.9	11.8	13.7	40.0	40.0
Americas	1 127	1146	35	35	14.5	10.7	2.6	2.9	76.7	76.8
Asia/Oceania	2 427	2482	28	28	6.8	5.7	9.9	9.8	64.8	67.4
Europe	2 003	2012	36	37	9.7	7.7	2.4	2.2	89.3	89.4
Middle East	227	226	26	27	17.3	10.2	12.8	12.8	17.6	20.6
Nordic/Baltic	389	405	33	34	7.9	7.8	0.8	2.2	88.9	85.7
Norway	2 445	2523	31	32	7.4	3.3	1.4	1.3	93.7	92.3

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

The nature of thinking green

In complying with the ISO 14001 standard for environmental management systems we are making efforts to continually improve our environmental reporting. A range of new initiatives was launched during the year, ensuring a continued reduction in our environmental impact.

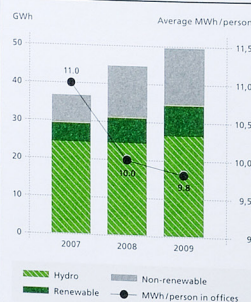
ENVIRONMENTAL IMPACT

The annual environmental reporting in DNV is mandatory for our five petroleum services laboratories (VPS) and the ten largest office locations, and voluntary for all other offices with more than 40 employees. In 2009, environmental reports were submitted from the five VPS labs and a total of 19 office locations representing approximately 53% of our workforce. The annual environmental reporting for 2009 disclosed concerns regarding the quality of the data reported from some locations. The majority of these concerns have been addressed and the consolidated data presented here is generally reliable. In 2010, we will revise our environmental reporting procedures to ensure improved data reliability in coming years.

ENERGY CONSUMPTION. The reported energy consumption for 2009 was 49.2 GWh corresponding to an increase of about 6%

compared to 2008 when corrected for the new locations reporting for the first time (representing about 2 GWh). The observed increase was primarily caused by a 7% increase in the energy consumption at the DNV headquarters in Hovik (from 31 to 33 GWh). Four offices and two VPS laboratories reduced their energy consumption compared to 2008. These reductions ranged from about 1% to 16%. The specific energy consumption in the

FIGURE 05 REPORTED ENERGY CONSUMPTION



office locations continued to decrease to 9.8 MWh/person in 2009 from 10.0 MWh/person in 2008 (-2%).

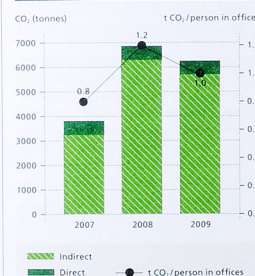
The share of renewable energy increased to about 71% in 2009 from 68% in 2008 and hydropower continues to be the dominant source of renewable energy. However, the amount of energy consumed from other renewable sources increased by about 12% compared to 2008.

NOTABLE MEASURES. In Buenos Aires, timers were installed to reduce the energy consumed for lighting. By turning off lights after office hours and in restrooms when unoccupied, the consumption of electricity was reduced by about 14%. In Milan, a contract that will ensure the sourcing of 100% renewable energy will be signed in 2010. In Rotterdam, the number of printers and fax machines was reduced and a switch to energy saving bulbs was made. In 2010 a contract for 100% renewable energy will be signed.

EMISSIONS TO AIR. The emissions to air are calculated from the reported consumption of energy from the office locations and VPS laboratories. The emissions of greenhouse gases (GHG) have been calculated in accordance with the guidance given in the

Greenhouse gas protocol. Due to the lack of regional and source specific emission factors, the emissions of nitrogen oxides (NO_x) and sulphur oxides (SO_x) have been estimated at a high level only. The emissions of CO₂ at the reporting locations in 2009 was approximately 6,279 tonnes, a decrease of about 8% compared to 2008. For the office locations, the specific emission was reduced from about 1.2 tonnes CO₂ per person in 2008 to 1.0 tonnes CO₂ per person in 2009 (-17%). The main cause of this reduction is the reduced energy consumption in countries with emission intensive electricity production, like China, Singapore and the USA. Correspondingly, the increase in energy consumption at the Hovik office had little impact on the total emissions to air due to the low emission intensity of Norwegian electricity production, which is primarily based on hydropower (> 95%).

