Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	988 263 419
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	DOF SUBSEA AS
Forretningsadresse:	Thormøhlens gate 53C 5006 BERGEN

Regnskapsår

Årsregnskapets periode:	01.01.2020 - 31.12.2020

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Forenklet IFRS
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Gustav Kvalsund Nybø
Dato for fastsettelse av årsregnskapet:	07.04.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert

År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 20.07.2022

Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Operating revenue	17	99 000 000	88 000 000
Sum inntekter		**99 000 000**	**88 000 000**
Kostnader			
Payroll expenses	4, 18	59 000 000	49 000 000
Depreciation	7	3 000 000	9 000 000
Other operating expenses	18	70 000 000	33 000 000
Sum kostnader		**132 000 000**	**91 000 000**
Driftsresultat		**-33 000 000**	**-3 000 000**
Finansinntekter og finanskostnader			
Income / loss from investments	5	0	9 000 000
Financial income	5	196 000 000	311 000 000
Realised net gain on derivatives and currency position	5	0	186 000 000
Unrealised net gain on derivatives and currency position	5	67 000 000	0
Sum finansinntekter		**263 000 000**	**506 000 000**
Financial expenses	5	2 210 000 000	1 936 000 000
Realised net loss on derivatives and currency position	5	269 000 000	0
Unrealised net loss on derivatives and currency position	5	0	179 000 000
Sum finanskostnader		**2 479 000 000**	**2 115 000 000**
Netto finans		**-2 216 000 000**	**-1 609 000 000**
Ordinært resultat før skattekostnad		**-2 249 000 000**	**-1 612 000 000**
Income tax ecpense	6	90 000 000	97 000 000
Ordinært resultat etter skattekostnad		**-2 339 000 000**	**-1 709 000 000**
Årsresultat		**-2 339 000 000**	**-1 709 000 000**
Minoritetsinteresser		0	0
Årsresultat etter minoritetsinteresser		**-2 339 000 000**	**-1 709 000 000**

Resultatregnskap

Beløp i: NOK	Note	2020	2019
Defined benefit plan actuarial gains / losses		0	1 000 000
Sum resultatkomponenter for IFRS-foretak			1 000 000
Totalresultat		**-2 339 000 000**	**-1 708 000 000**
Overføringer og disponeringer			
To other paid-in capital		-540 000 000	-1 590 000 000
To share premium		-540 000 000	0
To other equity		2 339 000 000	-118 000 000
Reallocatoin of paid-in capital to other equity		1 080 000 000	
Sum overføringer og disponeringer		**2 339 000 000**	**-1 708 000 000**

Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	6	0	89 000 000
Sum immaterielle eiendeler		**0**	**89 000 000**
Varige driftsmidler			
Tangible assets	7	13 000 000	12 000 000
Sum varige driftsmidler		**13 000 000**	**12 000 000**
Finansielle anleggsmidler			
Investering i datterselskap	19	2 607 000 000	4 030 000 000
Investeringer i tilknyttet selskap	20	615 000 000	645 000 000
Other non-current receivables	15, 16	5 000 000	7 000 000
Non-current receivables from Group Companies and JV	5, 8, 16	124 000 000	587 000 000
Sum finansielle anleggsmidler		**3 351 000 000**	**5 269 000 000**
Sum anleggsmidler		**3 364 000 000**	**5 370 000 000**
Omløpsmidler			
Varer			
Fordringer			
Other current receivables	9, 15, 16	3 000 000	12 000 000
Current receivables from Group companies	5, 8, 16	312 000 000	385 000 000
Sum fordringer		**315 000 000**	**397 000 000**
Bankinnskudd, kontanter og lignende			
Restricted cash	10, 16	31 000 000	52 000 000
Unrestricted cash and cash equivalents	10, 16	207 000 000	283 000 000
Sum bankinnskudd, kontanter og lignende		**238 000 000**	**335 000 000**
Sum omløpsmidler		**553 000 000**	**732 000 000**

Balanse

Beløp i: NOK	Note	2020	2019
SUM EIENDELER		**3 917 000 000**	**6 102 000 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital		1 674 000 000	1 674 000 000
Overkurs			540 000 000
Annen innskutt egenkapital			539 000 000
Sum innskutt egenkapital		**1 674 000 000**	**2 753 000 000**
Opptjent egenkapital			
Other equity		-1 259 000 000	0
Sum opptjent egenkapital		**-1 259 000 000**	
Sum egenkapital		**415 000 000**	**2 753 000 000**
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Obligasjonslån	11, 16	0	0
Gjeld til kredittinstitusjoner	11, 16	0	0
Lease liabilities	11, 16	16 000 000	23 000 000
Other non-current liabilities	4, 15, 16	0	0
Sum annen langsiktig gjeld		**16 000 000**	**23 000 000**
Sum langsiktig gjeld		**16 000 000**	**23 000 000**
Kortsiktig gjeld			
Current portion of debt	11, 16	3 050 000 000	2 957 000 000
Leverandørgjeld	12, 16	17 000 000	17 000 000
Other current liabilities	13, 15, 16	9 000 000	14 000 000
Current liabilities to Group companies	16	410 000 000	338 000 000
Sum kortsiktig gjeld		**3 486 000 000**	**3 326 000 000**

Balanse

Beløp i: NOK	Note	2020	2019
Sum gjeld		**3 502 000 000**	**3 349 000 000**
SUM EGENKAPITAL OG GJELD		**3 917 000 000**	**6 102 000 000**

Konsernets resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Operating revenue	4, 5	3 984 000 000	3 946 000 000
Share of net income from associates and joint ventures	29	573 000 000	240 000 000
Profit from sale of non-current assets	12	3 000 000	4 000 000
Sum inntekter		**4 560 000 000**	**4 190 000 000**
Kostnader			
Payroll expenses	6	1 371 000 000	1 415 000 000
Depreciation	11, 12, 14	450 000 000	565 000 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	11, 12, 14	2 471 000 000	798 000 000
Other operating expenses	7	1 528 000 000	1 573 000 000
Sum kostnader		**5 820 000 000**	**4 351 000 000**
Driftsresultat		**-1 260 000 000**	**-161 000 000**
Finansinntekter og finanskostnader			
Financial income	8	58 000 000	76 000 000
Sum finansinntekter		**58 000 000**	**76 000 000**
Financial expenses	8	689 000 000	615 000 000
Realised net gain/loss on derivatives and currency position	8	465 000 000	21 000 000
Unrealised net gain/loss derivative instruments and currency position	8	-244 000 000	109 000 000
Sum finanskostnader		**910 000 000**	**745 000 000**
Netto finans		**-852 000 000**	**-669 000 000**
Ordinært resultat før skattekostnad		**-2 112 000 000**	**-830 000 000**
Income tax expense		125 000 000	300 000 000
Ordinært resultat etter skattekostnad		**-2 237 000 000**	**-1 130 000 000**
Årsresultat		**-2 237 000 000**	**-1 130 000 000**

Konsernets resultatregnskap

Beløp i: NOK	**Note**	**2020**	**2019**
Minoritetsinteresser			-12 000 000
Årsresultat etter minoritetsinteresser			**-1 118 000 000**
Currency translation difference		25 000 000	21 000 000
Share of OCI of associates and joint ventures	29	-47 000 000	66 000 000
Defined benefit plan actuarial gains/losses			4 000 000
Sum resultatkomponenter for IFRS-foretak		-22 000 000	91 000 000
Totalresultat		**-2 259 000 000**	**-1 039 000 000**
Overføringer og disponeringer			
To other paid-in capital		0	-1 590 000 000
To other equity		-2 209 000 000	564 000 000
To minority interests		-50 000 000	-13 000 000
Sum overføringer og disponeringer		**-2 259 000 000**	**-1 039 000 000**

Konsernets balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	9	9 000 000	4 000 000
Goodwill	11		85 000 000
Sum immaterielle eiendeler		**9 000 000**	**89 000 000**
Varige driftsmidler			
Tangible assets	12, 14	7 696 000 000	10 542 000 000
Sum varige driftsmidler		**7 696 000 000**	**10 542 000 000**
Finansielle anleggsmidler			
Investeringer i tilknyttet selskap	29	63 000 000	86 000 000
Lån til tilknyttet selskap og felles kontrollert virksomhet	|	2 328 000 000	1 773 000 000
Non-current receivables	13, 15, 23	246 000 000	601 000 000
Sum finansielle anleggsmidler		**2 637 000 000**	**2 460 000 000**
Sum anleggsmidler		**10 342 000 000**	**13 091 000 000**
Omløpsmidler			
Varer			
Assets held for sale		20 000 000	
Sum varer		**20 000 000**	
Fordringer			
Trade receivables	16	628 000 000	618 000 000
Other current receivables	17, 26	485 000 000	509 000 000
Sum fordringer		**1 113 000 000**	**1 127 000 000**
Bankinnskudd, kontanter og lignende			
Restricted cash	18	118 000 000	137 000 000
Unrestricted cash and cash equivalents	18	1 213 000 000	797 000 000
Sum bankinnskudd, kontanter og lignende		**1 331 000 000**	**934 000 000**
Sum omløpsmidler		**2 464 000 000**	**2 061 000 000**

Konsernets balanse

Beløp i: NOK	Note	2020	2019
SUM EIENDELER		**12 806 000 000**	**15 152 000 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	19	1 674 000 000	1 674 000 000
Overkurs			540 000 000
Annen innskutt egenkapital			539 000 000
Sum innskutt egenkapital		**1 674 000 000**	**2 753 000 000**
Opptjent egenkapital			
Retained earnings		561 000 000	1 716 000 000
Currency translation differences		89 000 000	63 000 000
Sum opptjent egenkapital		**650 000 000**	**1 779 000 000**
Minoritetsinteresser	28	109 000 000	165 000 000
Sum egenkapital		**2 433 000 000**	**4 697 000 000**
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Obligasjonslån	20	0	0
Gjeld til kredittinstitusjoner	20		256 000 000
Other non-current liabilities	6, 9, 23	59 000 000	5 000 000
Lease liabilities	14, 20	272 000 000	325 000 000
Sum annen langsiktig gjeld		**331 000 000**	**586 000 000**
Sum langsiktig gjeld		**331 000 000**	**586 000 000**
Kortsiktig gjeld			
Current portion of debt	20	9 258 000 000	9 195 000 000
Leverandørgjeld	21	385 000 000	384 000 000
Other current liabilities	9. 22.	399 000 000	290 000 000

Konsernets balanse

Beløp i: NOK	Note	2020	2019
	23. 26		
Sum kortsiktig gjeld		**10 042 000 000**	**9 869 000 000**
Sum gjeld		**10 373 000 000**	**10 455 000 000**
SUM EGENKAPITAL OG GJELD		**12 806 000 000**	**15 152 000 000**

Skattedirektoratet

Saksbehandler
Torstein Kinden Helleland

Telefon
22078139

Deres dato
27.04.2009

Deres referanse
Petter Pharo

Vår dato
17.06.2010

Vår referanse
2009/276917

DOF SUBSEA ASA
Thormøhlens gate 53 C
5006 BERGEN

MOTTATT

Søknad om tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

Det vises til brev av 27. april 2009 fra Ernst & Young Tax Advokatfirma AS samt telefonsamtaler i sakens anledning. De søker om tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk på vegne av;

DOF Subsea Holding AS	**org. nr. 993 087 564**
DOF Subsea Holding II AS	**org. nr. 993 303 844**
DOF Subsea AS	**org. nr. 988 263 419**

Bakgrunn
DOF Subsea Holding AS eier DOF Subsea Holding II AS og DOF Subsea AS med 100 %. DOF Subsea Holding AS er igjen eid med 51 % av DOF ASA og 49 % av First Reserve Corporation hjemmehørende i Luxemburg. Dette selskapet er igjen eid av det amerikanske selskapet First Reserve Corporation. Aksjonærstrukturen er således begrenset. Selskapene driver virksomhet innen internasjonal shipping og subsea service. Selskapene har engelsk som arbeidsspråk. De aller fleste av selskapenes kunder, leverandører og andre brukere av regnskapet har engelsk som sitt naturlige språk. Dette gjelder også selskapenes långivere.

Selskapene må derfor i dag utarbeide alle regnskaper både på norsk og engelsk. Denne praksisen innebærer en vesentlig kostnad uten at man ser noen synlig nytte av den norske versjonen. Det søkes derfor om dispensasjon.

Skattedirektoratets vurdering og konklusjon
Etter regnskapsloven § 3-4 tredje ledd skal *"årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."*

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:
"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Postadresse
Postboks 9200 Grønland
0134 Oslo
skattedirektoratet@skatteetaten.no

Besøksadresse
Fredrik Selmers vei 4
Org. nr: 974761076

Sentralbord
800 80 000
Telefaks
22 17 08 60

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra *til "informative regnskaper for ulike grupper av regnskapsbrukere"*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet. Offentlige myndigheter må også anses som en sentral regnskapsbruker, idet ulike myndigheter, som lignings- og tilsynsmyndigheter, benytter regnskapene som sentrale verktøy i sin kontrollvirksomhet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk skal gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir negativt berørt ved en eventuell dispensasjon.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. Det fremgår av søknaden at selskapene har en begrenset aksjonærstruktur. Selskapene opererer inne en bransje med sterk internasjonal karakter og arbeidsspråket er engelsk. Alle sentrale aktører innen de bransjer selskapene driver, antas å måtte beherske og benytte engelsk språk.

Skattedirektoratet gir på bakgrunn av en helhetsvurdering de overnevnte navngitte selskapene dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

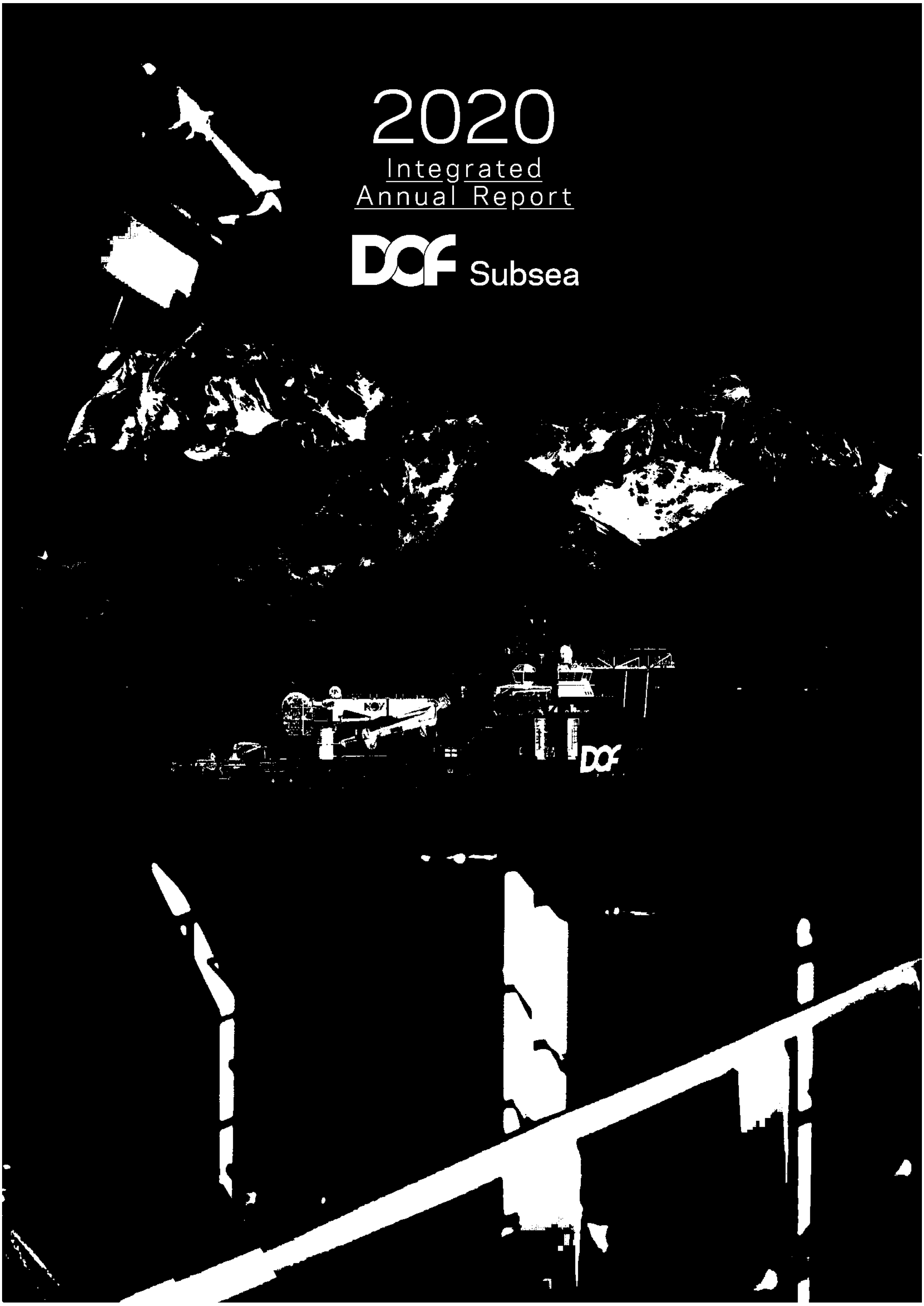
Dispensasjonen forutsetter at engelsk språk benyttes i stedet, og at øvrige opplysninger som vedtaket baserer seg på ikke endres vesentlig.

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen

Jan Hoelstad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland


2020
Integrated
Annual Report
DOF Subsea

At DOF Subsea, we are an important contributor to our parent company's ongoing ESG efforts:

GRI

Annual sustainability reporting using Global Reporting Initiative (GRI) Standards since:

2014

Recognised industry leader

DOF Code of Business Conduct aligned to the United Nations Global Compact

DOF

A trusted and leading partner delivering services globally for a sustainable utilisation of offshore energy and other subsea resources.

CDP

2020 A-

10 years participation

Top 30% for Environmental Stewardship

EY

Limited assurance report sustainability (GRI Standards) and Greenhouse gas reporting (GHG Protocol)

pwc

Annual financial reporting

Sustainable Development

17 GOALS

DOF strives to positively impact the world by aligning with relevant UN Sustainable Development Goals (SDGs)

3.33

ESG 100 score

The Governance Group (TGG) conducted an independent review of DOF's sustainability reporting activity in 2019. DOF received a stand-out score of 3.33 within the Energy Sector group using the ESG 100 method, scoring maximum points in both GRI reporting and UN SDG integration and well above the "energy sector" average of 2.33. We're proud to say DOF's total ESG (Environmental, Social, and Corporate Governance) score ranks within the top 20 of 100 largest (by market cap) companies on Oslo Stock Exchange, for a second consecutive year.

- Read more about stakeholder engagement and materiality assessment in the ESG factbook.

2020

DOF SUBSEA INTEGRATED ANNUAL REPORT

REPORT INTRODUCTION

Welcome to DOF Subsea's 2020 annual report

Our next step in fully integrated reporting

The DOF Group has reported in the areas of sustainability to the GRI standard measuring Economic, Environmental, and Social aspects for seven years. This, along with participation in Carbon Disclosure Project over the last ten years, has driven stakeholder engagement and improved both management and performance in these areas.

In 2020, we have made further progress in transparency and integrated reporting as DOF Subsea brings all the measures of stakeholder values together, aligning DOF Group level non-financial reporting with DOF Subsea Group financial reporting. Our vision and strategic ambitions are set out in this integrated report. This report format aims to communicate to all stakeholders, underpin changes, and outline targets and measures for the next strategic period.

The integrated annual report is supported by an ESG (Environmental, Social, and Corporate Governance) factbook as the last section of this report. This section contains extensive details on parent company wide performance in 2020 and includes future ambitions, organised around DOF values. This document can be found in digital format on our website: www.dof.com/sustainability.

