

## INSTRUCTIONS FOR THE BOARD OF DIRECTORS OF DNV GL GROUP AS ("DNV GL")

Adopted by the Board of Directors on 15 October 2013 and revised on August 25<sup>th</sup> 2016.

### PREAMBLE

These instructions ("the Instructions") for the DNV GL Group AS Board of Directors (the "Board") are established with reference to the Norwegian Private Limited Liability Companies Act (the "NPLCA") section 6-23, according to which the Board shall draw up instructions for its own work. The Board may at any time amend the Instructions.

DNV GL Group AS is hereinafter referred to as "DNV GL" while DNV GL and its subsidiaries are hereinafter referred to as "the Group".

The objective of these Instructions is to provide an overview of the Board's functions, duties and responsibilities, the rules relating to notice of meeting and other procedures in relation to board meetings, and the Chief Executive Officer's responsibilities and duties towards the Board, within the framework of the NPLCA, the Norwegian Accounting Acts and the Statutes. The Instructions are binding on the members of the Board and the Chief Executive Officer, and apply correspondingly to deputy members when attending meetings.

A shareholders' agreement between shareholders of the company, may inter alia, require that specific matters may be vetoed by a majority vote amongst the board members proposed by each of the shareholders. The shareholders' agreement is not reflected in the Instructions.

## 1 THE DUTIES AND RESPONSIBILITIES OF THE BOARD

### 1.1 General

The rights, duties and responsibilities of the Board follow from the NPLCA, the Accounting Act and other relevant legislation, the Statutes and these Instructions.

DNV GL is the parent entity of the Group, and the Board's duties and responsibilities as set out in these Instructions apply to the Group as such.

The overall duties of the Board are set out in the NPLCA sections 6-12 and 6-13:

*Management of the company. (1) The management of the company pertains to the board of directors. The board of directors shall ensure a proper organization of the business of the company. (2) The board of directors shall approve plans and budgets for the company's business. The board of directors may also lay down guidelines for the business. (3) The board of directors shall keep itself informed of the company's financial position and is obliged to ensure that its activities, accounts and capital management are subject to adequate control. (4) The board of directors shall effectuate any inspections they consider necessary in order to perform its tasks. The board of directors shall effectuate such inspections if so demanded by one or more members of the board of directors. (5) If it has been agreed that the company shall not have a corporate assembly, the board of directors shall adopt resolutions in matters that concern;*

- 1. investments that are substantial compared with the company's resources and*
- 2. such efficiency measures or alteration of the operations as will entail a major change or reallocation of the labour force.*

*Supervisory responsibility: (1) The board of directors shall supervise the day-to-day management and the company's business in general. (2) The board of directors may issue instructions for the general manager.*

## 1.2 The Board's authority

The Board has the authority to make decisions in all matters referred in Section 1.1 above. The Board may delegate authority to other bodies, positions and persons through the Chart of Authority, these Instructions and in case by case. The Chief Executive Officer's responsibility for the day-to-day management and delegation of tasks do not deprive the Board of authority.

The Board shall approve and annually review the Chart of Authority.

The general principle for authorization is that all delegation of authority, changes in the organizational structure and appointment of managers shall be documented and approved according to the grandparent principle, as specified in the Chart of Authority.

## 1.3 Governance, strategy and planning

The Board shall direct and oversee the activities of DNV GL.

The Board shall determine the objectives and strategies for DNV GL in collaboration with the Chief Executive Officer and the executive management team.

The Board shall approve DNV GL's business plan, financial plan and budgets, and, if necessary, establish further guidelines for DNV GL's operations.

## 1.4 Oversight duties

The Board shall keep itself informed of DNV GL's and the Group's activities, and is under an obligation to ensure that:

- The day-to-day management delegated by the Board to the Chief Executive Officer is carried out in an adequate manner;
- The Board oversees and controls the financial performance of DNV GL and its Group entities;
- The accounting and financial management are subject to adequate control;
- The Chief Executive Officer uses adequate and effective steering and control systems, hereunder systems for risk management, which will at any time provide adequate overview of the Group's risk exposure;
- The Board's resolutions are followed up;
- Proper procedures are in place for ensuring the follow-up of policies and guidelines adopted by the Board, inter alia relating to the Chart of Authority, the Vision and Values Policy, the Code of Personal and Business Conduct, the financial policy, the risk policy, statutory compliance, corporate sustainability policy, safety, health and environment (HSE) and other obligations to the community;

- The Board approves the internal audit mandate and the internal auditor's plan for internal audits, based on recommendation from the Board's Audit Committee;
- DNV GL has an adequate system for quality assurance of the auditing services, including a review of the internal- and external audits by the Board's Audit Committee;
- The Board meets with the internal and external auditor at least once per year without the Chief Executive Officer being present; and
- Feedback from the internal- and external auditors are observed and due attention is paid to their respective recommendations.