FIGURE 06 REPORTED CO₂ EMISSIONS



The estimated emissions of NO_x and SO_x increased by 8% and 9% respectively when compared to 2008. This increase was caused by more extensive use of oil and gas for heating purposes at some office locations in 2009. At Hovik, the consumption of heating oil increased by nearly 54%, whereas the consumption of gas at Rotterdam and Sopot increased by about 12%.

WASTE. The amount of waste generated at the reporting locations in 2009 was approximately 1,268 tonnes, corresponding to an increase of about 39% compared to 2008 when corrected for the new locations reporting for the first time (about 10 tonnes). For the office locations, the specific waste generation increased from about 183 kg per person in 2008 to 243 kg per person in 2009 (33%). A significant part of this increase is due to the ongoing refurbishment of the DNV headquarters in Hovik. At this location the amount of waste generated in 2009 increased by approximately 300 tons (54%)

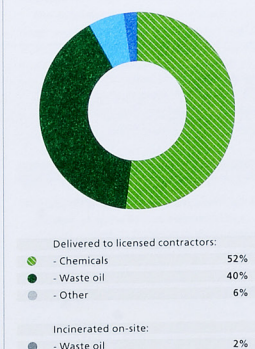
FIGURE 07 REPORTED WASTE GENERATION



compared to 2008. Six offices and three VPS laboratories reduced their waste generation compared to 2008. In Rotterdam, office waste was reduced by 30% by creating awareness, switching to double-sided printing as the default and encouraging suppliers to remove packaging.

The amount of hazardous waste generated by the VPS laboratories was reduced by about 4% from 130 tonnes in 2008 to 125 tonnes in 2009. Waste chemicals and oils account for approximately 96% of the hazardous waste generated at DNV locations in 2009.

FIGURE 08 HAZARDOUS WASTE IN VPS LABORATORIES



THE HOUSTON AND BEIJING OFFICES' LEED PROJECTS. The Houston and Beijing offices have both launched LEED projects aimed at taking environmentally friendly approaches to building construction and use. The facilities are in the process of being

Gold Certified which is the next to highest certification from Leadership in Energy and Environmental Design (LEED) – a voluntary certification programme promoting a whole-building approach to sustainability by focusing on a number of key areas. These include water energy and resource efficiency, indoor environmental quality, location and linkages, regional priority and innovation in design.

In 2009, the Houston office moved to a new facility in Katy, Texas, that is designed to reduce energy consumption, lower energy costs, reduce solid waste and minimise harmful pollutants released to the atmosphere. Ten months later, the Houston facility achieved a 23% reduction in kWh per employee. Domestic water usage fell by 58% due to improved internal plumbing. CO₂ emissions have been reduced by 20% by utilising building materials obtained within 500 miles of the site. Solid waste was reduced by 20% using recycled base material and 75% of the construction waste material was recycled. In addition, disposable cups and utensils have been replaced by bio-degradable 'Eco-Ware'; 100% of the copier and printer paper is produced from recycled materials; paper consumption has been reduced by over 60%; site irrigation uses drip technology; and a Nu-ride programme for over 56 members reduces commuting pollutants by over 7.57 tonnes.

The Beijing office focuses on a range of initiatives, including the use of natural light to decrease the use of electrical lighting as well as plants and CO₂ measurement as a tool to improve indoor air quality. In addition, bamboo and re-used bricks were used in building construction to promote sustainability. Both the Houston and Beijing projects will serve as models for DNV in considering LEED-certified buildings when renewing leases – or for pressing landlords to improve the environmental profile of their properties.

BENELUX 'GREEN MOBILITY PROJECT.' In 2008, the Benelux offices replaced the traditional car lease policy with a 'Green mobility policy' that encourages the use of public transport, provides only company cars with below average emissions, and also gives employees incentives for selecting the lowest emissions category cars. The Benelux employees have enthusiastically supported the project. At the end of 2009, the average CO₂ emissions per company car had been reduced by 8% over the 18 months since the policy was implemented. This is a further decrease from an annual reduction of 6% at the end of 2008. In addition, the overall CO₂ emissions from business travel have been reduced by 9% despite an increase in travel due to business growth. This is a further drop from a 1% reduction the year before. Following the full replacement of the company fleet by the end of 2012, the CO₂ emissions reduction in the Benelux region is projected to be nearly 30%.