In this report

Financial performance

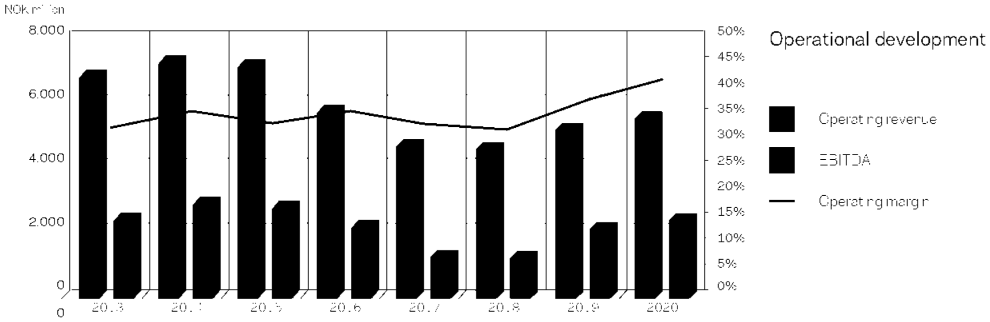
An overview of our 2020 financial performance

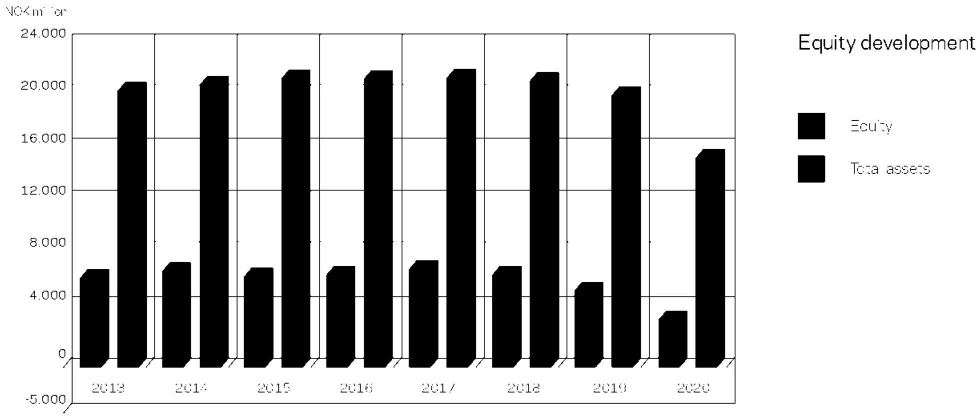
Key figures DOF Subsea

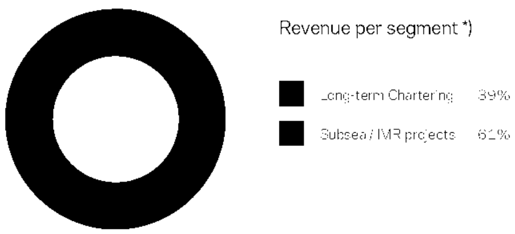
Amounts in NOK million		Management reporting		Financial reporting	
From the Profit or Loss		**2020**	**2019**	**2020**	**2019**
Operating income		5 337	5 147	3 984	3 946
Operating expenses		-3 150	-3 248	-2 323	-2 745
Operating profit/(loss) before depreciation and write downs - EBITDA		**2 187**	**1 899**	**1 661**	**1 201**
Depreciation		-680	-763	-449	-565
Impairment		-2 591	-1 017	-2 470	-798
Operating profit/(loss) - EBIT		**-1 084**	**119**	**-1 260**	**-161**
Net finance costs		-910	-806	-632	-539
Unrealised currency gain/(loss)		250	-137	244	-109
Net changes in gain/loss on derivatives		-482	-25	-465	-21
Net financial items		**-1 142**	**-968**	**-852**	**-668**
Profit/(loss) before taxes		**-2 226**	**-850**	**-2 112**	**-829**
Tax income (expenses)		-11	-281	-126	-301
Profit/(loss) for the year		**-2 237**	**-1 131**	**-2 238**	**-1 130**
From the Balance sheet					
Vessels and other non-current assets		14 021	17 417	10 342	13 091
Current assets		2 978	2 358	2 464	2 062
Total assets		**16 999**	**19 775**	**12 806**	**15 152**
Interest free debt		1 346	982	1 139	788
Net financing of the entity		**15 653**	**18 793**	**11 667**	**14 364**
Interest bearing debt		13 220	14 096	9 234	9 667
Equity		**2 433**	**4 697**	**2 433**	**4 697**
Key Figures					
Net cash flow	1)	1 277	1 092	1 028	664
Current ratio	2)	0.30	0.24	0.25	0.21
Equity ratio	3)	0.14	0.24	0.19	0.31
Operating margin	4)	41%	37%	42%	30%
Return on equity ratio	5)	-92%	-24%	-92%	-24%
Earnings per share (NOK)	6)	-13.07	-6.68	-13.07	-6.68
Diluted earnings per share (NOK)	7)	-13.07	-6.68	-13.07	-6.68
Average number of shares in the period		167 352 762	167 352 762	167 352 762	167 352 762
Number of shares incl mandatorily convertible shares		167 352 762	167 352 762	167 352 762	167 352 762
Outstanding number of shares		167 352 762	167 352 762	167 352 762	167 352 762

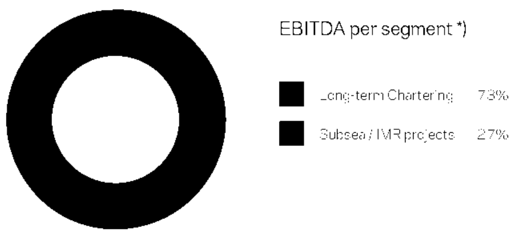
1) Profit/loss before taxes + depreciation and write downs +/- unrealised gain/loss on currency +/- net changes in gain/loss on derivatives
2) Current assets/Current liabilities
3) Equity/Total assets
4) Operating result before depreciation and impairment loss/Operating income
5) Profit for the year/Booked equity
6) Majority share of profit for the year/Average number of shares. See note 10
7) Majority share of profit for the year/Potential average number of shares. See note 10

FINANCIAL PERFORMANCE









* Based on management reporting.

Restructure & adjust

From the Chairman of the Board of Directors

Needless to say, during the past year we have invested a massive amount of dedicated work into the ongoing debt restructuring process. **Our goal is to shape a healthy, One DOF for the future.** To achieve this goal, it is however essential that we not only deal with the financial side of matters, but also have a firm focus on business development and the horizon emerging post restructuring.

Consequently, DOF's 2020 strategic review mapped the Group's business focus for the next 3-year strategic period. The resulting strategy 'Shaping DOF for the future' focuses on reshaping the organisation to reflect the market outlook, to optimise technology and other efficiencies, and create the agility necessary for the organisation's future value creation. We also focus on new business opportunities, beyond our traditional scope.

DOF has operated in a complex business environment for nearly 40 years, and one constant over this time has been that our people have been the key success driver. Although many of the challenges ahead are of a different nature than before, the importance of our people will not change over the next strategy period which focuses on adjusting the current business platform to "the new normal".

Despite the challenges brought about by COVID-19 and a continued adverse market, we are confident that our core competence, key assets, and the services we provide today will be in demand tomorrow and in the foreseeable future. Non-renewables will still be an important energy source in the global market, and we will continue to develop our competitive edge in traditional offshore energy related services. At the same time however, the global focus and growing surge for a shift to renewables create the potential for new opportunities for DOF.

New and different demands from our customers and the changes in the energy market are key drivers for our future organisation and utilisation of competence and assets. These market forces are integrated into our business strategy and the foundation for our direction ahead.

The immediate and short-term focus on financial sustainability will co-exist with our focus on building a robust and sustainable new business platform for the longer term.

Our global footprint, presence in promising markets, excellent customer relations, combined with our competence, experience and high-quality vessels, shall enable us to pursue new, profitable business opportunities and will continue to keep us ahead of competitors.

Bergen, 7th of April 2021

Hans Olav Lindal
Chairman of the Board of Directors

Delivering our strategic priorities

From the CEO

The unforeseeable challenges brought about by the COVID-19 pandemic tested the limits of our organisation and people. At the same time, we have overcome challenges together, and found creative solutions, adapting to continuously changing situations. Throughout the pandemic, our values have been the foundation for maintaining operations safely. **I am impressed, proud, and thankful.**

In the energy sector we have seen the focus on climate action and expectations for global citizenship grow. We see this clearly as energy majors, such as Equinor, align with the Paris Agreement and state climate ambitions to reduce the absolute greenhouse gas emissions to near zero within a few decades. Given continued challenging market conditions, I am proud to say DOF has continued its progress and strengthened its efforts and focus on sustainability in 2020. We report environmental, social, and economic performance against our key objectives and our results are integrated into this report.

Financial highlights

The Group achieved an EBITDA of NOK 2,187 million in 2020, which is the highest since 2015. In 2020, the Group benefitted from a strong USD compared to NOK and BRL, decent contract coverage going into the year, termination fees of NOK 110 million and high activity for the 2nd half in some of the regions. Although the Group has performed well on EBITDA, the P&L is heavily impacted by impairment of vessels and extreme fluctuations in foreign exchange rates, resulting in an EBIT of NOK -1,084 million and profit before tax of NOK -2,226 million.

Operational highlights

The Group started the year with a decent contract coverage and high activity in January and February, but the disruption of COVID-19 and drop in the oil price in March resulted in a negative shift in demand for the Group's vessels and services. As a result, the Group experienced a couple of contract terminations and postponement of tenders. However, the activity picked up in 2nd half of 2020, especially in Brazil, and the Group was able to secure several new contracts with start up in end 2020 or 2021.

Despite of the negative effects from COVID-19, the Group has managed to operate its vessels close to normal. The utilisation of the Group's fleet was 78% in 2020 compared to 73% in 2019, driven by the Long-term Chartering segment.

The Group has through the year secured new contracts with a value of NOK 4.3 billion of which the main portion was awarded during 2nd half of 2020. Some of the important contract awards include:

- 2-year contract extension for Skandi Africa;
- PIDF contract in Brazil providing survey and inspection services to Petrobras, utilising three of the Group's vessels;
- Skandi Salvador was awarded a 3-year MPSV contract on the Mero field in Brazil;
- Skandi Seven was awarded an integrated FSV contract for a minimum of 300 days with ENI Angola

During the global pandemic our teams managed changing travel restrictions and quarantine requirements to maintain our support of offshore energy production infrastructure. Teams and assets continued to operate existing long-term IMR and dedicated vessel contracts. We also successfully completed logistically challenging projects such as MV12 Moorings Repair and Replacement, Vietnam and Teekay Petrojarl Floating Production Decommissioning Project in the North Sea, among others.

Additionally, and despite the pandemic, progress was made on the world's largest floating offshore wind farm. DOF Subsea and Aker Solutions JV is contracted to deliver marine operations with assembly site operations set to commence late 2021. Other key 2020 contract awards to deliver complex projects in 2021 are underway in preparation for the offshore phase. As we anticipate similar operational conditions in 2021 our proven ability to adapt and maintain operations safely is a competitive advantage for future high-standard service delivery.

At year-end, the total backlog was NOK 11.3 billion, of which NOK 5.9 billion is DOF Subsea Group's share of the joint venture vessels.

Safeguarding our People

Wherever we operate, safety is our priority and we aim to be an incident-free organisation.

Our Workbook is developed to build a strong safety culture, based on the Safe the RITE way programme. The DOF Workbook incorporates core and enterprise management disciplines, and the training programme specifically includes the universal principles of sustainability and the international standards that apply to DOF activities.

Additionally, the DOF Workbook continues to build safety culture and develops competence in health sciences and enhanced risk perception based on contemporary thinking. The effect will be to strengthen DOF as a values-driven organisation, with a culture shaped by a clear set of ground rules and guiding principles for decision-making, actions, and a sense of community.

After a saturation dive campaign in Australia in 2017, some of the divers have been diagnosed with potential long-term health effects with various symptoms. The incident has been under investigation by NOPSEMA since 2018 and the Group has in Q2 2020 received a Prosecution Notice as a result of NOPSEMA's investigation. The matter is now before the Australian Courts however no trial date has been set. Any proceedings are not expected to happen until 2022.

Sustainable Environment

Our actions to reduce greenhouse gas emissions and manage environmental impacts are ongoing. We use a combination of technical solutions, such as shore power and battery packs, and an organisational approach through environmental management systems and strategy. Even so, it was gratifying to receive the 2020 CDP score A-, which places DOF among leaders in our industry.

The research and development project, in partnership with Kongsberg, has had significant progress in 2020. During the year, technical installations have been finalised onboard Skandi Africa and Skandi Vega and data from the vessels have been analysed in world-class laboratories. The aim of the "Intelligent Efficiency" project is to provide a decision support system to give the bridge officers the opportunity to execute and plan vessel operations with the most energy efficient setup of the engines. The Intelligent Efficiency system has the potential to reduce vessel fuel consumption by 15-30 per cent. The project is expected to finalise in Q3 2021.

Employees

The key to DOF's success remains unchanged – our people. Still, the market in which we operate is very challenging, and we have had to adapt the workforce with the current market demands. At the end of 2020 there were 1,180 people in the Company.

UN Sustainable Development Goals, Human Rights, and Business

DOF's practices are consistent with the UN Guiding Principles on Human Rights and Business. The organisation operates in compliance with fundamental labour standards. However, working closely with the Rafto Foundation we have gained a new and deeper understanding of how integral Human Rights are to the UN SDGs. In this context, Amnesty International's recent acknowledgment placed DOF in the top-five global companies based in the Nordics with the best score related to human rights and responsible employer.

Continuous improvement of our operations

Quality of our work, cost efficiency, and smarter solutions will be key in securing work and delivering according to our stakeholders' expectations. Several improvement projects have been ongoing to achieve a more streamlined and efficient organisation. We will continue this effort in order to be competitive. Defining and measuring environmental sustainability aspects and risks associated with our business activities is important, and investment in systems and equipment have been made to record, understand, and improve our environmental performance, and secure a sustainable future.

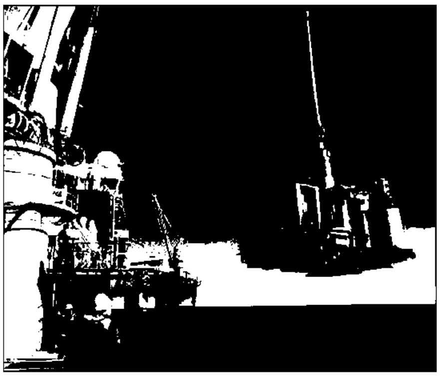
Outlook

We expect the challenging market to persist in 2021 with a continued oversupply of vessels and pressure on utilisation and rates. However we see regional differences and differences between segments. Tendering activity has picked up especially in Brazil, but also other regions shows increased tender activity. Nevertheless rates are still generally low, but we have noticed a modest increase in levels in some vessel segments.

I strongly believe that our global presence and our business model strengthens our position. Our focus will be to keep our people safe, win and execute contracts, and secure repeat business with our clients. Lastly, I want to express my gratitude to every employee and contractor for their extra effort during these difficult times, making sure that we can operate as close to normal as possible and keep everybody safe.

Bergen, 7th of April 2021

Mons S. Aase
Chief Executive Officer

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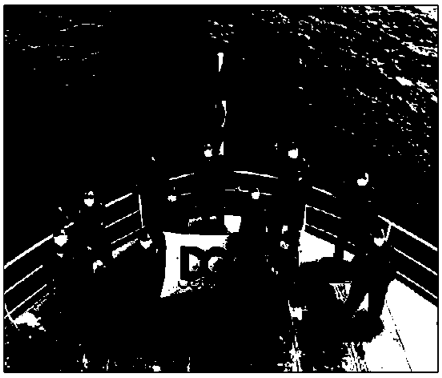
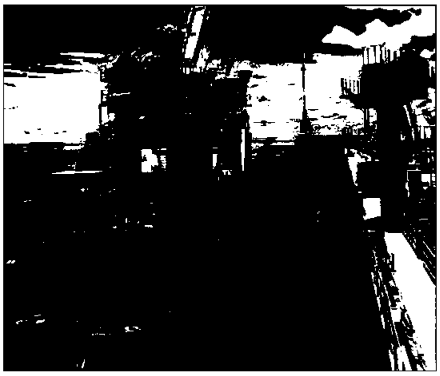




This is DOF Subsea

Company overview

No matter where DOF operates in the world, safety is held as the highest priority.

Company overview

DOF Subsea is a leading provider of integrated subsea project and marine services to the global offshore energy market. With roots all the way back to 1981 through the DOF Group, DOF Subsea was established in 2005 and has continued a proud tradition delivering safe and quality services to our customers.

Our global footprint, excellent customer relations, combined with our expertise, high-quality vessels, and strong safety culture are central to future success in an evolving market. Over the last decade the Company has invested in key regions such as the Atlantic, South America, North America, and Asia-Pacific.

DOF Subsea has a unique ability to utilise people and assets from across the marine and subsea organisations to seamlessly deliver multi-discipline services from a single company.

DOF Subsea operates in the subsea market of the offshore services market, which the Group has divided into two reporting segments; Long-term Chartering segment and Subsea/IMR Projects segment.

The Long-term Chartering segment provides state of the art subsea vessels and marine management services to leading players. The vessels in the Long-term chartering segment have historically been on long-term contracts to solid counterparties.

The Subsea/IMR Projects segment provides integrates subsea services from the regions, including planning, project management and engineering.

As of 31st of December 2020, DOF Subsea has a global workforce of 1,180 people and a fleet comprising 25 vessels, of which one is chartered-in.

Key takeaways*:

5.3 Billion

Total revenue (management reporting)

78%

Average fleet utilisation for 2020

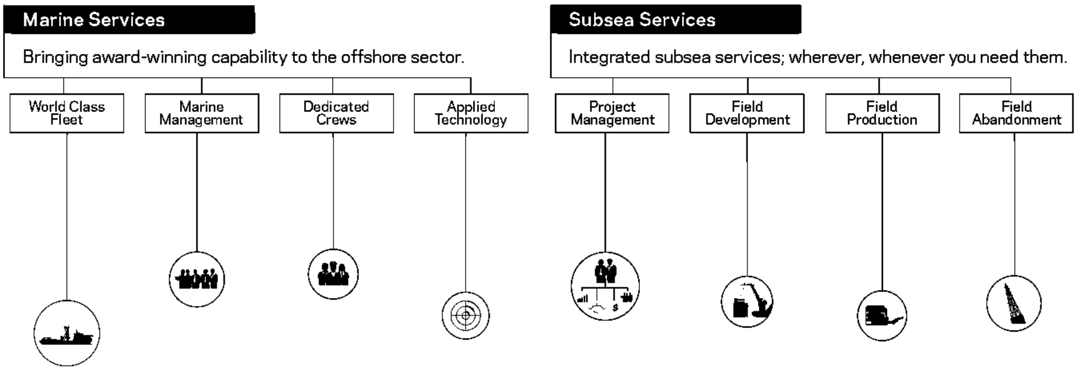
11.3 Billion

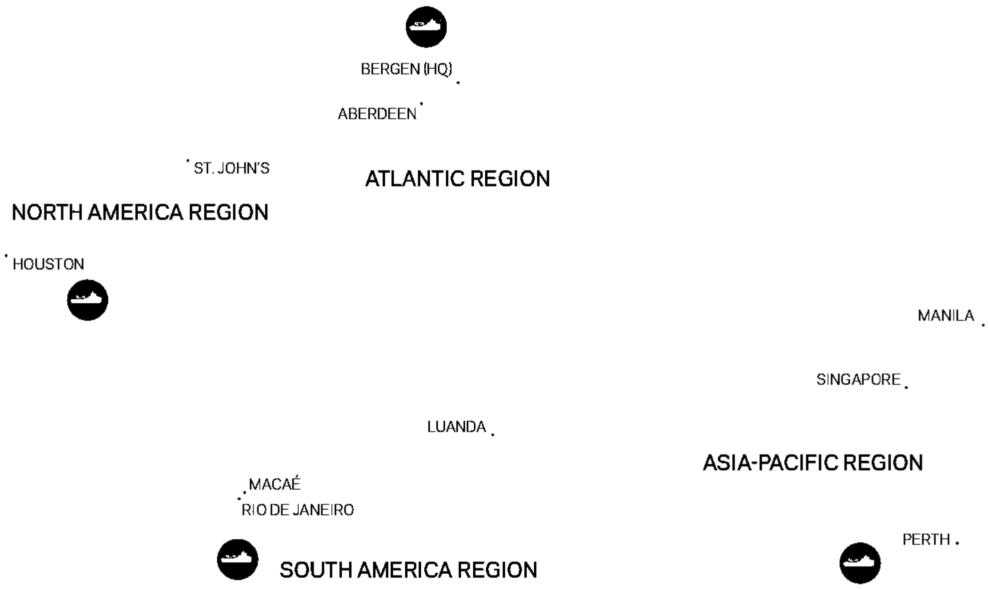
Contract backlog excluding options

* All totals as of year-end 2020 and all figures in NOK.