### 1.5 Reporting

The annual accounts and reports shall be adopted by the Board and signed by all Board members and the Chief Executive Officer. The half year accounts and reports, including a message from the CEO shall be submitted to the Board for review prior to publication. The Board shall issue an annual report on corporate governance. The Board shall establish guidelines for DNV GL's reporting of financial and other information, including who is entitled to speak on behalf of DNV GL in various subjects.

### 1.6 Financial policy and use of funds

The Board shall determine the objectives for the long-term solidity and financing of DNV GL and the Group. The Board shall ensure that DNV GL and the Group at any time have an equity which is sound in relation to the risk and extent of the operations of DNV GL and the Group.

The Board shall ensure that the financial policy, including policies for distribution of annual profits between the operational companies and DNV GL, is presented to and discussed with the shareholders.

### 1.7 Governance regime

The Board is responsible for the governance regime of DNV GL. The Board shall ensure that key governing documents of DNV GL are in place, including an overall document setting out the overriding principles for the governance of DNV GL. The Board shall approve and annually review the key governing documents of DNV GL.

### 1.8 Top management appointment, performance evaluation, compensation etc.

The following matters shall be decided by the Board:

- The employment terms and conditions for the Chief Executive Officer
- The compensation package for the Chief Executive Officer, which may include salary, payment in kind, bonus, pension scheme, severance pay and other forms of variable elements or special compensation in addition to the basic salary
- The key performance indicators (KPIs) for the Chief Executive Officer against which he/she shall be measured
- The process for appointment of a new Chief Executive Officer
- New or amended remuneration strategies and policies to be decided by the Board, including variable pay and other incentive schemes of significance

The Chairman of the Board shall approve appointments to the Executive Committee on behalf of the Board, in line with the grandparent principle as specified in the Chart of Authority. The Board shall be

notified of appointments and dismissals to the Executive Committee as decided according to section 2.1 fifth paragraph.

The Board shall ensure proper leadership development and succession planning, in particular for the Chief Executive Officer and senior executives reporting to the Chief Executive Officer.

The Board shall carry out an annual performance review and assessment of the key performance indicators (KPIs) of the Chief Executive Officer.

The Board shall appoint the internal auditor and decide on employment matters related to the internal auditor.

The Board shall make proposal to the General Meeting for the appointment of and the compensation to the statutory auditor based on input from the Audit Committee.

The Board shall each year prepare for an advisory vote by the General Meeting a declaration regarding remuneration for senior executives.

### **1.9 Training of Board members**

The Board members shall be given the opportunity to participate in internal training in DNV GL or external training at DNV GL's expense, if appropriate.

### **1.10 Board evaluation**

The Board shall evaluate its own performance and expertise at the closing of every board meeting and on an annual basis, without members of management being present.

A report from the annual self-assessment shall be provided to the shareholders or to a nomination committee representing a shareholder in due time for the shareholders' nomination of board members.

## **2 THE CHIEF EXECUTIVE OFFICER'S FUNCTIONS AND DUTIES TO THE BOARD**

### **2.1 The Chief Executive Officer's functions**

The Chief Executive Officer is General Manager of DNV GL and Chief Executive Officer of the Group. The Chief Executive Officer is responsible for the day-to-day management of DNV GL and the Group, and shall comply with the guidelines and orders issued by the Board for the day-to-day management of DNV GL's activities. The Chief Executive Officer may not make decisions in matters that, in relation to DNV GL's situation, are of an extraordinary nature or major importance. If the Chief Executive Officer is in doubt on whether a matter is within his/her authority, the Chief Executive Officer shall confer with the Chairman of the Board. The Chairman of the Board makes the final decision in such a case.

The Board hereby authorizes the Chief Executive Officer to make decisions in matters that are of an extraordinary nature or major importance when such decision cannot be awaited without major disadvantage to DNV GL. The Board shall be notified as soon as possible of the decision.

The Chief Executive Officer is authorized to make decisions in accordance with the Chart of Authority. The Chief Executive Officer may delegate authority to his/her subordinates in accordance with the Chart of Authority.

The Chief Executive Officer has the authority to appoint and dismiss officers and managers. Planned appointments to the Executive Committee shall be put forward to the Board's Compensation Committee for its opinion, and shall be approved by the Chairman of the Board in accordance with the grandparent principle in the chart of authority.

The Chief Executive Officer shall ensure that the Board's strategy and instructions are implemented in subsidiaries within the framework of the relevant company legislation.

Further guidelines for the functions and duties of the Chief Executive Officer are set out in the Instructions for the Chief Executive Officer.

## 2.2 The Chief Executive Officer's duties to the Board

The Chief Executive Officer shall at least monthly at a meeting or in writing, make a statement to the Board on DNV GL's and the Group's operations, position and performance development. The Chief Executive Officer shall inform the Board immediately of issues of major significance for DNV GL.

The Board may at any time require the Chief Executive Officer to furnish the Board with a detailed report on specific matters in accordance with the NPLCA section 6-15 (2). Such report may be demanded also by each member of the Board.

The Chief Executive Officer shall present the annual accounts and annual report to the Board. The Chief Executive Officer shall also ensure that the annual accounts and annual report are prepared in accordance with applicable legislation and financial reporting standards.

The Chief Executive Officer shall prepare matters that are to be dealt with by the Board in consultation with the Chairman of the Board. A matter shall be prepared so that the Board members have adequate basis for dealing with it.

## 3 BOARD MEETING PROCEDURES

- 3.1 The Chairman of the Board shall ensure the consideration of relevant matters that pertain to the Board of Directors. The Chairman shall convene meetings according to the Board's annual plan. The annual plan with dates and agenda items shall be decided upon each year. The Chairman may also at his or her discretion convene additional meetings in order to deal with specific items. The Chairman shall convene additional meetings if so requested by a Board member or by the Chief Executive Officer. The Board shall convene at least six times per year.
- 3.2 Notice of the meetings of the Board together with details of the agenda is prepared by the Chief Executive Officer and the Chairman. Notice of the meeting, agenda and supporting documentation shall be made available to the Board members one week prior to the meeting, unless topics arise that need to be addressed urgently. In such circumstances the required documentation should be received as early as possible.
- 3.3 The agenda of ordinary meetings shall normally include a report from the Chief Executive Officer, and reports from the Chairmen of the Board committees. The reports shall be given both in writing and orally in the meeting. The Board shall also be informed of the status on the implementation of the Board's previous resolutions. Each Board member and the Chief Executive Officer may require additional items on the agenda of the meeting by giving the Chairman five days prior notice. If all Board members agree, items can be included in the agenda also at the meeting. The Board shall

effectuate any inspections they consider necessary in order to perform its tasks. The Board shall effectuate such inspections if so demanded by one or more members of the board in a board meeting, unless the matter is clearly not relevant for the board, or if the cost of the investigation is clearly disproportionate to the relevance of the matter.

- 3.4 The Chairman may in special cases decide that a matter can be submitted in writing or be dealt with in some other adequate manner. The annual financial statement and annual report shall be approved in a physical meeting. The fixing of salary and other remuneration to the Chief Executive Officer shall be decided in a physical meeting. The Chairman of the board shall ensure that the members wherever possible can participate in a collective consideration of matters that are dealt with outside meetings. A Board member or the Chief Executive Officer may require that the matter is dealt with in a meeting.
- 3.5 The meetings are chaired by the Chairman or, in the absence of the Chairman, by the Vice-Chairman. If both the Chairman and the Vice-Chairman are absent, the Board shall elect a person to chair its discussions.
- 3.6 The chairman shall in the beginning of each meeting or agenda item inform the Board of discussions he/she has had with the Chief Executive Officer prior to the board meeting about the relevant issues. In order to ensure a more independent consideration of matters of a material character in which the Chairman of the Board is, or has been, personally involved, the Board should consider if the deliberations of such matters should be chaired by some other member of the Board. Irrespective, unless disqualified in accordance with 6.1 below and the PLCA 6-27 whereby he/she shall leave the room, the Chairman retains his voting right and the double vote in a tie (ref. 3.7 below).
- 3.7 The Board forms a quorum when at least 9 members are present. All resolutions are adopted by ordinary majority. In the event of an equal vote, the Chairman has the casting vote or in case the Chairman is absent, the person who chairs the meeting according to 3.5. The Board may not adopt resolutions unless all the Board members have wherever possible been invited to participate in the discussion of the matter. If any Board member is absent and there is a deputy, the deputy shall be called.