COMPANY OVERVIEW

A trusted partner for offshore operations





25*	68	2
Subsea	ROVs	AUVs

14	1,180
Offices worldwide	Skilled employees

* 25 subsea vessels, one of which is chartered-in.

Operational highlights in 2020

Q1 2020 Average fleet utilisation 76%

GENERAL COMMENTS
COVID-19 began to affect the operations in February with detection of the coronavirus first disrupting the operations in Asia-Pacific region. New measures developed early by DOF in Asia-Pacific established as global requirements.

MAIN CONTRACT AWARDS
Brazil: Skandi Vitoria (50/50 DOFCON vessel) awarded a 2-year contract with Technip FMC.

Atlantic: Geosea awarded a 5-year contract with N-Sea Survey BV.

Two contracts awarded in West-Africa utilising **Geosund** and **Skandi Seven**.

North America: multiple contracts awarded utilising **Skandi Neptune** for pre-lay installation and subsea installations in Guyana and Trinidad, and in Canada.

Asia-Pacific: several contract awards securing utilisation for **Skandi Singapore** 1st quarter.

CAPITAL STRUCTURE
DOF Subsea announced approval of extended maturity of three bond loans (DOFSUB07, DOFSUB08 and DOFSUB09) until 2024 and 2025, and updated the market on the ongoing negotiations with the secured lenders to reach a long-term refinancing for the Group. A 4-year refinancing agreement for the facility in DOF Subsea Brasil was signed with BNDES.

Q2 2020 Average fleet utilisation 74%

GENERAL COMMENTS
The Group announced that the financial effect of COVID-19 including the sharp decline in oil prices which lead to extreme currency fluctuations have had a significant negative impact on the financial performance of the Group. In addition, several contracts were terminated, and projects were postponed. COVID-19 also affected the global operations with extensive operational and procedural adaptation, including offshore extending vessel stays and onshore expansion of Work From Home tools.

MAIN CONTRACT AWARDS
Atlantic: the region secured a 6-month contract in the North Sea utilising **Skandi Skansen.**

CAPITAL STRUCTURE
As a consequence of the sudden and significant developments due to COVID-19 and the drop in oil price, the group agreed standstill agreements (full waiver for interest and instalments) with the banks and bondholders until 30th of June. All standstill agreements were later extended until 30th of September.

Q3 2020 Average fleet utilisation 83%

GENERAL COMMENTS

Market impacts of COVID-19 intensify resulted in continued tender freeze across industry and early termination of contracts. Operations continued to be challenging, especially in Brazil with increasing spread of COVID-19. Global Emergency Response Team placed high focus on potential effects of stress and fatigue within offshore organisation and supported crewing and operation departments.

MAIN CONTRACT AWARDS

Asia-Pacific: the region was awarded a 5-year IMR Services contract and a mooring project securing utilising for **Skandi Hercules** and **Skandi Singapore** in 3rd and 4th quarter.

Atlantic: multiple contract awards totalling more than 150 offshore days, utilising **Skandi Acergy, Skandi Seven** and **Skandi Skansen**.

Turnkey contract awarded performing marine operations in connection with a decommissioning project utilising **Skandi Acergy, Skandi Iceman,** and **Skandi Hera**.

Skandi Seven awarded 303-day contract with ENI in Angola.

Brazil: four new contracts with Petrobras totalling 550 offshore days utilising four vessels with work scopes: flexible pipeline, risers, and subsea equipment inspection.

CAPITAL STRUCTURE

Extension of the standstill agreements with the banks were extended until 31st of January 2021 and with the bondholders until 15th of December with the option to extend until 31st of January 2021.

Q4 2020 Average fleet utilisation 78%

GENERAL COMMENTS

By November, the market showed signs of stabilising with a slow but steady increase in both oil prices and tender activity, however over-supply negatively impacted the rates.

MAIN CONTRACT AWARDS

Asia-Pacific: Skandi Singapore and **Skandi Hercules** awarded contracts, including saturation diving and planning for a decommissioning project, and engineering and installation services in Australia.

Atlantic: Skandi Africa awarded a 2-year extension with TechnipFMC.

Multiple contract awards utilising **Skandi Acergy, Skandi Skansen, Skandi Neptune,** and **Skandi Seven** totalling more than 180 offshore days.

Brazil: Skandi Salvador awarded 3-year MPSV contract delivering ROV services, including inspection, maintenance and subsea commissioning services.

CAPITAL STRUCTURE

The standstill agreements with the bondholders were extended until 31st of January 2021. A comprehensive refinancing proposal, including conversion of debt, was presented by the Group to the lenders and bondholders in October.

Creating value

How we make the greatest positive contribution as part of the DOF Group

What drives us

DOF is a trusted and leading partner delivering services globally for a sustainable utilisation of offshore energy and other subsea resources.

Our values

DOF values: Respect, Integrity, Teamwork, Excellence, and above all we are SAFE. "Safe the RITE way" integrates our values into how we approach our activities.

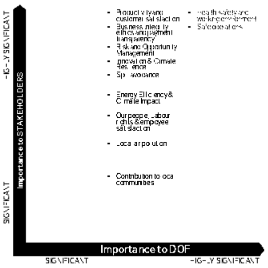
Together with our stakeholders: Our priorities

Our stakeholders' expectations and decisions play a significant role in DOF's success and value creation model. DOF's activities have the potential to create value for a diverse group of stakeholders. DOF established a structured approach to factor stakeholder expectations, broader challenges, and drivers of sustainable operations into our decision making in 2015.

We know that understanding material issues is essential to shaping strategy and addressing the sustainability issues within our control. Our materiality process* gives stakeholders the opportunity to participate in identifying issues and helps us to prioritise, set targets, and direct our actions towards sustainability.

Our Materiality process*

1. Identify key stakeholders;
2. Conduct materiality assessment;
3. Stakeholders' engagement;
4. Validation/Analysis of the materiality matrix.



* Read more about stakeholder engagement and Materiality Assessment in our ESG factbook 2020.

Our strategies

Our debt structure, business model, and portfolio will provide **sustainable revenue and competitive returns on capital**.

We will **develop our technical capability, experience, and assets globally** to deliver dedicated, sustainable subsea and marine services for our clients in an evolving subsea and offshore energy sector.

DOF will earn our reputation for flexibility and rapid adaptation, positioning the Group for growth in existing markets and at the forefront of development in new segments.

Creating value for all our stakeholders

	VALUE DRIVERS	OUTPUTS	VALUE CREATED
FINANCE	**Financial performance** **Governance**	Providing predictable revenue streams by securing contract backlog Maximising revenues through cost controll Securing sustainable capital structure	**Sustainable returns** make DOF's business attractive to future investors enabling DOF to invest in people and relevant assets for the future. **Upholding good governance** and standards ensures decent work, generates wealth for employees, local communities, and along our supply chain, as well as wider society by generating taxes.
MARKET	**Environmental performance** **Marine and Subsea service delivery**	Successfully developing technology & digital solutions for greater operational efficiency Managing the environmental and societal impacts of our business Enabling integrity along the supply chain with supplier social screening Providing accessible services to support a changing market Building strong relationships with our clients	**We care about the environment** in which we live. Improved performance benefits all stakeholders. There are also efficiency and innovation gains to be realised by responding to these critical issues. **Generating wealth and opportunity** by engaging local business and suppliers and ensuring integrity along the supply chain by auditing for human rights. **Subsea and Marine services** are the core value generating work of our business. Building strong relationships and ensuring we have the right assets and capability to support our customers in the evolving subsea and offshore energy sector, is key to our future and therefore benefits all stakeholders.
PEOPLE	**Occupational health and safety** **People**	Enabling a strong health and safety culture and systems in values-based environment Fostering a diverse and inclusive workforce Motivating engaged and enabled colleagues	**Ensuring strong health and safety** systems and culture is our highest priority. It's a right that benefits all employees, their families, our whole supply chain and investors. It is a requirement for business. **Companies are their People.** Working for a sustainable company, offering fair work, with career prospects creates an engaged work-force which benefits customers, investors, and suppliers. Training and careers programs benefit local communities creating career paths and long-term benefits.

Full details for all our measures are given in the ESG factbook 2020 and financial statements.

Value driver results in 2020

The dashboard contains aggregated, parent company results from key targets, both financial and non-financial, established in DOF. Additional targets and review of current targets are ongoing. **Since 2014, we have made substantial progress in improving our sustainability reporting**.

Full details for both financial and non-financial 2020 performance are given in the financial statements and in the ESG factbook.

DOF Group value drivers

Financial performance

3.3 BILLION
Subsea project total revenue in 2020

4.3* BILLION
Time charter total revenue in 2020
According to management reporting

15.3 BILLION
Group backlog per 31.12.2020

73% Utilisation
of the Group fleet in 2020

70% Utilisation
of Subsea project fleet in 2020

Applying relevant UN SDGs

The UN Sustainability Development Goals (SDGs) are comprehensive in the issues that they address with each goal having specific actions and targets. As an organisation working principally with subsea engineering and offshore vessels, DOF has assessed the specific SDGs where we have the greatest impact and can make a significant contribution as part of our operations. We aligned eight SDGs (3, 4, 5, 8, 9, 13, 14, and 16) with corresponding material aspects. You can see how they fit together on page 132.

Read more about UN SDGs:
https://sustainabledevelopment.un.org/

Governance

0 Fines
or non-monetary sanctions due to non-compliance

0 Corruption
cases in 2020

818 NCRs
raised in 2020

904 AUDITS
completed in 2020

Environmental performance

-7.2%
CO_2 emissions
total emissions in 2020 compared to 2019

A-
CDP score

0
Unrecovered
No spills unrecovered over 50 litres

Operational health & safety

6
Lost
Time injuries (LTIs) in 2020

19
Incidents
recordable incidents in 2020

5,036
Obervations
Positive Safety Observations reported by workforce

2.51
/million hrs
recordable incident frequency

0.79
/million hrs
Lost Time Incident frequency

24,809
Safety observations
raised in 2020

Marine and Subsea service delivery

4.3
Subsea client satisfaction
in 2020 (out of max score of 5)

4.1
Marine client satisfaction
in 2020 (out of max score of 5)

99.7%
Vessel uptime
available operative time in 2020

99.0%
ROV uptime
available operative time in 2020

People

100%
Formal contracts
per cent of workforce on formal contract in 2020

0
GDPR breaches
recorded in 2020

40
Helpline cases
Ethical helpline cases raised in 2020

Shaping DOF for the future

The DOF Group strategy

DOF is a values-driven company operating in the offshore energy sector, where energy production is transitioning to cleaner solutions and renewables. To be a sustainable, investible company our business platform must reflect stakeholders' expectations, future market demand for our assets and the skills and potential of our people.

As our stakeholders would expect, DOF's actions and decisions have always been guided by and grounded in our values. We take corporate responsibly seriously, conducting our business with good governance and aligned to the UN Global Compact and relevant UN Sustainable Development Goals. We strive to be the leader in the field of health, safety and environment performance, to deserve our reputation and continue to build our future.

DOF's Vision and Mission have been updated to guide us as we provide essential services in existing and transitioning offshore energy sector.

Renewed business platform recreating an investable company

With almost 40 years' operational experience in complex markets, DOF is versed in successfully managing change and adapting to market trends. We operate in an evolving market. New and different demands from our stakeholders and the changes in the energy market are key drivers for our future organisation.

Our 2020 strategic and business context review mapped DOF's focus for the next 3-year strategic period. The resulting strategy 'Shaping DOF for the future' focuses on reshaping the organisation to reflect the market outlook, to optimise technology and other efficiencies and create the agility necessary for the organisation's future value creation.

Within 'Shaping DOF for the future', the first issue is a matter of survival and it is dependent on the outcome of the ongoing financial restructuring process and the specific business plan developed for that purpose. The current capital structure is not sustainable when compared to future earnings-trajectories, the ability to service debt and capability to refinance in the future, and needs to be restructured accordingly. The second issue pertains to adjusting the business platform, which builds on the assumption that a sufficiently robust financial platform will be created as a result of the restructuring. DOF's ultimate goal is to rebuild an investable company.

OUR VISION

The DOF Group is a trusted and leading partner delivering services globally for a sustainable utilisation of offshore energy and other subsea resources.

OUR MISSION:

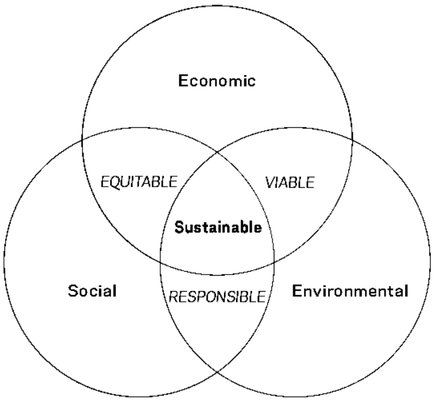
The DOF Group provide the technical capability, experience and assets globally to deliver dedicated subsea and marine services for our clients in an evolving subsea and offshore energy sector.

Shaping DOF for the future, a 3-year rolling strategy

Focused on six pillars:
1. Restructuring of debt;
2. Continue cost efficiency measures & efficiency gains;
3. Embrace new technology;
4. New lines of business;
5. Assessment and pursuit of strategic industry consolidations;
6. Maintain reputation as a responsible player.

Sustainable operations

Using the model below, in order to be a sustainable business, DOF must be *EQUITABLE* as a business, *VIABLE* economically and within the external environmental, and *RESPONSIBLE* socially. It is only when these factors are in place, that sustainable operations can occur.



As of publishing this report, the Group's financial position is not sustainable, and a long-term financial solution is necessary to continue as going concern. The restructuring of the Group's debt is ongoing and DOF will continue the dialogue with its creditors to secure a long-term financial solution for the Group. The Group is dependent on continued standstill agreements with its creditors until a long-term financial solution is agreed to maintain as going concern. More information on the Group's refinancing process can be found in the Report of the Board of Directors.

○ **Economic sustainability**
This assumes DOF is using its resources efficiently to create consistent revenue. Without consistent returns, DOF cannot last without considering both environment & social considerations.

○ **Social sustainability**
This assumes the social well-being of DOF's internal & external stakeholders are able to flourish. However, this cannot last without considering both financial performance & environment performance.

○ **Environmental sustainability**
This assumes that DOF is working within the means of its external environment and resources. However, this has to balanced with economic feasibility & social considerations.

Our roadmap*

Shaping DOF for the future

FINANCE

Objective
Optimise risk management, capital rationalisation and cost base. Focus on profitability and return on investments, which together with the restructuring of our balance will create financial sustainability.

Outcome
A debt structure, business model and portfolio that provides for sustainable revenue and competitive return on capital, making DOF's business attractive to future investors and financiers, and enabling DOF to invest in relevant assets and competence for the future.

MARKET

Objective
Adjust business platform to facilitate future customer demands and a competitive business offering.

Outcome
The DOF Group provide the technical capability, experience, and assets globally to deliver dedicated subsea and marine services for our clients in an evolving subsea and offshore energy sector.

PEOPLE

Objective
Establish "One DOF" built on our unique subsea and marine competence with the aim of creating optimal value for our customers and other stakeholders.

Outcome
DOF is transformed into an even more flexible, fast adapting organisation that is well-positioned for new and existing markets and leading new segments.

** This is a simplified version of the "Shaping DOF for the future" roadmap. The roadmap, produced to faciliate change, presents our value drivers by splitting the activties into three subcategories: Finance, Market, and People.*

Providing competitive services, globally

Innovating technologies to support our Marine and Subsea service delivery

The key to our success has always been our people: In our operations it's not unusual to manage short turnaround times or to have multiple, geographically diverse teams collaborating to deliver marine and subsea services. It's also standard practice to mobilise personnel from different parts of our organisation, as well as contractors, subsea and marine crew. This has never been more challenging than in 2020-21 and it couldn't be achieved without the professionalism and great attitude of our team.

The strategic direction laid out for the next three years will reshape the organisation to reflect the market outlook, optimise technology and other efficiencies, to provide competitive services globally.

Matching existing assets and the unique skills and potential of our people to future market demand

Aligning the people-resources in the Group

The key to our success has always been our people. Although many of the challenges ahead are different in nature, the importance of the people-factor will not change over the next strategy period. We aim to align the people in DOF ASA and DOF Subsea, maintaining the diversified strengths and our unique position with both marine and offshore subsea services, global footprint and strong local networks. In 2020, technology, connectivity and remote working revolutionised the way we work, the same technology and newly established routines will facilitate collaboration and flexibility across the organisation and create many efficiency gains.

Optimising organisational structure

Over the next three years, our organisational structure will adjust to support a highly agile organisation. In 2020 the process commenced with changes at the Board of Director level. In the next strategic period further optimisation will be realised in three stages: focusing on review and reporting structures; using technology and centralisation for efficiency gains; and by focusing on competency, succession planning, and work culture to ensure a competitive level of access to market opportunities.

Delivering competitive services, globally

DOF's unique ability to utilise the people and assets from across the marine and subsea subsidiaries has been strategically important and resulted in multi-discipline contracts. Driving our strategic ambition is anchored in the same principle of capitalising on diversified strengths and expertise from DOF companies. Cross company, multi-disciplinary, Technical Steering Committees have been established to drive capability development in specific key strategic focus-areas, the progress of which will be reported at the Board level.

Implementing technology and digital solutions and maintaining market position steering teams have drawn from our existing expertise. The focus areas to develop new lines of business by expanding traditional services steering teams are also largely drawn from existing expertise but have been strengthened by key appointments with specific expertise in the renewables sector.

Innovate and optimise technology to enable our client's success

A key to meeting stakeholder's expectations is the implementation of new technology and digital solutions to reduce GHG emissions and become more efficient. DOF made solid progress in this direction.

Taking the next step towards transparency and GHG emissions reduction

Having deployed the Yxney's Maress system successfully on 30 vessels for 12 months, DOF is set to roll-out the cloud-based software to the whole fleet in Q1 2021. Essentially, Maress analytics allows decision makers on shore and on the bridge to make more informed decisions on how to reduce emissions. Maress allows DOF to fully understand the emissions from individual vessels, and for the fleet. With seamless integration with existing systems for data gathering, Maress offers a cost-efficient way to create transparency and like-for-like comparisons across the fleet. Due to the smart re-use of existing data the system can be rolled out quickly and will be operational on the whole fleet in Q1 2021.

Industry collaboration for innovation

"Intelligent Efficiency": DOF is part of a research project partnership with Kongsberg Maritime, SINTEF Ocean and NORCE to develop of a new generation Decision Support System (DSS) for offshore vessel operations. The NOK 90 million project is supported by Innovasjon Norge and aims to reduce fuel consumption and greenhouse gas emissions for complex offshore operations (by up to 30 percent) and streamline fleet-wide maintenance. The DSS prototype project milestone to install technical equipment on two vessels (Skandi Africa and Skandi Vega) was achieved in 2020 and will in 2021 provide live system feedback. Innovasjon Norge granted the project an extension until November 30th, 2021 due to the disruption caused by COVID-19.

Additionally, installation of shore power capability, installation of large batteries onboard vessels to improve operations offer efficiencies and emissions reduction potential we can offer our clients.

Alternative solutions for core services

"Survey in the Cloud" development undertaken in 2020 demonstrates how technology improves data workflow, offshore personnel safety and overall efficiency. DOF has developed capability to deliver survey and inspection projects onshore via online communication and real-time High Definition (HD) video, from the vessel to the office. Clients are increasingly interested in 'live environment' visibility for planning and oversight of their subsea assets. We can offer more cost-effective solutions to our clients and utilise our global team strengths. Achieving support, processing and reporting via standard office hours using existing resources to support operations on a global basis without relocating from their home country.

Enabling our client's success in a transitioning market

Establishing an offshore renewable track record

Hywind Farm Project: in 2019, DOF established a 50/50 joint venture between Aker Solutions (previously Kværner) to deliver Hywind Tampen marine operations. The JV's (KDS JV) scope includes full project management, engineering, assembly site management, assembly of the floating wind turbine, installation of the mooring system, tow out and hook up of the 11 floating wind turbines at the Tampen area. The project will reduce Norwegian CO2 emissions with more than 200,000 tonnes per year. The Hywind Tampen will also be leveraged to further reduce the CO2 footprint in future projects.