For the purpose of elections and appointments, the person who obtains the largest number of votes shall be deemed to be elected or appointed. The Board may decide in advance to hold renewed voting if nobody obtains a majority of the votes cast. In the event of an equal vote in the election of an ad hoc chairman, the election will be decided by drawing of lots. In other cases, the person who chairs the discussions, cf. 3.5, has the casting vote.

- 3.8 The Chief Executive Officer shall participate in the meetings of the Board, except as otherwise decided by the Board in each case. The Chief Executive Officer is not entitled to vote.
- 3.9 In addition to the Chief Executive Officer and the secretary to the Board, the meetings of the Board shall be open to attendance only by such persons from the executive management as the Chairman and the Chief Executive Officer shall designate. The Chairman may also invite other persons and experts to attend the meetings of the Board.
- 3.10 The Board shall determine what information, if any, to be distributed from each Board meeting. Unless otherwise decided, the Chairman speaks on behalf of the Board.

## 4 MINUTES OF MEETINGS

- 4.1 The language of the meetings of the Board shall be English and the minutes and all documents pertaining thereto shall be in the English language.
- 4.2 The minutes shall as a minimum provide the time and place for the meeting, name the participants, the mode of procedure, whether the quorum requirements are fulfilled and the Board's observations and resolutions. If a resolution is not unanimous, the names of the members having voted for and against shall be stated. The Chief Executive Officer and/or Members of the Board who do not agree on a resolution may require that his or her opinion is to be entered in the minutes.
- 4.3 It is the responsibility of the Chairman of the Board (or meeting) to ensure that minutes of meeting are prepared and kept. Suggested minutes from Board meetings shall be sent to the Board members within two weeks after the meeting. The minutes shall be presented to the Board for approval at its next meeting. The minutes shall be signed by the participants.
- 4.4 The secretary to the Board shall be responsible for the custody of the minutes and other documents relating to the proceedings of the Board.
- 4.5 The Board shall receive copies of minutes from meetings in the Compensation Committee and the Audit Committee. Such minutes shall be submitted to the Board as soon as they are available.

## 5 WORKING COMMITTEES

- 5.1 The Board may establish working committees as it deems appropriate to facilitate its work. Such committees shall report to the Board.
- 5.2 The Board has established an Audit Committee which shall have three members, appointed by and from among the Board members. The Committee shall be composed so that it can act independently of special interests and it shall collectively have the expertise required to perform its duties. At least one of the members must have accounting or auditing expertise. The Audit Committee shall act as a counselling and preparatory committee for the Board's work on matters regarding the Board's supervisory function with respect to financial reporting, internal control, compliance, risk management and statutory audits.
- 5.3 The Board has established a Compensation Committee which shall consist of the Chairman of the Board as well as three other members appointed by and from among the Board. The Committee shall be composed so that it can act independently of special interests. The Compensation Committee shall act as a counselling and preparatory committee for the Board's work on matters regarding employment terms and conditions for the CEO, management development and succession planning for senior executives, and other matters involving compensation policies and strategies.
- 5.4 The Board as a whole is responsible for the decisions that it makes. The working committees have not been delegated decision-making authority, but are working committees that prepare items of business for the Board. Thus, all necessary and material information shall be submitted to the Board as a whole when the Board shall consider the items of business prepared by the working committee.
- 5.5 The Board shall lay down individual instructions for any working committee established pursuant to this section 5.