During the global pandemic, our core competence, key assets, and services have been required to support "Essential Services" in offshore energy production. Government's recognition of 'essential services' demonstrates the importance of existing offshore energy in global energy markets and indicates its importance in the foreseeable future. In parallel, the offshore energy sector is transitioning towards renewable sources. **These market forces, stakeholder expectation, and corporate responsibility are integrated into our business strategy.**

Occupational Health and Safety, Marine and Subsea service delivery, and Goverance

DOF strives to be the leader in the fields of health, safety, environment and quality (HSEQ) and systematically promote these areas in the execution of all activities and operations.

Health and Safety in a Global Pandemic

Safe the RITE way: structured systems and a strong safety culture underpinned our response to the COVID-19 pandemic. Strict protocols to protect our employees and their local communities were instigated requiring a significant investment of time and resources to design, deploy, and maintain operations around the globe. Facing similar operating conditions in 2021 our proven ability to adapt and maintain operations safely is a competitive advantage for future high-standard service delivery.

Code of Business Conduct
Aligned to the UNs Global Compact

Find more information at:
www.dof.com/code

Safe the RITE way

Find more information at:
www.dof.com/safe

We have the pillars in place to uphold a culture of legal and regulatory compliance: the foundation for honest, ethical business. We believe strong institutions operate to universal principles and give stakeholders the resources to uphold standards.

Our Code of Business Conduct (COBC) is aligned to the UN Global Compact and is our own blueprint for conducting business fairly and responsibly. It was relaunched in 2018 and structured around our five values: Respect, Integrity, Teamwork, Excellence, and above all we are SAFE. The COBC is supported by extensive awareness training for complex issues like Anti-Bribery and Corruption.

A strong 'feedback loop' with tools for transparency and accountability: the Ethics Helpline

The Group introduced the 'DOF ethics helpline' in 2018 to give stakeholders anonymity and a 24/7 accessible tool to report serious concerns. 40 cases were reported in 2020, of which two cases resulted in dismissals due to severe breaches of Code of Conduct. Some cases were raised as consequence of not following DOF's stringent COVID-19 measures.

Looking to the future: Fully audited ISO certification for a business platform in line with future market demand

In Q4 2020 DOF received renewed ISO certificates (ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018). DNV-GL conducted a global, socially distanced, audit which combined marine and subsea activities to receive unifying ISO certificates. This was a milestone for the Group as aligned systems supports the strategic development.

Ethical business along our supply-chain

The vendor evaluation is mandatory for all suppliers and will produce a master supplier database in our ERP system. The evaluation process will support quality control of approved vendors, and by 31.12.2020 close to 700 suppliers had been through the qualification process.

Electronic vendor evaluation is designed to ensure universal principles are upheld along our supply chain. A core part of the evaluation is based on the UN Global Compact principles, and all vendors need to describe their approach to Human Rights, Labour, Environment and Anti-Corruption. This includes an assessment of the risk of violating these principles within their own supply chain.

Promoting Industry Best Practice for Environmental Stewardship

Over the course of 2020, DOF executives joined IMCA's Environmental Sustainability Committee to develop a Code of Practice on Environmental Sustainability (the Code) for the offshore marine construction industry. The resulting Code aims to promote a practical, shared approach to environmental sustainability, focusing specifically on internationally recognised, working practices related to environmental sustainability. Early in 2021 it will be available to the 700 member companies, operating in over 60 countries globally, that represent the majority of contractors and the supply chain in the offshore marine construction industry.

Environmental, Social, Governance (ESG) transparency and activities

DOF's 2019 reporting "ESG 100 score" * ranks within the top 20 of 100 largest (by market cap) companies on Oslo Stock Exchange. With 4 being the highest, DOF's score of 3.33 is well above the "energy sector" average of 2.3.

- DOF requires employees to train annually in key ESG topics like ABC, SCM, environment and, human rights.
- DOF's policies are aligned with the UN Global Compact.
- 8 of the 17 UN Sustainability Development Goals (SDGs) guide and inform DOF's activities and reporting.

** Scoring done by "The Governance Group" based in Norway.*

Human Rights

As a responsible organisation we support and promote human rights. We ensure our operations do not breach international standards and conventions in line with United Nations guidelines; avoid causing or contributing to adverse human rights impacts through our activities and we seek to prevent adverse human rights that are directly linked to activities through our business relationships.

The Code of Business Conduct clearly communicates core principles to support our organisation and partners to align with UNs Global Compact:

- Comply with all applicable laws and respect internationally recognised human rights everywhere we operate;
- Follow consistent procedures to achieve a high common standard among our companies and business partners even where business practices in the countries in which we operate differ;
- Ensure all parties we work with share and implement the same standards of human rights;
- Always report incidents of unacceptable behaviour or deficiencies in the system;
- Uphold the right for all employees to be free to associate, organise and bargain collectively.

The DOF Watertight Integrity Test

The DOF Code of Business Conduct aims to help everyone understand and meet the Group's expectations for professional standards and how to comply with all legal and regulatory obligations, worldwide.

The "DOF Watertight Integrity Test" is a simple tool to support decision making in any situation.

Read more in our Code of Business Conduct: www.dof.com/TheCode.

3.33

ESG 100 Score

The Governance Group (TGG) conducted an independent review of DOF's sustainability reporting activity in 2019. DOF received a stand-out score of 3.33 within the Energy Sector group using the ESG 100 method, scoring maximum points in both GRI reporting and UN SDG integration and well above the "energy sector" average of 2.33. We're proud to say DOF's total ESG score ranks within the top 20 of 100 largest (by market cap) companies on Oslo Stock Exchange, for a second consecutive year.

Find more information at: www.dof.com/Sustainability

Sustainable value for our stakeholders

Transparency builds trust

DOF is proud to be a "values-driven" organisation and our performance in environmental and social sustainability is recognised by industry bodies, clients and partners, and international organisations like Amnesty International. Our performance and reporting on sustainability topics and metrics have annually scored in the top-5 amongst peers on the Oslo stock exchange. DOF will continue to deliver these results as an important part of our strategy: **we will uphold our position within the top-5 for environmental and social sustainability in our industry.**

CDP
DISCLOSURE INSIGHT ACTION
2020 A-
Ten year participation
Top-30% for Environmental Stewardship
Find more information at: https://www.cdp.net/en/scores

Carbon Disclosure Project (CDP)

DOF has reported to CDP since 2010. in 2020, DOF achieved CDP's "Leadership" level score with A- overall, with maximum grade of A achieved in several subcategories. In comparison, competitors' average score is C.

We're proud to have participated in the annual CDP for ten years. 9,600 companies took part in 2020, and DOF (up from a B in 2019) is in the top 29 percent for our actions towards sustainability.

DOF has reported to Global Reporting Initiate standards for seven years ensuring vital drivers of sustainable operations are factored into decision making and providing stakeholders* with a transparent view of all aspects of organisational performance. Working principally with offshore vessels and subsea engineering, the Group identified specific SDGs where we can make an important contribution as part of our operations.

Our overall goal is to reduce emissions per operational day by 3% each year towards the foreseeable future through various methods, using digital tools, deep learning, machine learning, data collection, and further increasing the competence and operational environmental awareness by our workforce. DOF is on track to reach IMO requirements to reduce our CO2 footprint by 50% within the 2050 target date and we are adapting to our zero-mindset emission philosophy. Additionally, we work in collaboration with vendors to achieve a responsible supply chain.

** DOF's key stakeholders were originally identified in 2015 as customers, employees, investors, suppliers, and local communities, and are reviewed on an annual basis. You can read more about our continuous stakeholders and materiality process in Appendix B.2 "Materiality".*

Supporting our employees & local communities

Our commitment and value creation extend to the communities in which we operate. Our activities are based on training and career pathways for local communities; engaging local businesses and supporting early-life education, cultural and sporting programs.

Training and career pathways for local communities

A principle of our business model is to train and maintain a dedicated core crew on all our vessels.

This creates value by retaining operational and vessel knowledge between charter or project crew changes and leads to a higher level of safety, efficiency and quality of services, benefiting the Group, our clients and our workforce. The program creates value for individuals, their families as well as local governments and society by creating jobs, assisting in enterprise development and technology transfer to local communities.

DOF's global maritime cadetship program combines the principles of a fair return for our local communities with building a skilled and sustainable workforce. This program gives cadets a structured path to gain qualifications and a long-term livelihood.

The aim is to train seafarers to the highest standard of safety and quality and promote excellence in maritime operations worldwide.

Part of DOF's strategy to provide highly qualified officers to our fleet is achieved through our cadet program and involvement in the Norwegian Training Centre – Manila, Philippines (NTC). Courses offered at NTC extend across the complete area of vessel operations.

In Brazil, DOF joined other Norwegian ship-owners who founded AEPM to provide opportunities for young adults to start maritime careers via ordinary seamen courses.

Promoting education, culture, and sports

DOF is focused through a number of specialist organisation's structured programs, primarily in Brazil and Philippines, to give underprivileged children a chance for a better future.

- Sponsorship to the Renascer foster institute (Brazil), an organisation which cares for children of one to five years old, presenting them new life perspectives through sports, art and music, providing them with a home, food and shelter.
- We continue to support the community of Comatin since DOF and our partner in the Philippines, OSM rebuilt the Elementary School after a typhoon in 2013.

AMNESTY INTERNATIONAL

Top-5

scoring in the Nordics

Amnesty International's acknowledgment in June 2020 placed DOF in the top-5 global companies based in the Nordics with the best score related to human rights and responsible employers.

Find more information at:
https://amnesty.no/er-norske-selskaper-i-front

Board of Directors of DOF Subsea

Hans Olav Lindal

Chairman

Born in 1962. Hans Olav Lindal was appointed to the Board in 2019. He is a Norwegian qualified corporate lawyer, admitted to the Supreme Court of Norway and partner of the law firm Advokatfirmaet Thommessen AS since 1993. He was President of the Norwegian Shipowners' Association and board member of International Chamber of Shipping (ICS) until 2018, and chairs and serves on the board of directors of several companies in the maritime industry, including Viken Shipping, Wallem, Gearbulk and G2Ocean. Mr. Lindal is a Norwegian citizen and resides in Norway.

Helge Singelstad

Deputy Chairman

Born in 1963. Helge Singelstad was appointed to the Board in 2008. He has extensive experience from various types of business such as oil and gas, ship equipment and the seafood sector. Mr. Singelstad chairs and serves on numerous boards of directors, including being the chairman of the Board of Directors in Austevoll Seafood ASA, Lerøy Seafood Group ASA, and Pelagia Holding AS, and is CEO in Laco AS. He holds a degree in computer engineering from Bergen Engineering College, a degree in Business Administration from the Norwegian School of Economics and Administration (NHH), and he has a first year degree from the law school at the University of Bergen (UiB). Mr. Singelstad is a Norwegian citizen and resides in Norway.

Marianne Møgster

Director

Born in 1974. Marianne Møgster was appointed to the Board in 2016. She currently serves as Senior Vice President of Finance in DOF Subsea AS, and has experience from several other positions in DOF, Equinor, and Norsk Hydro. Ms. Møgster has experience as a board member both with the DOF Group and other listed companies such as Lerøy Seafood Group ASA and holds the position as a board member in the University of Bergen (UiB) and Norwegian Hull Club (NHC). She holds a degree in Economics and Business Administration from the Norwegian School of Economics and Administration (NHH). Ms. Møgster is a Norwegian citizen and resides in Norway.

Kathryn Moore Baker

Director

Born in 1964. Kathryn Moore Baker was appointed to the Board in 2016. She is chairman of Fynd Ocean Ventures, Genetic Analysis AS, Pensionera AB and Terra Mater Renewable Investments. Ms. Baker is also a board member of Akastor ASA and Labrida AS. Ms. Baker was previously a member of the Executive Board of the Central Bank of Norway, a partner at the Norwegian private equity firm Reiten & Co for 15 years, and has held positions with Morgan Stanley and McKinsey & Co. She holds a bachelor's degree in economics from Wellesley College and an MBA from the Tuck school of Business at Dartmouth. Ms. Baker is a United States citizen and resides in Norway.

Harald Thorstein

Director

Born in 1979. Harald Thorstein was appointed as Director of the Board in 2020. He holds a MSc in Industrial Economics and Technology Management from Norwegian University of Science and Technology (NTNU), with specialization in Finance and Optimalization. He is the founder and owner of the London based advisory company Arkwright London Ltd. and has previously held positions in Seatankers Management and DNB Markets. Harald is currently Chairman of the Board of B2 Holding ASA and Altus Internvention. Previous board experience includes Aktiv Kapital, Axactor, SFL Corp, Seadrill, Frontline 2012, Golden Ocean, Deep Sea Supply and Solstad Offshore.

Mons Svendal Aase

CEO

Born in 1966. Mons Svendal Aase has been a part of the Management team since 1998. He served as CFO and Deputy Managing Director before he became CEO of the Company in 2005, and in 2009, he also became CEO of DOF Subsea AS. Mr. Aase has various experience from finance and shipbroking industries and chairs, as well as serves, on numerous boards of directors. He holds a MSc from the Norwegian Institute of Technology and a Cand. Merc. from the Norwegian School of Economics and Business Administration (NHH). Mr. Aase is a Norwegian citizen and resides in Norway.

Report of the Board of Directors

Key notes

In summary, 2020 has been a challenging year due to the continued downturn in the markets. In addition, the COVID-19 virus has had a major impact on the operations. The DOF Subsea Group (the "Group") has maintained an average utilisation of its fleet of 78% through the year, but rate levels are still not at sufficient levels to serve the Group's total debt. The Group has since Q2 2020 entered into standstill agreements (including deferral of interest payments and instalments) with the majority of its secured and unsecured lenders. Debt restructuring proposals have been presented to the lenders and discussions to agree on a long-term refinancing of the Group are ongoing. The Group is dependent on continued standstill agreements with its creditors until a long-term and sustainable financial solution is agreed to maintain as going concern.

In 2020 the Group achieved an EBITDA (management reporting) of NOK 2,187 million (NOK 1,899 million) and an EBIT of NOK -1,084 million (NOK 119 million). The improved EBITDA is driven by better performance in the subsea regions and increased utilisation of the vessels in the DOFCON joint venture. In addition, a stronger USD and termination fees on two cancelled contracts have contributed positively. The Group EBIT is highly impacted by impairments of NOK 2,591 million (NOK 1,017 million). The net result before taxes (management reporting) was in 2020 negative with NOK -2,226 million (NOK -850 million).

Business Overview & Strategy

The DOF Subsea Group provide essential offshore and subsea services to the global offshore industry, and own and operate a fleet of Subsea vessels. The Group is organised into two business segments, Subsea/IMR and Long-term Chartering. Included in the Subsea/IMR projects segment are engineering companies that are providing services within the subsea project market. The Group's fleet is a combination of vessels on term contracts and vessels utilised for subsea project activities. The subsea vessels on term contracts are serving the pipelaying market, IMR and the SURF market. The Group's subsea projects include survey, diving services, ROV operations, construction and IMR among others. In 2020, vessels in the Group have been engaged in offshore wind projects in addition to servicing the oil and gas industry.

As part of the DOF 3-year Rolling Business & Strategy Plan and with the goal to shape a healthy, One DOF, the Vision and Mission statements have been amended as follows:

Vision:
"The DOF Group is a trusted and leading partner delivering services globally for a sustainable utilisation of offshore energy and other subsea resources"

Mission:
"The DOF Group provide the technical capability, experience and assets globally to deliver dedicated subsea and marine services for our clients in an evolving subsea and offshore energy sector".

The Group will continue its strategy to be engaged in long-term and industrial offshore relationships and operate within a mix of project contracts and time charter contracts for its vessel and ROV fleet. The Group's backlog was by year end 2020 NOK 11.3 billion which is one of the highest among peers, of which NOK 5.9 billion is DOF Subsea's share of the backlog in the Joint Venture with TechnipFMC.

The Group owns a diversified and advanced fleet of 24 offshore vessels with a value-adjusted average age of approximately 6.7 years, and a fleet of 70 ROVs including 2 AUVs. As of 31st of December 2020, the Group also had one vessel chartered in from an external owner.

The Group has offices on five continents and during the last decade the Group has invested in key regions such as the Atlantic (Europe, West-Africa and the Mediterranean), Brazil, North America and Asia-Pacific regions.

The Group has its headquarter in Bergen, Norway, and has offices located in Perth, Singapore, Manila, Jakarta, Oslo, Aberdeen, Luanda, Rio de Janeiro, Macaé, Houston and St. Johns. The Group is also represented in Malaysia, Ghana, Nigeria and Guyana.

Operating segments

The markets in 2020 started positive in January and February, but after the disruptive events from COVID-19 and the steep drop in the oil price in March the Group experienced a significant drop in utilisation and rate levels. In addition, several tenders were cancelled, and contracts were terminated during 2nd quarter. From September and rest of the year the activities increased in some regions and especially in Brazil. The Group has through the year secured new contracts with a value of NOK 4.3 billion of which the main portion was awarded during 2nd half of 2020.

The utilisation of the Group's fleet was 78% in 2020 compared to 73% in 2019. The increase in utilisation has been within the Long-term chartering segment, partly offset by a small decrease in the Subsea/IMR Projects segment.

Long Term Chartering segment
The Long-term Chartering fleet was by year-end 9 vessels whereof 7 vessels are PLSVs and 6 vessels are owned via the Joint Venture DOFCON, (50/50 owned by DOF Subsea and TechnipFMC). The Long-term Chartering fleet has achieved a utilisation rate of 91% in 2020 (76%) and had zero vessels in lay-up. The main operational area for the fleet has been in Brazil, but one vessel has operated on firm contract in Argentina and one vessel on firm contract with world-wide operations. One vessel had its long-term contract terminated in May, and has been utilised on short-term contracts since. By year end the backlog for the Long-term Chartering segment was NOK 7.6 billion (NOK 9.6 billion), of which NOK 5.9 billion in the Joint Venture with TechnipFMC. A continuing weak market has further had a negative impact on the vessel values. Total booked impairment in 2020 was NOK 703 million (NOK 463 million) within the Long-term Chartering segment. The Joint Venture with TechnipFMC in Brazil is an important contributor to the Long-term Chartering segment. All 6 vessels in the Joint Venture with TechnipFMC achieved a utilisation above 90% through the year, of which 4 of the vessels are committed on long-term contracts with Petrobras with a remaining duration of the contracts of 3-6 years.

Subsea/IMR Projects segment
By year-end, the Group operated 16 subsea vessels in the Subsea/IMR Projects segment, of which 1 vessel was hired in from an external party and 1 vessel was in lay-up. During the year, 1 vessel experienced cancellation of its contract and was redelivered to the Group. By year-end approximately 1,200 employees were engaged in this part of the business. The Subsea/IMR projects represented 61% of the Group's total revenue in 2020 (management reporting). The Subsea/IMR project activities have been performed from four regions; the Asia-Pacific region, the Atlantic region, the Brazil region, and the North America region. The overall utilisation of the Subsea/IMR Project fleet during 2020 was 71% (72%). Total backlog for the Subsea/IMR Projects segment is NOK 3.7 billion. Since March the subsea markets deteriorated and consequently the vessels values dropped significantly. Total booked impairment in the Subsea/IMR Projects segment in 2020 was NOK 1,875 million (NOK 507 million) reflecting the largest impairment for the Group.

In the Asia-Pacific region various IMR frame agreements were the core activities, in addition to several mooring installations and some diving projects. Two vessels have continued to operate on firm contracts in the Philippines and one outside Australia. The remaining fleet has operated in the project market mainly on short-term contracts and with variable utilisation rates and earnings.

The Atlantic region includes operations in the North Sea, Mediterranean and West Africa where the activities in 2020 mainly have been within the IMR segment on existing infrastructure, FPSO installations and mooring projects. In addition, parts of the fleet have operated on various offshore wind projects. The utilisation rates declined after March, but the region experienced increased activity during 2nd half 2020.

The North America region includes operations in Canada, the US Gulf of Mexico and Guyana. The Group has mainly performed survey and positioning and various vessel services from this region, in addition to supporting the seismic industry. One vessel has operated on a firm contract in Canada, one vessel has operated on project work in Guyana and two vessels have been hired in to support the operations in the US Gulf of Mexico.

The Brazil region include vessels and ROVs on firm contracts. The operations in Brazil have been very challenging after the COVID-19 outbreak. Most of the Group's costs directly related to COVID-19 is from the Brazilian operations. The region has, however, managed to operate the fleet close to normal and successfully protected the employees. During 2nd half of 2020, the activity in Brazil has grown after award of multiple contracts, and with mobilisation during 4th quarter for contracts with start up from December and onwards.

The market

The oil prices and the demand trend remain uncertain, as globally additional lockdown measures continue to be rolled out. However, the arrival of new COVID-19 vaccines and production cuts from OPEC+ countries have brightened the oil market outlook and since year end 2020 the oil price has reached a level above USD 60/ bbl. On the assumption that the activities in the OECD countries will come back to normal by year-end 2021, most analysts predict the oil demand to get back to 100 mb/d in 2022.

The capex cuts in the global offshore industry have been far more than expected, falling by 29% in 2020. Only a few projects were sanctioned, and total investments dropped by approximately USD 140 billion. Most of the oil companies have started to increase their capex budgets and the total number of FIDs (Final investment decisions). According to Rystad Energy, greenfield capex sanctioning is expected to increase by more than 30% in 2021 and 70% in 2022 and 30% in 2023. Brazil and Norway are expected to be the strongest subsea regions over the next three years.

The offshore drilling market with close to 50 rigs being retired from the market in 2020, the sector as a whole is expected to be focused on restructuring through 2021. With the assumption on a successful rebalancing of the market a positive impact on rates should at the earliest be expected in 2022.

The OSV sector remain oversupplied and the outlook for 2021 is negative. As for the drilling sector, most of the companies are focusing on closing ongoing restructuring agreements, including disposal of assets. The utilisation rates are expected to be higher in 2021 versus 2020, but there is high uncertainty on rate levels.

In 2020 the energy transition has become high on the agenda and several of the large oil companies are expected to play a key role as these companies have extensive experience in project management and key technologies. Several "green" contracts have been signed lately and new targets both in terms of CO2 emissions and revenue contributing from green activities have accelerated the energy transition. In addition, various JVs and partnerships have been set up with technological/ industrial companies to reinforce and develop the new competencies. Renewables (Offshore Wind) are expected to surpass oil & gas investments in 2023 and 2024 which may increase demand for AHTS and subsea vessels longer term.

Social and Environmental Sustainability

Having sustainable operations is important for the Group. The successful balance between social, environmental and economic elements allows the Group to develop 'Sustainable Operations'. This ensures that the Group remains commercially feasible, socially acceptable and works within the capacity of the external environment.

The unforeseeable challenges brought by the COVID-19 pandemic resulted in many sustainability-related improvement activities put on hold. However, towards the end of the year, several activities were resumed as the organisation adapted to new ways of working.

The Group acts responsibly and ethically everywhere it operates, and the Group's operations and decisions are guided by the values – Respect, Integrity, Teamwork, Excellence – RITE – and above all we are Safe. This ensures honest, fair and equitable operations, protecting and building the Group's reputation.

'Safe the RITE way' is the guiding philosophy by which the Group safeguards its people, external environment, vessels and subsea assets. 'Safe the RITE way' is the umbrella for the safety program which brings together core values and connects them to strategic areas for sustainable operations.

The Group is guided by the articles of association, the Corporate Governance and Group policies, combined with the Group's Code of Business Conduct, ensuring that the Group's operations consider the interests of all stakeholders.

The Group promotes transparency and standard disclosure of information relating to key sustainability aspects. As part of this, the Group reports according to CDP and the Global Reporting Initiative. Detailed reporting on these matters is included in the sustainability section in the Annual Report.

All the Group companies are certified to ISO 9001:2015, ISO 14001: 2015, and ISO 45001:2018. The certificates are issued at Group (DOF ASA) level, and valid until December 2023.

Employees

The market conditions required the organisation to adapt its capacity and posed a threat to the Group's human capital. At the end of 2020, the headcount in the Group was 1,180 people, of which approximately 17% were women.

786 men and 176 women are under full-time permanent contract. Further distribution is 31 men and 5 women on full-time temporary contract. 78 men and 3 women are self-employed workers. 7 men and 7 women have part-time permanent contract. Finally, 76 men and 11 women are working under part-time temporary contracts.

The market is still challenging with regards to contract terms and rates, and the Board of Directors is continuously monitoring the need for the Group to adapt its capacity. The aim going forward will be to keep the capability to maintain the Group's flexible workforce and to retain core competencies.

Equal opportunities and anti-discrimination
The Group has focus on diversity and strives to create equal opportunities for all employees, regardless of their ethnic background, nationality, descent, colour, language, religion, lifestyle or gender. The Group's 'Equal Employment Opportunity' policy clearly states that the Group is committed to be an equal opportunity employer. This means that all business units within the Group will select and appoint the most suitable person for a position based on their attitude, skills and qualifications. The Group also has a zero-tolerance policy for workplace harassments.

During 2020, a campaign to promote and secure retention of female managers and captains was performed, with communication internally and externally. Several measures such as flexible work hours, and working from home, has been promoted to secure a balanced workforce and to create equal opportunities. This also includes dialogue with labour unions for flexible offshore rotation.

Human Rights and Labour standards
The Group embraces practices consistent with international human rights standards and operates in compliance with fundamental as well as local labour standards. The Group's policies and standards are based on International Labour Organisation (ILO) conventions, and they prohibit any use of forced or child labour. The Group recognises and respects employees' right to freely associate, organise and collectively bargain, and the policies are compliant with working hour requirements as established by local laws.

Several initiatives have been taken during the year to ensure that slavery and human trafficking are not occurring within the supply chain nor in any part of the Group's activities. The Group's human rights and slavery statement is available on the Group's website. In 2020, Amnesty International ranked DOF in the top five global companies based in the Nordics with the best score related to human rights and responsible employer.

Health, safety, and the working environment
Throughout 2020, the Group has experienced several COVID-19 cases among employees. Some cases resulted in hospitalisation, but there have not been any fatalities. Cases have been handled by regional emergency response teams, in close dialogue with the corporate emergency response team and company doctors.

All locations where the Group operates have throughout the pandemic experienced different local measures, with the most severe being lockdowns. The Group has facilitated "working from home" for all onshore employees. There has been regular communication to employees with recommendations for physical and mental well-being. The Group's occupational health service provider has been available for all employees.

The Group strives to improve safety and environmental performance across all worksites, globally. The Group experienced 2 Lost Time Incidents (LTIs) in 2020, which resulted in a Lost time injury frequency rate (LTIFR) of 0.68 LTIs per million man-hours. Combined with 3 Medical Treatment Cases and 1 Restricted Workday Case, the Total recordable injuries rate (TRIR) was 2.03 recordable incidents per million man-hours.

After a saturation dive campaign in Australia in 2017, some of the divers have been diagnosed with potential long-term health effects with various symptoms. The incident has been under investigation by NOPSEMA since 2018 and the Group has in Q2 2020 received a Prosecution Notice as a result of NOPSEMA's investigation. The matter is now before the Australian Courts however no trial date has been set. Any proceedings are not expected to happen until 2022.

The Group's ambition is to be an incident free organisation. Through the 'Safe the RITE way' program, the Group has been able to establish a unified safety culture, as well as a stronger safety cooperation with clients, industry partners and suppliers. The aim for 2020 was to continue to develop the safety program. Going forward, the program will be strengthened by establishing a Safe the RITE way Council, consisting of representatives from executive management and the workforce.

In 2020, absence due to illness has been 0.72 per cent, which is below the Group's target of 3 per cent. The working environment is monitored by various means of activities, including working environment surveys.

Business integrity and ethics
Integrity is the core of multiple aspects of the Group's business model, both from an internal and external perspective. As one of the governing core values, the Group has established integrity training throughout the organisation. This seeks to ensure sound business practices and decisions determined and executed in accordance with the Group's Code of Business Conduct, promoting everyone to display professional competence, due-diligence, confidentiality and professional behaviour in everything we do on behalf of the Group.

A new Ethics Helpline was launched in 2019. The helpline is operated by a third-party company and provides a platform for reporting unacceptable conduct, when normal reporting lines cannot be used. The helpline allows for communication with the reporters even if they prefer to be anonymous, which can be essential during investigations.

Anti-corruption and anti-bribery
The Group has a zero-tolerance policy for bribery and corruption. The Group's policy is to conduct all business in an honest and ethical manner. The Code of Business Conduct sets clear expectations for all employees and is supplemented by internal training.

It is the desire of the Board of Directors that the Group shall be recognised by its high ethical standards. Anti-corruption and anti-bribery measures are regularly evaluated and assessed to ensure that they are aligned with legal requirements and best practice. There have been no confirmed incidents of corruption during 2020.

Compliance with law
The Group acknowledges the importance for its internal and external stakeholders of being a reliable partner, compliance is therefore a key topic for the Group. Compliance with both international and local laws and regulations and industry standards is important for the Group. In 2020, there have been no significant fines or non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area.

External environment
The Group's environmental management system ensures that the operations are effectively managed, and that continuous improvement of environmental performance is achieved. The energy efficiency program of the Group is continuously challenged with the aim to improve environmental performance.

During 2020, the focus on energy efficiency has increased by implementing Key Performance Indicators (KPIs) related to environmental performance, e.g. energy consumption and CO2 emissions. During the year, there have been no major spills to the external environment and no spills that resulted in fines or other non-monetary sanctions from local governments.

Climate change and emissions to the air
The Group has several processes to ensure that direct and indirect climate influencing activities are kept at a minimum and consistent with the Group's overall approach to climate change.

Defining and measuring environmental sustainability and risks associated with the Group's business activities are important. Investments in systems and equipment have been made to record, understand and improve environmental performance. This has been achieved through SEEMP, ISO 14001 and CDP, where the DOF Group achieved a score of A- in 2020.

Through continued focus on technologically advanced vessels and an improved environmental culture on all levels of the organisation, the Group strives to achieve the objective of a reduction in CO2 emissions through reduced fuel consumption.

Continuous improvement of our operations
It is the view of the Board of Directors that continuous improvement helps to reduce risk, improve performance and align ways of working. Through the Group's improvement program, the Group has streamlined and systematised its improvement work. Based on thorough planning, improvement projects have been carried out through the Group's value chain, focusing on standardisation and improved efficiency. The improvement initiatives will continue in 2021.

Risk Management and Compliance
The Group's risk management and internal control are based on the principles in the Norwegian Code of Practise for Corporate Governance. The Board of Director's view is that continuous improvement of the Group's operations in a systematic manner is a necessity in order to manage risks and realise opportunities to ensure efficient operations in line with the stakeholder's expectations.

The Group has established routines for weekly, monthly and quarterly reporting regarding operations, liquidity, financing, investments, HSEQ, HR, taxes and legal performance. Five-year financial forecasts including information on market assumptions are prepared on a regular basis. The Group carries out annually detailed budget processes at all levels. Due to generally challenging markets and the Group's weak financial position, the focus on liquidity, profit or loss forecast control and financial compliance control has been high during the year. The Board of Directors considers the Group's reporting procedures to be satisfactory and in compliance with the requirements on risk management and internal control.

The operational and financial processes are standardised, and the same reporting and control structures are in use for all companies in the Group. These processes are integrated in the Group's ERP system and supported by the Group's policies, guidelines and standards in the Business Management System (BMS).

The Group's due diligence processes have been strengthened in recent years and involve the global competence within legal, finance and CSR. The new vendor evaluation database allows management to assess the suppliers and subcontractors towards the Group's requirements for CSR. The process is built upon UN Global Compact guidelines and ISO standards. The new DOF Workbook is the foundation for all the training in the years to come. The modules have a holistic approach and will be the centre of compliance for all our activities as well as the Group stakeholders' expectations for DOF to be a leading company, aligning its activities with the UN's sustainability development goals.

Investment in modern communication tools has enabled global alignment to streamline the organisation, allowing further development of our human and organisational capital.

Shareholders & the Board

The share capital of the Company by year-end 2020 was NOK 1,673,531,996, divided by 167,352,762 number of shares.

DOF ASA owns 100% of the shares in DOF Subsea AS.

In the Annual Shareholders Meeting in May, Hans Olav Lindal was elected as the Chairman of the Board and replaced Helge Møgster who had served as Chairman for 18 years in the Company. In addition, Marianne Møgster replaced Hilde Drønen as Director of the Board and Harald Thorstein was elected as new Director of the Board in 2020.

Corporate Governance

The Group's Corporate Governance is based on principles established in the Norwegian Code of Practice for Corporate Governance, available at www.nues.no. The parent company DOF ASA prepare the Corporate Governance report for the Group. DOF Subsea is aligned and follow principles presented in DOF ASA's Corporate Governance report. The DOF ASA Group's Corporate Governance Policy is a governing document containing measures which are continuously implemented to secure efficient management and control of the Group's activities. The main objective is to ensure that the business is operated in an equitable and profitable manner for the benefit of shareholders and other stakeholders. The development and improvement of the Group's Corporate Governance is a continuous and important process on which the Board of Directors and the Executive Management keep a keen focus. Both operational and financial processes are standardised, and the same reporting and control structures are in use for all companies within the Group. These processes are integrated in the Group's ERP system and supported by Group policies, guidelines and standards in the Business Management System. To strengthen the awareness surrounding the Groups compliance activities, the DOF Workbook is established with supporting materials such as training programs and E-learning modules. Every year, the Management carries out a detailed and thorough budgeting process at all levels of the organisation.

The next year's budget is submitted to and approved by the Board of Directors. The Board of Directors receives weekly, monthly and quarterly operational and financial reports, including information on investments, financing, cash flow, liquidity, HSEQ, HR, Tax and Legal performance. In addition, financial forecast and information of assumptions are received on a regular basis.

The Board of Directors is of the opinion that the Group's reporting procedures and quality are at a high standard and sufficient to fulfil the requirements of the Board of Directors for risk management and financial control. The Board of Directors has appointed an audit committee for the Group. The primary purpose of the Audit Committee is to assist the Board of Directors in monitoring the Group's internal control of the risk management, financial control and reporting. This includes but is not limited to:

- all critical accounting policies and practices,
- quality, integrity and control of the Group's financial statements and reports,
- compliance with legal and regulatory requirements,
- qualifications and independence of the external auditors and
- performance of the internal audit function and external auditor.

The external auditor present to the audit committee the audit plan for the audit of the Groups and the Company's financial statements. Furthermore, after the audit has been performed the external auditor present to the audit committee a summary and result of the audit performed. From 2021, there will no longer be a separate audit committee for the DOF Subsea Group. Going forward, the audit committee in DOF ASA Group will replace the function the audit committee had in DOF Subsea Group.

The Group's internal audit function covers the Group's value chain, including business support functions. The purpose of the internal audits is to make sure that the Group follows internal policies, guidelines, standards, processes and statutory requirements. Internal audits of the Group's operations are carried out based on risk analysis. Management reviews are undertaken by Corporate and the regional senior management to ensure that the quality and effectiveness of the Business Management System is maintained. Through these reviews, the management aims to:

- improve Safety Performance,
- improve the quality, environmental and safety management systems,
- improve products and services related to customer needs and requirements,
- ensure that resource allocation is effective,
- establish key business objectives

and performance indicators and
- determine needs for process or product audits.

During the year management reviews have been challenging to perform, due to the COVID-19 situation and travel restrictions, but review and follow-up of all regions has been carried out continuously through the year. For further details on Corporate Governance, see the Corporate Governance section of the Annual Report for DOF ASA.

Financial performance

Group revenue in 2020 totalled NOK 3,984 million (NOK 3,946 million), with an operating profit before depreciation and finance (EBITDA) of NOK 1,661 million (NOK 1,201 million). The improved EBITDA versus 2019 is mainly related to a strong USD towards NOK and BRL, terminations fees of NOK 110 million on cancelled contracts, improved earnings from the Joint Venture with TechnipFMC and the subsea regions.

Operating profit (EBIT) amounted to NOK -1,260 million (NOK -161 million) and has been highly impacted by impairment of in total NOK 2,471 million (NOK 797 million). In addition, the impairments in the JV amount to NOK 121 million (NOK 219 million). The basis for the impairment is fair market values received from independent broker companies and value in use (VIU) calculations. The drop in the fair market values for the Group's fleet has been 24% in 2020. Based on increased financial risk for the Group, the assumptions for the VIU calculations have been evaluated regularly through the year. High volatility in currencies has further impacted the book values and VIU calculations.

Net financial items in 2020 totalled NOK -852 million (NOK -669 million), of which net interest costs represented NOK -632 million (NOK -539 million) and net currency loss and changes in fair value of financial instruments amounted to NOK -221 million (NOK -130 million).

Taxes amounted to NOK -126 million (NOK -301 million).

The Group reported a loss for 2020 of NOK -2,237 million (NOK -1,130 million) and adjusted for other comprehensive income the net result was NOK -2,259 million (NOK -1,039 million).

The consolidated balance sheet at year-end 2020 totalled NOK 12,806 million (NOK 15,152 million). Due to continued challenging markets and an unsustainable financial position for the Group, the values of the Group's assets have dropped substantially. Hence, impairments and depreciations represent the main difference in booked tangible assets from 2019 to 2020. Non-current assets including vessels, subsea equipment and investments in associated companies and joint ventures totally NOK 10,342 million (NOK 13,091 million). The Group's deferred tax asset totalled NOK 9 million (NOK 4 million) and the goodwill has been impaired to zero from NOK 85 million in 2019. Total Current assets are NOK 2,464 million (NOK 2,062 million) of which cash and cash equivalents represent the largest increase. The main reasons for the increase are the effects from the standstill agreements including full waiver of interest payments and instalments for the vast majority of the long term debt applicable from 2nd quarter 2020.

The Group's booked equity by year end 2020 is NOK 2,433 million (NOK 4,697 million). The annual report is prepared on the assumption of going concern due to signed standstill agreements with the Group's creditors.

The Group reported net interest-bearing debt of NOK 7,807 million (NOK 8,528 million) as of 31st of December 2020. Current liabilities totals NOK 10,042 million (NOK 9,869 million), of which NOK 9,258 million (NOK 9,195 million) represent interest-bearing debt where restructuring proposals have been discussed since 2nd half 2019. As a consequence of that a long-term refinancing solution is not yet in place, the relevant interest-bearing debt was reclassified as short-term in 4th quarter 2019. Since 2nd quarter 2020, the Group has agreed standstill agreements with its secured and unsecured lenders also including the BNDES facility. Hence, the BNDES facility was reclassified as short-term after 2nd quarter 2020.

The Group's net cash flow from operating activities was NOK 881 million (NOK 214 million), effected by approximately NOK 290 million in deferred interest payments due to the standstill agreements. The net cash flow from investments activities was NOK 112 million (NOK 416 million) of which NOK -119 million (NOK -122 million) represent main class renewals and conversions of vessels, and NOK 300 million (NOK 599 million) mainly include repayment of shareholders loan from the Joint Venture with TechnipFMC. Cash flow from financing activities was NOK -205 million (NOK -807 million) of which NOK -435 million (NOK -807 million) represent instalments on debt. Net changes in cash and cash equivalents for the year was NOK 788 million (NOK -177 million). The Group's cash has been significantly impacted by losses of in total NOK -392 million (NOK -31 million) due to high volatility in FX rates, see further information in note 18 to the accounts.

Parent company financial statements
The parent company financial statements for 2020 show a revenue of NOK 99 million (NOK 88 million) and an operating profit of NOK -33 million (NOK -3 million). Net financial items are NOK -2,216 million (NOK -1,609 million) and are impacted, as in the

Consolidated profit or loss

Amounts in NOK million	2020	2019	Change
Operating income	3 984	3 946	1%
EBITDA	1 661	1 201	38%
Depreciation and impairment	-2 921	-1 362	-114%
EBIT	-1 260	-161	-683%

previous year, by impairment on investments in subsidiaries and associates of NOK -1,531 million (NOK -1,051 million). Losses before taxes were NOK -2,250 million (NOK -1,612 million) and losses for the year were NOK -2,339 million (NOK -1,709 million).

The parent company's balance sheet as of 31st of December 2020 totals NOK 3,917 million (NOK 6,102 million), of which booked equity totalled NOK 415 million (NOK 2,753 million).

Financing and capital structure

The Group's interest-bearing debt by 31st of December 2020 comprise secured debt of NOK 5,987 million and unsecured bonds of NOK 2,554 million. The majority of the secured debt represent funding from Export Credit institutions (mainly GIEK and Export Credit) and reputable European banks. The vessel owned by DOF Subsea Servicos Brasil Ltda. is financed by BNDES.