## 6 IMPARTIALITY

- 6.1 A Board member cannot participate in the discussion or decision of any matter which is of such particular importance to the Board member or any closely-related party of the Board that the Board member must be regarded as having a special and prominent personal or financial interest in the matter. The same applies to the Chief Executive Officer. Each Board member and the Chief Executive Officer are individually responsible for ensuring that they are not disqualified from discussing any particular matter. Subject to applicable law, nothing herein however shall prevent a Board member in voting on subjects in which a shareholder that has appointed him/her has a particular interest.
- 6.2 A board member that is disqualified according with 6.1 above and the PLCA 6-27 shall leave the room under the Board's dealing with the relevant matter, and be considered absent during such time.
- 6.3 Members of the Board shall disclose any interests they themselves or their closely-related parties may have in the outcome of any particular matter. The rest of the Board shall decide whether there exist such weighty special interests that can be deemed to constitute a conflict of interest. Subject to applicable law, nothing herein however shall prevent a Board member in voting on subjects in which a shareholder that has appointed him/her has a particular interest.
- 6.4 The Board members shall inform the secretary to the Board of employments, offices, financial and other significant interests that may have bearing on their partiality.
- 6.5 Agreements between DNV GL and a Board member or the Chief Executive Officer are subject to Board approval. Agreements between DNV GL and third parties in which a Board member or the Chief Executive Officer may have a special interest are also subject to Board approval.

## 7 DUTY OF CONFIDENTIALITY

- 7.1 The Board members have a duty of confidentiality with respect to any information that is not publicly known concerning the customers of DNV GL and its subsidiaries that comes to their knowledge by virtue of their office. The same applies to information regarding DNV GL, its subsidiaries and business partners. The duty of confidentiality does not apply in relation to the external auditor. The duty of confidentiality does not apply to information lawfully or as specifically provided for in the Instructions, requested by authorities or other parties.
- 7.2 The duty of confidentiality implies that the members shall not disclose information that comes to the members knowledge by virtue of their office, and that is not publicly known, unless with consent from the Chairman of the Board. Members must also take due care so that confidential information does not come into the possession of unauthorized persons.
- 7.3 The duty of confidentiality pursuant to the provisions above in this section 7 shall not constitute an obstacle to Board members consulting with third parties, if such consultation is necessary in order for the Board members to adequately carry out its duties as Board members, provided that the third party consulted has or undertakes to observe the same duty of confidentiality with respect to the information as the Board member him/herself.
- 7.4 The duty of confidentiality pursuant to the provisions above in this section 7 shall not constitute an obstacle to the Chairman of the Board, or a person specially appointed by the Board or Chairman of the Board, giving information to third parties provided that this is necessary and in the best DNV-GL's interest, provided that the third party receiving the information has or undertakes to observe the



same duty of confidentiality with respect to the information as the Chairman of the Board or the person appointed.

- 7.5 The proceedings of the Board are confidential unless otherwise is stated in these Instructions or in the Statutes, and unless otherwise is decided in each individual case. Individual Board members may not make their dissent known to third parties without the prior written consent of the Chairman of the Board.
- 7.6 Upon termination of their office as Board members, the Board members are obliged to shred or return to DNV GL all documents and other material related to the office as Board members.

## 8 CODE OF CONDUCT

The members of the Board shall adhere to the Personal and Professional Codes of Conduct of DNV GL with the exception that members of the Board may have employments, offices or financial interests beyond what is permitted for employees.

## 9 GROUP GOVERNANCE

- 9.1 The Board of Directors of DNV GL is obliged to furnish the Board of Directors of its ultimate shareholders with the information that is necessary for the purposes of considering the position of the group and the results of the operation of the group. The board or the parent company shall also furnish the Control Committee of the ultimate parent entity with the following agenda documentation from the Board meetings: The Board of Directors Minutes, relevant financial reports, Group risk assessment reports, internal audit report and compliance reports. The Board may give the Control Committee access to further information on request from the parent company.
- 9.2 The Board of directors of DNV GL's subsidiaries are obliged to furnish the Board with information that is necessary for the purpose of considering the Group's position and the results of the Group's operations.
- 9.3 DNV GL shall inform DNV GL's subsidiaries of matters that may be of importance to the Group as a whole. DNV GL shall also inform the Board of directors of DNV GL subsidiaries of resolutions that may be of importance to the subsidiary, before they are finally adopted.

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