The Board and Management have, since the second quarter of 2019, been working on a long-term refinancing solution for the Group which includes discussions with secured lenders and the bond holders.

The refinancing discussions have continued into 2020 and are still ongoing. Since 2nd quarter 2020 the Group has agreed on standstill agreements (including full waiver of financial covenants, interest payments and instalments) with its lenders. The current standstill agreements are applicable until the 30th of April 2021 with 88% of the secured lenders within the Group. The Group has imposed unilateral standstill to the secured lenders not participating in the standstill agreements. The DOF Subsea standstill agreements further assume payment of principal and interest of a NOK 100 million extraordinary credit facility provided by certain lenders in March 2020. One of the DOF Subsea secured lenders has requested repayment of approximately USD 46 million and has enforced account pledge on the earnings account for the relevant vessel. Another secured lender has enforced account pledge for one loan facility in DOF Subsea. The Joint Venture with TechnipFMC is not part of the restructuring of the Group and serves the debt according to the terms in the relevant loan facilities. However, the Joint Venture with TechnipFMC has applied for the use of grace periods where applicable under its loan facilities in Brazil as part of the Brazilian governmental incentive package.

The bondholders in DOFSUB07, DOFSUB08 and DOFSUB09 have further accepted a standstill until the 31st of March and an ad-hoc group of bondholders may extend the standstill until the 30th of June. By March the ad-hoc group has approved an extension of the standstill until 30th of April.

During 1st quarter the Group sign a 4-year restructuring agreement with BNDES including soft amortisation until end 2023 for the one facility in DOF Subsea Servicos Brasil Ltda. Due to several disruptive events in 1st quarter, and as part of a governmental package in Brazil, standstill agreements for the period from July until December were agreed with BNDES. The standstill agreements have in January been extended until June 2021.

The Group's financial position is not sustainable, and a long-term financial solution is necessary to continue as going concern. Due to the ongoing debt restructuring of the Group, the vast majority of the Group's secured- and unsecured debt are classified as current debt. This classification is based on that standstill agreements for debt service with the banks and bondholders are less than 12 months.

The Group will continue the dialogue with its creditors to secure a long-term financial solution for the Group. Various debt restructuring proposals have been discussed with the secured lenders and the bondholders. The proposals include comprehensive restructuring of the Group's balance sheet, including conversion of debt.

Risk

Financial and liquidity risk

The Group is exposed to financial and liquidity risk through its operations and periodical maintenance of existing vessels and the requirement for refinancing.

The Group has executed a substantial newbuilding programme in the period from 2010 to 2019 and has

Consolidated balance sheet

Amounts in NOK million	31.12.2020	31.12.2019	Change
Non-current assets	10 342	13 091	-21%
Cash and cash equivalents	1 330	934	42%
Equity	2 433	4 697	-48%
Net interest bearing debt	7 807	8 528	-8%

historically achieved satisfactory long-term financing of its newbuildings. However, a sustained weak market since 2014 has increased the refinancing risk for the Group significantly, and the Group has since 2019 experienced that regular refinancing has been more or less impossible. The increased ESG requirements have in 2020 become an additional refinancing risk as several banks are more reluctant to provide funding to the oil and gas sector.

The Norwegian high yield bond market and the equity market were until 2018 an important financing resource for the Group. However due to the depressed market and several debt-restructurings within the OSV segment, both the bond and equity market are practically closed.

Currency risk

The Group operates globally and is exposed to foreign exchange risk arising from various currency exposures, mainly with respect to USD towards NOK and BRL, but is also exposed to AUD, CAD, EUR and GBP. Foreign exchange risk arises from future commercial transactions, contractual obligations (assets), liquidity positions, liabilities and investments in foreign operations. The Group aims to achieve a natural hedge between cash inflows and cash outflows to secure the debt funding in equivalent currency as the committed earnings from the charter contracts, and further to manage the remaining foreign exchange risk arising from commercial transactions, through forward contracts and similar instruments as appropriate. However, due to the current financial position for the Group, entering into forward contracts or commercial transactions have become more challenging. Hence, the Group's liquidity risk has increased if the currencies fluctuate. To partly offset this risk, the Group has converted most of the debt denominated in NOK to USD.

Interest rate risk

The Group is exposed to changes in interest rates as parts of the Group's liabilities have a floating rate of interest. The Group has reduced its interest rate exposure by entering into interest rate swap agreements. Due to the current financial position of the Group, entering into new interest rate swaps have become more challenging. Hence, the Group's interest rate risk has increased.

Of the Group's total long-term debt, 59% has a fixed rate of interest. This includes financing via BNDES, GIEK/ Export Credit Norway and one bond loan (DOFSUB08).

Credit risk

The Group's credit risk has historically been low as the Group's customers traditionally have had good financial capability to meet their obligations and have high credit ratings. The sustained challenging market situation has resulted in changes to the credit ratings for some of the Group's customers, and thereby increased the credit risk. Historically, the portion of receivables not being collectable has been low.

Market and price risk

The Group is exposed to cost increases in general, including conversions and maintenance of vessels. The majority of the Group's conversions and main class renewals are done at fixed prices with the yards. The Group further attempts to reduce price risk by signing contracts with suppliers with the necessary financial strength and expertise to complete projects in accordance with agreements.

The Group is exposed to market fluctuations which have resulted in low utilisation and have put pressure on earnings for the Group's vessels and services. The Group's strategy is still to focus on long-term contracts for its fleet, however, during the last five years most of the clients prefer shorter term contract renewals. The Group has further experienced cancellation of long-term contracts in 2020. The Group's utilisation rate of 78% in 2020 is high compared to peers, however the majority of the contract renewals have been at lower rates than the old contracts.

Tax risk

The Group has a global organisation and operate vessels and subsea services in several different tax jurisdictions. The income and profit from these operations are subject to income taxes and judgment may be involved when determining the taxable results. Tax authorities in different jurisdictions may challenge the calculation of taxes payable from prior periods through tax audits. Several tax audits have been conducted over the last couple of years, where some of the tax claims are disputed by the Group, ref note 3 'Accounting estimates and assessments'. In general, attention from tax authorities is increasing, and the trend is that each individual country has increased focus on protecting their tax base.

Going concern

The annual report is prepared on the assumption of going concern. The Group's financial position is not sustainable and standstill agreements with the majority of the Group's creditors have continued since 2nd quarter 2020. The Group is dependent on a robust refinancing solution and has presented a debt restructuring proposal to the secured lenders and bondholders. The refinancing proposal currently discussed include a comprehensive restructuring of the Group's balance sheet which include softer terms and conversion of debt. The dialogue with the lenders is constructive, but a refinancing solution is not yet in place. The Group is dependent on continued standstill agreements with its creditors until a long-term financial solution is agreed to maintain as going concern.

Profit & loss allocation

The parent company financial statements have a loss for the year of NOK -2,339 million. The Board of Directors proposes to allocate the loss to share premium, other paid-in capital and other equity.

The consolidated financial statements have a loss for the year of NOK -2,237 million, and total comprehensive loss of NOK -2,259 million, of which NOK -50 million is attributed to non-controlling interests and NOK -2,209 is allocated to other reserves.

Events after balance sheet date

On the 29th of January the Group agreed to extend the standstill agreements with the secured lenders representing in total 91% of the secured debt of DOF ASA and its subsidiaries and in total 88% of the secured debt of companies within the DOF Subsea AS Group (excluding the Joint Venture with TechnipFMC and DOF Subsea Brasil Servicos Ltda).

The stand-still from BNDES to DOF Subsea Brasil Serivicios Ltda. has in January been extended to 10th June 2021 for the vessel Skandi Salvador.

In a bondholder meeting on the 1st of February a proposal to extend the standstill period until the 31st of March received 99.17%, 100% and 100% of the votes in DOFSUB07, DOFSUB08, and DOFSUB09. The approval includes that the Ad-hoc group of bondholders has the option to extend the standstill period until the 30th of June 2021. By March the ad-hoc group has approved an extension of the standstill until 30th of April.

Outlook

The challenging markets are expected to continue in 2021. There are signs of increased activity from 2022, however the timing of a recovery is highly uncertain. Hence, future earnings and asset values are difficult to forecast. Continued weak markets will increase the risk for reduced earnings and further strain the Group's financial position. If a robust long-term refinancing solution is not achieved, thus the Group cannot be treated as going concern which will require additional impairments of the Group's assets.

The Group will maintain its strategy to secure the fleet on term contracts and the majority of the Group's high-end vessels are committed on firm contracts. The DOFCON PLSVs represent the largest portion of the Group's backlog.

As mentioned above the Group has entered into standstill agreements with the majority of its lenders and debt restructuring proposals are currently being discussed. The proposals currently discussed include a comprehensive restructuring of the Group's balance sheet including conversion of debt. The dialogue with the lenders is constructive, but a refinancing solution is not yet in place. The Group is dependent on continued standstill agreements with its creditors until a long-term financial solution is agreed to maintain as a going concern.

The Company emphasises that the information included in this annual report contains certain forward looking statements that address activities or developments that the Company anticipates will or may occur in the future. The statements are based on assumptions and estimates, and some of them are beyond the Company's control and therefore subject to risks and uncertainties.

The Board of Directors are thankful for the effort from all employees in 2020.

Bergen, April 7th, 2021
The Board of Directors of DOF Subsea AS

Hans Olav Lindal Chairman	**Helge Singelstad** Deputy Chairman	**Marianne Møgster** Director
Kathryn M. Baker Director	**Harald Thorstein** Director	**Mons S. Aase** CEO

Financial Statements DOF Subsea Group

DOF Subsea Group

Amounts in NOK million

Consolidated statement of comprehensive income

	Note	2020	2019
Operating revenue	4, 5	3 984	3 946
Payroll expenses	6	-1 371	-1 415
Other operating expenses	7	-1 529	-1 573
Share of net income from associates and joint ventures	29	573	240
Profit from sale of non-current assets	12	3	4
Operating profit before depreciation and impairment (EBITDA)	4	**1 661**	**1 201**
Depreciation and impairment	11, 12,14	-2 921	-1 362
Operating profit (EBIT)		**-1 260**	**-161**
Financial income	8	58	76
Financial expenses	8	-690	-615
Realised net gain / loss on derivative instruments and currency position	8	-465	-21
Unrealised net gain / loss on derivative instruments and currency position	8	244	-109
Net financial income / loss	8	**-852**	**-669**
Profit / loss before tax	4	**-2 112**	**-830**
Income tax expense	9	-126	-301
Profit / loss for the year		**-2 237**	**-1 130**
Other comprehensive income net of tax			
Items that may be subsequently reclassified to profit / loss			
Currency translation difference (CTA)		25	21
Share of other comprehensive income of associates and joint ventures	29	-47	66
Other		-	-
Items that will not be reclassified to profit / loss			
Defined benefit plan actuarial gains / losses		-	4
Other comprehensive income / loss net of tax		**-22**	**92**
Total comprehensive income / loss for the year net of tax		**-2 259**	**-1 039**
Profit / loss attributable to			
Non-controlling interests	28	-50	-13
Owners of the parent	28	-2 187	-1 118
Total comprehensive income / loss attributable to			
Non-controlling interests	28	-50	-13
Owners of the parent	28	-2 209	-1 026
Earnings per share			
Basic and diluted earnings per share (NOK)	10, 19	-13.07	-6.68

DOF Subsea Group

Amounts in NOK million

Consolidated statement of financial position

Assets	Note	31.12.2020	31.12.2019
Tangible assets	12, 14	7 696	10 542
Goodwill	11	-	85
Deferred tax asset	9	9	4
Investments in associates and joint ventures	29	2 391	1 859
Non-current receivables	13, 15, 23	246	600
Total non-current assets		**10 342**	**13 091**
Trade receivables	16	628	618
Other current receivables	17, 26	485	509
Current receivables		**1 113**	**1 127**
Restricted cash	18	118	137
Unrestricted cash and cash equivalents	18	1 212	797
Cash and cash equivalents		**1 330**	**934**
Asset held for sale		20	-
Total current assets included assets held for sale		**2 464**	**2 062**
Total assets		**12 806**	**15 152**

DOF Subsea Group

Amounts in NOK million

Consolidated statement of financial position

Equity and liabilities	Note	31.12.2020	31.12.2019
Paid-in equity	19	1 674	2 753
Other equity		650	1 779
Non-controlling interests	28	109	165
Total equity		**2 433**	**4 697**
Bond loans	20	-	-
Debt to credit institutions	20	-	256
Lease liabilities	14, 20	272	325
Other non-current liabilities	6, 9, 23	59	6
Total non-current liabilities		**331**	**587**
Current portion of debt	20	9 258	9 195
Trade payables	21	385	384
Other current liabilities	9, 22, 23, 26	400	291
Total current liabilities		**10 042**	**9 869**
Total liabilities		**10 373**	**10 456**
Total equity and liabilities		**12 806**	**15 152**

Bergen, 7th of April 2021
The Board of Directors of DOF Subsea AS

Hans Olav Lindal
Chairman

Helge Singelstad
Deputy Chairman

Marianne Møgster
Director

Kathryn M. Baker
Director

Harald Thorstein
Director

Mons S. Aase
CEO

DOF Subsea Group

Amounts in NOK million

Statement of changes in equity

Changes in equity	Share capital	Share premium	Other paid-in capital	**Paid-in equity**	Retained earnings	Currency translation differences	**Other equity**	Non-controlling interests	**Total equity**
Equity at 01.01.2020	1 674	540	540	**2 753**	1 715	63	**1 779**	165	**4 697**
Profit / loss for the year	-	-	-	**-**	-2 187		**-2 187**	-50	**-2 237**
Other comprehensive income net of tax	-	-	-	**-**	-47	25	**-22**	-	**-22**
Total comprehensive income net of tax	-	-	-	**-**	-2 234	25	**-2 209**	-50	**-2 259**
Re-allocation of paid-in capital	-	-540	-540	**-1 080**	1 080	-	**1 080**	-	**-**
Changes in non-controlling interests	-	-	-	**-**	-	-	**-**	-6	**-6**
Equity at 31.12.2020	1 674	-	-	**1 674**	561	88	**650**	109	**2 433**
Equity at 01.01.2019	1 674	540	2 130	**4 344**	1 155	42	**1 197**	194	**5 735**
Profit / loss for the year	-	-	-1 590	**-1 590**	472	-	**472**	-13	**-1 130**
Other comprehensive income net of tax	-	-	-	**-**	70	21	**92**	-	**92**
Total comprehensive income net of tax	-	-	-1 590	**-1 590**	542	21	**562**	-13	**-1 039**
Reclassifications of non-controlling interests	-	-	-	**-**	17	-	**17**	-17	**-**
Equity at 31.12.2019	1 674	540	540	**2 753**	1 715	63	**1 779**	165	**4 697**

DOF Subsea Group

Amounts in NOK million

Consolidated statement of cash flows

	Note	2020	2019
Operating profit (EBIT)		-1 260	-161
Depreciation and impairment	12	2 921	1 362
Profit from sale of non-current assets	12	3	-4
Share of net income of associates and joint ventures	29	-573	-240
Change in trade receivables		10	13
Change in trade payables		1	-22
Changes in other working capital		101	-49
Exchange rate effect on operating activities		30	-146
Cash flow from operating activities		**1 214**	**755**
Interest received		35	65
Interest and other finance cost paid		-290	-573
Tax paid		-77	-33
Net cash flow from operating activities		**881**	**214**
Sale of tangible assets	12	3	5
Purchase of tangible assets	12	-146	-188
Purchase of intangible assets		-45	-
Net cash flows from other non-current receivables		300	599
Cash flow from investing activities		**112**	**416**
Proceeds of non-current debt	20	230	-
Installments on non-current debt	20	-435	-807
Payments to non-controlling interests		-	-
Cash flow from financing activities		**-205**	**-807**
Net change in cash and cash equivalents		**788**	**-177**
Cash and cash equivalents, included restricted cash, at 01.01	18	**934**	**1 142**
Exchange rate effect on cash and cash equivalents		-392	-31
Cash and cash equivalents, included restricted cash, at 31.12	18	**1 330**	**934**

Restricted cash at 31.12.2020 is NOK 118 million (NOK 137 million) and is in included in Cash and cash equivalents. Changes in restricted cash is reflected in the cash flow. For further information about restricted cash, please refer to note 18 `Cash and cash equivalents`. Restricted cash of NOK 145 million has been presented net of debt to credit institutions and are included in the installments of non-current debt. For further information, please see note 20 `Interest-bearing debt`.

Proceeds of non-current debt includes the NOK 100 million emergency liquidity facility establish in March 2020 and NOK 130 million loan established in March 2020 for not settled foreign exchange derivatives.

DOF Subsea Group

Contents

Notes to the Consolidated Financial Statements

1. Corporate information and going concern

Corporate information

DOF Subsea AS, the Company, is a limited liability company registered in Norway. The Company's head office is located at Thormøhlensgate 53 C, 5006 Bergen, Norway.

The Company is owned by DOF ASA as a sole shareholder with 100% ownership stake on 31st of December 2020.

DOF Subsea AS is the parent company in the DOF Subsea Group exercising control over a number of subsidiaries. The Company also holds investments in associates and joint arrangements.

The vision of the Group is to be a trusted and leading partner delivering services globally for a sustainable utilisation of offshore energy and other subsea resources.

The DOF Subsea Group has two business segments, Subsea/IMR Projects and Long-term Chartering. In these segments, the Group provides integrated subsea and marine services to the world's offshore energy producers.

Integrating project management capabilities with high end subsea vessels creates long-term client relationships, broader market opportunities and, reduces overall risk. The Group's two segments: vessels and personnel working in the Subsea/IMR Projects segment and the vessels chartered to third-party companies in the Long-term Chartering segment, increases the Group's access to market opportunities and reduces risk. The vessels are divided into three categories: Multi-Purpose Support Vessels, Multi-Purpose Anchor Handler Vessels, and Construction Support Vessels. The Group also owns a fleet of ROV assets and other subsea equipments and has over 15 years' experience providing ROV and intervention services to the energy industry worldwide. The ROVs are available on DOF Subsea operated vessels or as supplementary support on any offshore vessel.

The financial report is divided into the Group financial statements and the Parent Company financial statements.

Going concern

In accordance with IAS 1.25, the Board of Directors confirms that the financial statements have been prepared under the assumption of going concern. However, the recent events described below give rise to significant doubt on the Group and the Company's ability to continue as going concern.

The Group's financial position is not sustainable. Standstill agreements with the majority of the Group's creditors have continued since Q2 2020. The Group is dependent on a robust refinancing solution and has presented a debt restructuring proposal to the secured lenders and bondholders. The refinancing proposal currently discussed include a comprehensive restructuring of the Group's balance sheet which include softer terms and conversion of debt to equity. The dialogue with the lenders is constructive, but a refinancing solution is not yet in place. The Group is dependent on continued standstill agreements with its creditors until a long-term financial solution is agreed to maintain as going concern.

If the Group cannot be treated as going concern, the valuation of the Group's assets will be further revised. Valuation of asset without the going concern assumption will result in further impairment of the Group's assets.

2. Financial risk management

Financial risk factors

The Group is exposed to various types of financial risk relating to its ongoing business operations: Market risk (including foreign exchange risk, interest rate risk and price risk), credit -and liquidity risk, capital structure risk and tax risk. The Group's overall risk management seeks to minimise potential adverse effects of the Group's financial performance.

The Group has had a policy to partly hedge interest rate risk and foreign exchange risk, however the financial situation limits the Group in this respect. This will increase the interest risk and foreign exchange risk going forward.

Foreign exchange risk

The Group operates globally and is exposed to foreign exchange risk arising from various currency exposures, mainly with respect to USD, BRL, AUD, EUR and GBP. The Group's presentation currency is NOK. Foreign exchange risk arises when future commercial transactions, contractual obligations (assets), liabilities and investments are in different currencies than the presentation currency. The Group aims to achieve a natural hedge between cash inflows and cash outflows and manages remaining foreign exchange risk through forward contracts and similar instruments as appropriate. However, due to the current financial position of the Group, entering into new forward contracts have become more challenging. Hence, the Group's foreign exchange risk has increased.

Hedging of foreign exchange exposure is evaluated on a net basis.

Foreign exchange rate changes in receivables, liabilities and currency swaps are recognised as a financial income/expense in the profit and loss statement. Fluctuation in foreign exchange rates will therefore have an effect on the future results and balances.

The Group has a significant amount of liabilities denominated in USD. In conducting the foreign exchange rate sensitivity analysis, a hypothetical change in exchange rates of 10%, 20% and 30% against NOK has been used. Included in 'Liabilities' below are USD debt to financial institutions and bondholders, and CAD debt to financial institutions.- The Group's has subsidiaries with USD debt, where the subsidiary's functional currency is BRL. The effect of change in BRL to USD is included in the sensitivity analysis below. As the Group has a material investment in a joint venture company which has USD as functional currency, this is included in the sensitivity analysis.

Amounts in NOK million

	Appreciation			Depreceation		
	10%	20%	30%	10%	20%	30%
Liabilities in currency	501	1 002	1 502	-501	-1 002	-1 502
Investment in joint venture	-233	-466	-698	233	466	698
Net effect	268	536	804	-268	-536	-804

Currency effects on other liabilities are not included in the above sensitivity analysis. A significant portion of the Group's operating income is denominated in USD. A depreciation of NOK against USD will over a longer period have a positive impact on the Group's future earnings and cash in NOK. Current receivables and liabilities excluding short portion of long-term debt are often in the same currency and are normally due within 30 - 60 days. Over the last years the Group has experienced that payment terms on some receivables have been extended.

Interest rates risk

The Group's debt arrangements are both at floating and fixed interest rates. Movements in interest rates will have effects on the Group's cash flow and financial condition. The Group's policy is to maintain parts of its debt at fixed interest rates.

In addtion to fixed interest loans, the Group manages its interest risk by using floating-to-fixed interest rate swaps. Such interest swaps have the economic effect of conversion from floating interest rates to fixed interest rates. Through interest rate swaps, the Group agrees with other parties to exchange, at specified intervals the difference between fixed interest rates and floating interest rates calculated by reference to the agreed amounts. Due to the current financial position of the Group, entering into new interest rate swaps have become more challenging. Hence, the Group's interest rate risk has increased.

The long-term funding of the Group's vessel built in Brazil is secured at fixed interest rates for the entire duration of the loans. The portion of long term debt secured with fixed rate of interest is 59% per year-end and this includes financing via BNDES and GIEK/Export Credit Norway.

The Group has an interest risk in the change in value for the interest rates swaps. In accordance with IFRS, the Group provides information about the potential risk with a sensitivity analysis. The table below shows the change in Mark-to-market (MTM) on interest rate swaps at year-end with an increase and decrease of 100bps in 2020.

Amounts in NOK million

2020 figures	100bp decrease	100bp increase
NOK		
Interest rate swaps	25	-26

Price risk

The Group is exposed to price risk at two main levels:

- The demand for the Group's vessels is sensitive to changes in the oil industry, for example oil price movements, exploration and general activity level within the offshore energy industry. This affects both the pricing and the utilisation of the Group's assets.

- The costs of construction and maintenance of assets and replacements of assets are sensitive to changes in market prices.

The Group attempts to reduce price risk by long-term contracts and frame agreements with key suppliers.

The Group is exposed to market fluctuations which may result in lower utilisation and reduced earnings for the Group's vessels and services. Attempts are made to reduce this risk by entering into contracts that secure long-term charters for the main portion of the fleet. The market has remained challenging in both segments where the Group operate and has negatively impacted the earnings and utilisation of the Group's fleet. Also, the counter-party risk has increased and contracts may be cancelled or not renewed if a sustained challenging market situation continues.

Credit and Liquidity risk

Credit and liquidity risk arise from cash and cash equivalents, derivatives, financial instruments and deposit with banks as well as payment terms towards clients and suppliers. Liquidity risk management implies maintaining sufficient cash and marketable securities, and to maintain available funding through committed credit facilities. The Group has a policy of limiting the credit exposure to any single financial institution and bank, and actively manages its exposure in order to achieve this. To have available liquidity in all subsidiaries at all times might be challenging due to challenging market conditions, and inter-company debt may be put in place to secure satisfactory operations in all regions.

The Group's credit risk has historically been low as the Group's customers traditionally have had good financial capability to meet their obligations and have had high credit ratings. The sustained challenging market situation has resulted in changes to the credit ratings for some of the Group's customers, and thereby increased the credit risk. Historically, the portion of receivables not being collectable has been low. The impacts from COVID-19 and oil price may increase the credit risk going forward.

Liquidity risk management implies maintaining sufficient cash, marketable securities, available funding through committed and uncommitted credit facilities and ability to close market positions. The significant weakening, in the range of 20%-30%, of NOK against other currencies in 2020, had a significant negative impact on available cash in the Group's cash pool. For further information about cash and cash management, see note 18 'Cash and cash equivalents'.

A short-term liquidity loan of NOK 100 million was secured as part of the Group's discussions with its secured lenders. This loan, together with current waivers of interest payments and installments (the standstill agreements), covers the Group's short-term liquidity needs. In addition, all main financial covenants have been waived. The Group initiated a process to secure a long-term refinancing solution for the Group in 2019, however after the disruptive events in 1st quarter 2020, standstill agreements were agreed in 2nd quarter to secure sufficient liquidity for the Group. The Group is dependent on extension of the existing standstill agreements until a long-term refinancing solution has been agreed.

The Group has routines to report cash flow forecasts on a regular basis in order to monitor the Group's future cash position.

Capital structure and equity

The main objective when managing the Group's capital structure is to ensure that the Group is able to sustain an acceptable credit rating and thereby achieve favorable terms and conditions for long term funding which is suitable for the Group's operation and growth. The Group manages its own capital structure and carries out all necessary amendments to the capital structure, based on continuous assessments of the economic conditions under which the operations take place and the short and medium to long-term outlook.

The restructuring of the Group's long-term debt is ongoing and standstill agreements have been agreed until 30 April 2021 with 88% of the secured lenders within the DOF Subsea Group. The standstill agreements do not include the JVs (DOFCON). The DOF Subsea standstill agreements further assume payment of principal and interest of a NOK 100 million credit facility provided by certain lenders in March 2020. The relevant Group companies have imposed unilateral standstill to the secured lenders not participating in the standstill agreements. One of the DOF Subsea secured lenders has requested repayment of approximately USD 46 million and has enforced account pledge on the earnings account for the relevant vessel. Another secured lender has enforced account pledge for one loan facility in DOF Subsea. The bondholders in DOFSUB07, DOFSUB08 and DOFSUB09 have further accepted a standstill until the 31 March. An Ad-hoc group of bondholders can extend the standstill until the 30 June. By March the ad-hoc group has approved an extension of the standstill until 30th of April.

During 1st quarter the Group signed a 4-year restructuring agreement with BNDES for the Brazilian subsidiary including soft amortisation until end 2023. The DOFCON JV has not applied for a general standstill, but has applied for use of grace periods, where applicable, under its loan facilities in Brazil. For the BNDES facilities, a standstill agreement has been agreed since June 2020 and is applicable until June 2021. The BNDES standstill agreement is part of a governmental package in Brazil due to COVID-19.

The Group's financial position is not sustainable, and a long-term financial solution is necessary to continue as going concern. Due to the ongoing debt restructuring of the Group, the vast majority of the Group's secured and unsecured debt has in accordance with IFRS, been classified as current debt as per 31st of December 2020. This classification is based on that standstill agreements for debt service with the banks and bondholders are less than 12 months. The Group will continue the dialogue with its creditors to secure a long-term financial solution for the Group. Various debt restructuring proposals have been discussed with the secured lenders and the bondholders. The proposals include comprehensive restructuring of the Group's balance sheet, including conversion of debt.

The Board and Management still believes that a long-term solution is achievable, however no assurance can be given at this time.

Amounts in NOK million

2020 figures	
Interest-bearing debt	9 234
Interest-bearing assets non-current (sub-lease)	97
Restricted deposits	118
Cash	1 212
Net interest bearing debt	7 807
Total equity	2 433
Total equity and net debt	10 240
Debt ratio	76.%

3. Accounting estimates and assessments

Valuations, estimates and assumptions with a significant effect on the financial statements are summarised below:

Debt to credit institutions and bondholders

Debt to credit institutions and bondholders have been presented as current debt as result of not having a long-term financial solution in place or waivers covering more than 12 months after balance sheet date.

Agreement on a new long-term financing solution or waiver of more than 12 months duration, will result in changes in presentation of debt to credit institutions and bondholders.

For further information about debt to credit institutions and bondholders, see note 20 'Interest-bearing debt'.

Depreciation of vessels

The carrying amount of the Group's vessels represents 53% of the total consolidated statement of financial position. Consequently, policies and estimates linked to the vessel values have a significant impact on the Group's financial statements. Depreciation is calculated on a modified straight-line basis over the estimated useful life of the asset. Depreciable amount equals historical cost less residual value. Please see note 32 'Accounting policies' paragraph I, for information on tangible assets.

Useful life of vessels

The depreciation of vessels depends on the vessels' estimated useful life in the Group. Estimated useful life is 20 years based on strategy, past experience and knowledge of the types of vessels the Group owns. There will always be risk of events like breakdown and obsolescence which may result in a shorter useful life than anticipated. From time to time the Group may own vessels older than 20 years. The useful life will then be estimated individually.

Residual value of vessels

The level of depreciation depends on the calculated residual value. Residual value is determined based on the estimated fair value at the end of the asset's useful life. According to the Group's strategy, the policy is not to own vessels with an age above 20 years. Consequently, the residual value differs from salvage value, and the Group has to estimate the residual value of the vessels when they reach an age of 20 years. The estimate of residual value is based on a market valuation of a charter free vessel, and the current fair value forms a basis for the estimate. However, this fair value is discounted to reflect the fair value of the vessel as if it was of an age and in the condition expected at the end of its useful life (20 years). The evaluation of residual value is done on a yearly basis or upon significant changes in market values.

Impairment of assets

Vessels

For the purposes of assessing impairment of vessels, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units, "CGU"). Each vessel together with associated contracts is considered as a separate CGU.

Fair value less cost to sell

For vessels, fair value less cost to sell is based on an average of brokers' estimates, taken into account sales commission. All vessels in the Group are assessed by obtaining independent broker estimates. The brokers' estimates are based on the principle of 'willing buyer and willing seller'. Broker estimates include mounted equipment and assume that the vessels are without any charter contracts (i.e. charter-free basis). The Group adjusts for positive or negative contract value in associated contracts. Due to a limited number of vessel transactions in the current market the brokers' estimates only to a limited extent represent the results of transactions in the market. Because of this, the broker estimates are more influenced by the judgement of each broker. For this reason, the Group has sought to substantiate the broker valuations, inter alia with value in use calculations or tests of reasonableness of implicit rates and other assumptions derived from the valuations. The Group has deemed it necessary to perform separate calculations for all vessels to support the broker estimates.

Value in use

Estimated cash flows are based on next year's budgets per vessel, and forecasted earnings going forward. The budget process is a detailed and thorough bottom-up budgeting process at all levels of the organisation, with approval procedures on all levels within the Group. Estimated future cash flows are based on historical performance per vessel, in combination with current market situation and future expectations. Critical assumptions in the assessment are related to charter rates, utilisation, operational and capital expenditure.

For vessels fixed on long-term contracts, the assumption is that the contracts run up until end of contract. Options held by the customers are not assumed to be exercised, unless the options are at or below current market rates. For vessels without a contract, assumptions derived from the evaluation of broker estimates, combined with other market information are considered when estimating future revenues. It is expected to be a weak market the next 1-2 years, and gradually normalise to historical average levels thereafter. Due to the current market situation there is a high level of uncertainty related to the estimates.

The Weighted Average Cost of Capital (WACC) is used as a discount rate and reflects a normalised capital structure for the industry. The WACC represents the rate of return the Group is expected to pay to its sources of finance for cash flows with similar risks. Cash flows are calculated after tax and discounted with an after tax discount rate.

Sensitivity analysis and stress tests have been carried out for the main variables in the assessment. This includes changes to key variables such as broker estimates, operating revenue, operating expenses and the discount rate.

ROVs

The ROVs are defined as interchangeable with each other and are therefore identified as one CGU. Value in use calculation is performed for all ROVs as a group and impairment will be recognised if the recoverable amount from the value in use calculation for the whole group of ROVs is lower than carrying amount of the group of ROVs. Principles for calculation of future cash flows and WACC are the same as described for vessels.

Tax

Changes in tax regimes may adversely affect the Group's cash flows and financial condition. Certain companies in the Group are subject to special tax rules for ship owners in the Norwegian Taxation Act (§ 8-10 - § 8-20). The Norwegian tonnage tax scheme is approved as legal state aid under the EU guidelines for a 10-year period, from 1 January 2018 until 31st of December 2027. These tax rules stipulate certain requirements which will have to be met. A failure to meet such requirements may have an adverse effect on the effective tax rate of the Group.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements per IAS 12 'Income taxes'. Please refer to note 32 'Accounting policies', paragraph R.

Deferred tax asset is recognised in the consolidated statement of financial position on the basis of unused tax losses carried forward or deductible temporary differences to the extent that it is probable there will be sufficient future earnings available against which the loss carried forward or deductible can be utilised. Continued challenging market situation, low utilisation on vessels, equipment and personnel has resulted in lower earnings and increased risk in some tax jurisdictions. In this context the inherent uncertainty in forecasting the amount, timing of future taxable profits and the reversal of temporary differences has increased. As a result of this, the Group has only to a limited extent recognised deferred tax assets.

The Groups refinancing process has also increased the risk of not being able to give group contribution within the Group to reduce payable tax to Norway. Purpose of giving group contribution between companies in the Group is to offset taxable profit towards taxable loss carry forward within the Group. The change in assumptions have led to increased tax payable of NOK 22 million and increased deferred tax liability of NOK 57 million at year end 2020.

For further information about deferred tax assets and tax loss carried forward please refer to note 9 'Tax'.

In general, attention and follow-up from tax authorities are increasing in all tax jurisdictions. This should be seen in relation to OECD and G20 countries implementation of the Base Erosion and Profit Shifting (BEPS) reporting requirements. The general trend is that each individual country has become more concerned about protecting their tax base, and in this context the Group experiences more tax audits in all countries where the Group operates. Present tax claims and disputes are at period end in an administrative or legal process with local tax authorities. Tax claims are disputed, and the Group considers the risk of negative outcomes of each individual tax claims to be lower than 50% and has therefore not recognised any provision for each individual tax claim.

In total the Group has exposures due to ongoing tax audit of approximately NOK 83 million at year end 2020.

The Group has operated in several new tax jurisdictions last couple of years. In combination with increased focus from the tax authorities, the total tax risk has increased. To mitigate the increased tax risk, the Group has recognised a general tax provision of NOK 40 million. See note 9 'Tax' for further information about tax.

In 2014, the Brazilian Federal Revenue issued a Tax Assessment Notice against DOF Subsea Brasil Ltda (the Company). Loans given by the Parent Company to DOF Subsea Brasil Ltda were deemed to be taxable revenue for the Company. The Tax Assessment Notice was disputed, but on February 7, 2019, the court of first instance in Macae ruled against the Company. Estimated amount of the claim is approximately BRL 29.5 million (NOK 48 million) plus interest and charges. On February 13, 2019, the Company filed a clarification appeal before the same court. The Company intends to defend its position and considered it to be more likely than not that the final verdict will conclude that the loans received by the Company will not be reclassified as taxable revenue. No provision related to the dispute is included in DOF Subsea Group's accounts as of 31st of December 2020. However, DOF Subsea has provided security for the tax claim and the amount is included in restricted cash. Outcome of such processes are uncertain and changes in assumptions, interpretations and circumstances might result in future cash outflow for the Group.

DOF Subsea Group

Amounts in NOK million

4. Segment information and Management Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers, as defined in note 32 'Accounting policies', paragraph D. The chief operating decision-makers are responsible for allocating resources and assessing performance of two operating segments: Subsea/IMR Projects and Long-term Chartering.

The segment reporting below is presented according to internal management reporting, based on the proportionate consolidation method of accounting for joint ventures. The bridge between the management reporting and the figures reported in the financial statements is presented below. Please refer to note 29 'Investment in associates and joint ventures' for further information on investments.

The Subsea/IMR Projects segment is the Group's largest segment, accounting for 61% of the Group's total revenues for the period ended 31st of December 2020 (63% in 2019). Within the segment, the Group has been awarded several long-term contracts over the last years, among others, the 7-year contract with Shell Philippines, the 3-year contract with Chevron Australia, the 5-year contract with Shell Australia, the 10-year contract with Husky Energy in Canada, the 3-year diving contract with Petrobras, the 3-year service contract onboard 3 RSVs working for Petrobras, and the 15-month PIDF project in Brazil.

Typical clients of the Group's Long-term Chartering services are major oil companies and subsea entrepreneurs.

In July 2020, the long-term chartering vessel Skandi Acergy's contract was terminated. The vessel then started working in the Subsea/IMR segment. From 1st of January 2021, the vessel will no longer be considered as long-term chartering vessels. The operating segments will be reviewed during Q1 2021, to ensure the segments continue to provide optimal decision-making information for allocating resources and assessing performance.

In management reporting for 2020 DOF Subsea Group`s share of impairment of vessel in the joint venture, NOK 121 million (NOK 219 million in 2019) has been recognised. In the joint venture company DOFCON Navegacao Ltda, a hedging position in Brazilian Real that was closed in 2017 in relation to conversion to functional currency USD, implying a profit and loss effect (unrealised financial cost) of negative NOK 56 million in 2020 (NOK 58 million in 2019). The correction does not affect the company's cash- or equity position.

The impairment and the hedging correction give a total negative effect on the Group`s "Share of net income of associates and joint ventures" with NOK 177 million (NOK 277 million in 2019). The negative effect on NOK 177 million (NOK 277 million in 2019) is included in the bridge between management reporting and Financial statements and is included in NOK -526 million (NOK -698 million in 2019) in the table below.

Adjusted for these two effects, "Share of net income of associates and joint ventures" in the consolidated statement of comprehensive income had increased from NOK 573 million to NOK 750 (NOK 240 million to NOK 517 million for 2019).

DOF Subsea Group

Amounts in NOK million

	Management reporting			Financial Statements	
2020	Subsea/IMR Projects	Long-term Chartering	Total	Reconciliation to equity method	Total
Operating revenue	3 282	2 055	5 337	-1 352	3 984
Operating profit before depreciation and impairment (EBITDA)	602	1 585	2 187	-526	1 661
Depreciation and impairment			-3 271	350	-2 921
Operating profit (EBIT)			-1 084	-176	-1 260
Net financial income / loss excl. unrealised net gain / loss on derivative instruments and currency position			-1 392	296	-1 096
Unrealised net gain / loss on derivative instruments and currency position			250	-6	244
Profit / loss before tax			**-2 226**	**115**	**-2 112**
Tangible assets	4 770	2 926	7 696	-	7 696
Tangible assets jointly controlled companies	-	5 813	5 813	-5 813	-
Total tangible assets	**4 770**	**8 739**	**13 509**	**-5 813**	**7 696**

2019	Subsea/IMR Projects	Long-term Chartering	Total	Reconciliation to equity method	Total
Operating revenue	3 233	1 914	5 147	-1 201	3 946
Operating profit before depreciation and impairment (EBITDA)	440	1 459	1 899	-698	1 201
Depreciation and impairment			-1 780	418	-1 362
Operating profit (EBIT)			119	-280	-161
Net financial income / loss excl. unrealised net gain / loss on derivative instruments and currency position			-831	272	-559
Unrealised net gain / loss on derivative instruments and currency position			-137	28	-109
Profit / loss before tax			**-850**	**20**	**-830**
Tangible assets	7 125	3 418	10 542	-	10 542
Tangible assets jointly controlled companies	-	6 241	6 241	-6 241	-
Total tangible assets	**7 125**	**9 659**	**16 783**	**- 6 241**	**10 542**

DOF Subsea Group

Amounts in NOK million

5. Operating revenue

The Group's revenue from contracts with customers has been disaggregated and presented in the tables below:

Operating revenue	Note	2020	2019
Lump sum contracts		337	357
Day rate contracts		3 647	3 589
Total operating revenue		**3 984**	**3 946**

Geographical distribution of operating revenue 2020	Norway	Great Britain	Brazil	Australia	Canada	USA	Other	Total
Operating revenue	729	951	559	382	297	264	801	3 984

Geographical distribution of operating revenue 2019	Norway	Great Britain	Brazil	Australia	Canada	USA	Other	Total
Operating revenue	519	921	685	597	242	226	756	3 946

Geographical distribution of revenue from contracts with customers is based on the location of clients. TechnipFMC and Petrobras each comprise approximately 10-12% of total operating revenues, other customers do not exceed more than 6% of total operating revenue.

In 2020 the Group has received NOK 110 million in cancellation fee for two contracts that have been cancelled. The cancellation fee is included in total operating revenue above.

The lease portion of revenue contracts are included in revenue from contracts with customers presented above. The right to use the vessel will normally be within the range 30-80% of the total contract value. Please refer to note 3 'Accounting estimates and assessments' and note 32 'Accounting policies', paragraph Q, for information on revenue recognition.

6. Payroll expenses

Payroll expenses	Note	2020	2019
Salary	27	-627	-689
Contract labor on vessels		-495	-477
Employer's contributions		-99	-106
Pension costs		-32	-29
Other personnel costs		-117	-114
Total payroll expenses		**-1 371**	**-1 415**
Full-time employees (at period end)		1 150	1 116

Pension costs above include defined benefit and defined contribution pension plans. The main part of the pension cost is related to the defined contribution pension plan. Please refer to note 32 'Accounting policies', paragraph S, for information on employee benefits.

As of 31st of December 2020, the Group's defined pension plan benefit covered a total of 49 employees (55 in 2019) and 6 people in retirement (10 in 2019). The Group's defined pension plan benefit is invested with an insurance company, which manages the pension plan. Pension obligations as of 31st of December 2020 were NOK 2 million (NOK 1 million). The pension obligations are included in other non-current liabilities. From 01.01.2021 the Defined benefit pension sheme for offshore (DSN sailors) have been phased out.

DOF Subsea Group

Amounts in NOK million

7. Other operating expenses

Other operating expenses	2020	2019
Short-term lease of vessels including crew expenses	-181	-166
Technical costs	-123	-127
Hired personnel	-224	-266
Equipment cost	-394	-410
Bunkers	-110	-139
Administration cost	-172	-177
Amortisation of contract cost	-27	-
Other operating expenses	-299	-287
Total other operating expenses	**-1 529**	**-1 573**

8. Financial income and expenses

Financial income and expenses	Note	2020	2019
Interest income	26	25	54
Guarantee income from Joint Ventures	29	24	9
Interest income from sub-lease	12,32Y	6	8
Other financial income	23	3	6
Financial income		**58**	**76**
Interest expenses		-525	-521
Interest expenses on lease liability (right of use debt)	14	-18	-21
Interest expenses payable to DOF ASA companies	26	-13	-15
Other financial expenses		-133	-58
Financial expenses		**-690**	**-615**
Realised foreign currency net gain / loss on non-current debt		-19	124
Realised foreign currency net gain / loss on current receivables / liabilities		-345	-24
Realised net gain / loss on foreign exchange derivatives		-101	-121
Realised net gain / loss on derivative instruments and currency position		**-465**	**-21**
Unrealised foreign currency net gain / loss on non-current debt		351	-170
Unrealised foreign currency net gain / loss on current receivables / liabilities		-72	-40
Net change in unrealised gain / loss on foreign exchange derivatives		12	104
Net change in unrealised gain / loss on interest rate derivatives		-47	-3
Unrealised net gain / loss on derivative instruments and currency position		**244**	**-109**
Net financial income / loss		**-852**	**-669**

Impairment of non-current receivable of NOK 48 million and expenses to the work to secure a long-term financial solution for the Group is included in other financial expenses. Please refer to note 32 'Accounting policies', paragraph E, for information on conversion of foreign currency and note 32 'Accounting policies', paragraph U, for information on financial derivatives.

DOF Subsea Group

Amounts in NOK million

9. Tax

Income tax expense	2020	2019
Current tax on profits for the year	-51	-91
Adjustments in respect to prior years	-	2
Change in deferred tax	-52	-211
Payable tax in Norway*	-22	-
Income tax expense	**-126**	**-301**

* The Group's refinancing process have increased the risk of not being able to give group contribution within the Group to reduce payable tax to Norway. Purpose of giving group contribution between companies in the Group is to offset taxable profit towards taxable loss carry forward within the Group. The change in assumptions have led to increased tax payable of NOK 22 million and increased deferred tax liability of NOK 57 million at year end 2020.

The tax on the Group's profit before tax differs from the theoretical amount, calculated by using domestic tax rates applicable to profits of each subsidiary as follows:

Reconciliation of nominal and effective tax rate	2020	2019
Profit / loss before tax	**-2 112**	**-830**
Tax estimated by use of domestic tax rates applicable to profits in the respective countries*	277	157
Tax effect of:		
Income/expenses not deductible for tax purposes	7	-5
Tax effect of write down of financial assets	-11	-4
Unrecognised tax losses and temporary differences	-495	-421
Adjustments in respect to prior years	3	2
Withholding taxes and effect of different tax regimes	-40	-82
Associates and joint ventures results reported net of tax	133	53
Income tax expense	**-126**	**-301**

* Domestic tax rates applicable to the Group vary between 0% and 35%. Tax estimates exclude withholding taxes and other business taxes

Tax effect other comprehensive income			2020
	Before tax	Income tax	After tax
Currency translation differences	25	-	25
Share of other comprehensive income of associates and joint ventures	-47	-	-47
Defined benefit plan actuarial gains/losses	-	-	-
Other comprehensive income	**22**	**-**	**22**

Tax effect other comprehensive income			2019
	Before tax	Income tax	After tax
Currency translation differences	22	-1	21
Share of other comprehensive income of associates and joint ventures	66	-	66
Defined benefit plan actuarial gains/losses	4	-	4
Other comprehensive income	**92**	**-1**	**91**

The gross movement on the deferred tax in the statement of financial position	2020	2019
At 01.01	-4	-216
Tax related to comprehensive income	-52	-211
Tax related to components of other comprehensive income	-	-1
At 31.12	**48**	**-4**

DOF Subsea Group

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Deferred tax

The table below specifies the temporary differences between accounting and tax values, and the calculation of deferred tax/tax assets at period end. The Group's deferred tax assets are reviewed for impairment. Deferred tax assets from tax loss carried forward are expected to be offset against taxable income within a period of 7 years. In 2020 there is no deferred tax assets from tax loss carried forward.

Basis for deferred tax	2020	2019
Non-current assets	-46	655
Current assets	-103	6
Liabilities	-807	-565
Tax position related to sold assets	19	61
Other differences	7	-2
Total temporary differences	**-930**	**155**
Temporary differences not included as deferred tax (+)	1 162	263
Total temporary differences included as deferred tax	**231**	**417**
Tax loss carried forward*	-4 736	-4 053
Tax loss not included as deferred tax asset	4 736	3 620
Tax loss included as deferred tax assets (-)	**-**	**-433**
Basis for calculating deferred tax / tax asset (-)	**231**	**-15**

*Tax losses carried forward from subsidiaries taxed under the shipping tonnage tax regime are excluded.

Deferred tax / tax asset (-) calculated at domestic tax rates (17-35%)	48	-4
Deferred tax (included in other non-current liabilities)	57	-
Deferred tax asset	-9	-4
Total deferred tax / tax asset (-) recognised in the statement of financial position	**48**	**-4**

Tax-loss carried forward recognised as deferred tax asset per country

2020

Country	Tax-loss carried forward	Temporary differences	Tax rate	Deferred tax / Deferred tax asset(-)
Norway	-	260	22%	57
Australia	-	-29	30%	-8
Total	**-**	**231**		**48**

2019

Country	Tax-loss carried forward	Temporary differences	Tax rate	Deferred tax asset
Australia	-	-13	30%	-4
Total	**-**	**-13**	**30%**	**-4**

For information on current and deferred tax, please refer to note 32 'Accounting policies', paragraph R.

DOF Subsea Group

Amounts in NOK million

10. Earnings per share

Basis for calculating earnings per share	2020	2019
Profit / loss attributable to shareholders of the parent company	-2 187	-1 118
Weighted average number of outstanding shares	167 352 762	167 352 762
Weighted average number of outstanding shares, diluted	167 352 762	167 352 762
Basic and diluted earnings per share (NOK)	**-13.07**	**-6.68**

11. Goodwill

Goodwill as of 31.12.2020 is allocated to the Group's cash-generating units identified according to the operating segments.

2020	Subsea/IMR Projects	Long-term Chartering	Total
Book value at 01.01	**-**	**85**	**85**
Cost at 01.01	-	262	262
Cost at 31.12	**-**	**262**	**262**
Impairment at 01.01	-	-177	-177
Impairment for the year	-	-85	-85
Accumulated currency translation differences	-	-	-
Total adjustments at 31.12	**-**	**-262**	**-262**
Book value at 31.12	**-**	**-**	**-**

2019	Subsea/IMR Projects	Long-term Chartering	Total
Book value at 01.01	**116**	**221**	**337**
Cost at 01.01	251	262	513
Cost at 31.12	**251**	**262**	**513**
Impairment at 01.01	-182	-41	-223
Impairment for the year	-117	-136	-253
Accumulated currency translation differences	48	-	48
Total adjustments at 31.12	**-251**	**-177**	**-428**
Book value at 31.12	**-**	**85**	**85**

Please refer to note 32 'Accounting policies', paragraph K, and note 3 'Accounting estimates and assessments' for further information on goodwill.

DOF Subsea Group

Amounts in NOK million

12. Tangible assets

2020	Vessels	Periodic maintenance	ROVs	Operating equipments	Right-of-use property	Total
Cost at 01.01	12 879	1 031	1 740	977	294	16 920
Additions	8	111	11	15	28	174
Disposals	-	-	-	-2	-3	-6
Reallocation	-34	-	14	-155	-	-175
Currency translation differences	-133	-30	-16	-29	1	-206
Cost at 31.12	**12 720**	**1 111**	**1 750**	**806**	**320**	**16 707**
Depreciation at 01.01	-1 894	-743	-1 077	-615	-42	-4 371
Depreciation for the year	-90	-127	-157	-39	-36	-449
Depreciation eliminated on disposals	-	-	-	1	1	2
Reallocation	14	-	1	103	-	117
Currency translation differences	21	21	14	23	1	80
Depreciation at 31.12	**-1 949**	**-848**	**-1 219**	**-527**	**-77**	**-4 620**
Impairment at 01.01	-1 923	-	-14	-44	-26	-2 007
Impairment for the year	-2 371	-	-	-15	-	-2 385
Impairment eliminated on disposals	-	-	-	1	-	1
Currency translation differences	-	-	-	-	-	1
Impairment at 31.12	**-4 294**	**-**	**-13**	**-57**	**-26**	**-4 391**
Book value at 31.12	**6 478**	**263**	**517**	**221**	**217**	**7 696**
Lease assets included in book value			232	59	217	509
Asset lifetime (years)	20	2.5-5	10-12	5-15	5-30	
Depreciation schedule	*)	Linear	Linear	Linear	Linear	

*) Residual value varies based on market valuation of the vessel

2019	Vessels	Periodic maintenance	ROVs	Operating equipments	Right-of-use property	Total
Cost at 01.01	12 855	945	1 661	907	-	16 367
Additions	34	88	79	66	291	558
Disposals	-	-	-	-	-1	-
Reallocation	-	-	-	-	-	-
Currency translation differences	-10	-3	-	3	4	-5
Cost at 31.12	**12 879**	**1 031**	**1 740**	**977**	**294**	**16 920**
Depreciation at 01.01	-1 723	-618	-917	-546	-	-3 804
Depreciation for the year	-171	-127	-160	-67	-42	-565
Reallocation	-	-	-	-	-	-
Currency translation differences	-	2	-	-2	-	-
Depreciation at 31.12	**-1 894**	**-743**	**-1 077**	**-615**	**-42**	**-4 371**
Impairment at 01.01	-1 425	-	-14	-23	-	-1 462
Impairment for the year	-498	-	-	-20	-27	-545
Currency translation differences	-	-	-	-	-	-
Impairment at 31.12	**-1 923**	**-**	**-14**	**-44**	**-26**	**-2 007**
Book value at 31.12	**9 062**	**288**	**649**	**318**	**226**	**10 542**
Lease assets included in book value	-	-	463	-	226	689
Asset lifetime (years)	20	2,5-5	10-12	5-15	5-30	
Depreciation schedule	*)	Linear	Linear	Linear	Linear	

*) Residual value varies based on market valuation of the vessel

Specification of reallocation 2020	Vessels	Periodic maintenance	ROVs	Operating equipments	Right-of-use property	Total
Reallocation between fixed asset types	-2		14	-12	-	-
Reclassification to Contract Cost	-18	-	1	-19	-	-35
Reclassification to Held for sale	-	-	-	-22	-	-21
Total reclassification	-19	-	16	-53	-	-57

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Amounts in NOK million

Impairment

2020

Vessel	Impairment	Basis for recoverable amount	Segment	Measurement level
Geograph	-45	Fair value less cost of disposal	Subsea / IMR Projects	3
Geoholm	-109	Value in use	Subsea / IMR Projects	3
Geosund	-49	Value in use	Subsea / IMR Projects	3
Skandi Acergy	-273	Value in use	Long-term Chartering	3
Skandi Achiever	-249	Value in use	Subsea / IMR Projects	3
Skandi Carla	-78	Value in use	Subsea / IMR Projects	3
Skandi Hercules	-158	Value in use	Subsea / IMR Projects	3
Skandi Neptune	-168	Value in use	Subsea / IMR Projects	3
Skandi Patagonia	-97	Value in use	Long-term Chartering	3
Skandi Seven	-187	Value in use	Subsea / IMR Projects	3
Skandi Singapore	-256	Value in use	Subsea / IMR Projects	3
Skandi Skansen	-170	Value in use	Subsea / IMR Projects	3
Skandi Hawk	-144	Value in use	Subsea / IMR Projects	3
Skandi Constructor	-259	Value in use	Subsea / IMR Projects	3
Skandi Africa	-127	Value in use	Long-term Chartering	3
Skandi Vinland	-3	Value in use	Subsea / IMR Projects	3
Total impairment to Vessels	**-2 371**			
Total book value of impaired vessels	**6 328**			

2019

Vessel	Impairment	Basis for recoverable amount	Segment	Measurement level
Geoholm	-21	Value in use	Subsea/IMR Projects	3
Geosea	-19	Fair value less cost of disposal	Subsea/IMR Projects	3
Geosund	-20	Value in use	Subsea/IMR Projects	3
Skandi Acergy	-108	Value in use	Long-term Chartering	3
Skandi Achiever	-5	Value in use	Subsea/IMR Projects	3
Skandi Carla	-28	Value in use	Subsea/IMR Projects	3
Skandi Hercules	-61	Value in use	Subsea/IMR Projects	3
Skandi Neptune	-60	Value in use	Subsea/IMR Projects	3
Skandi Seven	-47	Value in use	Subsea/IMR Projects	3
Skandi Singapore	-30	Fair value less cost of disposal	Subsea/IMR Projects	3
Skandi Skansen	-50	Value in use	Subsea/IMR Projects	3
Skandi Hawk	-50	Value in use	Subsea/IMR Projects	3
Total impairment to Vessels	**-498**			
Total book value of impaired vessels	**5 442**			

Depreciation and impairment	Note	2020	2019
Depreciation tangible asset		-449	-565
Impairment tangible asset		-2 385	-545
Impairment Goodwill	11	-85	-253
Depreciation and impairment		**-2 921**	**-1 362**

The drop in oil price starting in 2014 has resulted in reduced activity and demand for vessels in the offshore energy industry. The weak market has led to impairments for several of the Group's vessels.

In addition to the vessels above the Group has impaired equipments with NOK 15 million.

For further information about tangible assets see note 3 'Accounting estimates and assessments' and for further information about measurement level see note 23 'Hedging activities'.

DOF Subsea Group

Amounts in NOK million

Sensitivity analysis of impairment

Impairment tests are highly USD sensitive and a drop in USD/NOK of NOK 0.5 will result in an additional impairment of NOK 398 million all else equal. While testing the reasonableness of the broker estimates the Group has applied a nominal WACC after tax of 9.3%. An increase in WACC with 50 basis points will result in an additional impairment of the vessels with NOK 248 million. Negative effect on net future cash flows with 20% will result in an additional impairment of the vessels with NOK 1,163 million.

DOF Subsea has a new fleet of vessels and as a result, the future cash flows for the vessels are long. The key assumptions in a discounted cash flow calculation for vessels are utilisation and charter rates. Changes in these assumptions could have considerable effects on the value of the vessels.

Finance leases of tangible assets

The Group's assets held under finance leases include several ROVs. For further information on these, please refer to note 14 'Leases' and note 32 'Accounting policies', paragraph I and J.

13. Contract cost

31.12.2020	Contract cost	Total
Net booked value 01.01	-	-
Additions	45	45
Reclassification from tangible assets	35	35
Amortisation	-27	-27
Impairment	-	-
Currency translation differences	-2	-2
Net booked value 31.12	**51**	**51**

The Group has presented and recognised contract cost as intangible asset in accordance with policies described in note 32 'Accounting policies', paragraph Q. The main part of the contract costs is related to mobilisation of vessels, equipment and offshore personnel.

In previous reporting periods, the contract costs have been included in tangible assets. Contract assets have been reclassified from tangible assets to other non-current assets. Amortisation of contract costs are recognised over the contract period of the related contract as other operating expenses.

14. Leases

Operating lease income - the Group as lessor

DOF Subsea Group acts as a lessor in connection to operating leases. The leases relate to the time charter and bareboat contracts on vessels and equipment in the Long-term Chartering segment. For time charter contracts both the lease component and service component are included in the overview of future minimum lease revenue. Vessels on operating lease are recognised as tangible assets, see note 12 'Tangible assets'. Lease payments received are recognised in the statement of comprehensive income. Future minimum operating lease income arising from contracts on vessels at period end is shown in overview below. All contracts in foreign currency are converted to NOK using the exchange rate at 31st of December 2020.

Overview of future minimum lease revenue	Within 1 year	2-5 years	After 5 years	Total
Minimum operating lease income amounts falling due in the periods	344	663	-	1 007
Minimum operating lease income amounts falling due in the periods including joint ventures	1 967	5 511	423	7 901

Total future minimum operating lease income from contracts is NOK 1,007 million (NOK 1,613 million).

Total future minimum operating lease income including joint ventures from contracts is NOK 7,901 million (NOK 9,517 million).

Please refer to note 32 'Accounting policies', paragraph J, for further information on operating leases.

DOF Subsea Group

Amounts in NOK million

Leases of tangible assets - the Group as lessee

The Group leases mainly ROVs, warehouses and office buildings. In addition the Group leases Skandi Darwin. The bareboat contract of Skandi Darwin is classified and presented as a sub-lease.

Amounts recognised in the statement of financial position;

	2020	2019
Tangible assets - ROVs	291	463
Tangible assets - right-of-use property	217	226
Total tangible assets	**509**	**689**
Non-current receivables sub-lease	52	142
Total assets	**561**	**831**
Non-current debt to credit institution for lease of ROVs	**-**	**-**
Current debt to credit institution for lease of ROVs	161	239
Non-current lease - right of use property	272	325
Current lease - right of use property	**83**	**79**
Total liabilities	**515**	**643**

On long-term contracts for lease of ROVs with low residual value, the Group has assumed an expectation of purchase of the asset. Other contracts are presented as right-of-use assets and is mainly related to lease of property. Please refer to note 12 'Tangible assets' for further information of the effect on tangible assets. The lease debt for ROVs, where the Group assume to purchase the assets, is presented as part of debt to credit institution. Debt related to right-of-use assets and sub-lease is presented as lease debt. Please refer to note 20 'Interest-bearing debt for further information on lease debt.

Amounts recognised in statement of comprehensive income;

	2020	2019
Short-term lease expenses of vessels including crew related cost	-181	-166
Depreciation ROV	-51	- 56
Depreciation right of use property	-36	- 42
Impairment right-of-use property	-	- 27
Total depreciation and impairement	**-87**	**-124**
Interest income	6	8
Interest expenses	-18	-21
Unrealised net gain / loss on derivative instruments and currency position	-	-1
Net financial income / loss	-13	-14
Total expenses in statement of comprehensiv income	-281	-304

Financial lease	**2020**	**2019**
Cost at 01.01.	974	703
Implementation of IFRS 16 Leases	-	284
Additions	30	117
Disposals	-243	-134
Currency translation differences	1	4
Cost at 31.12.	**761**	**974**
Depreciation at 01.01.	-255	- 204
Depreciation for the year	-87	- 97
Depreciation disposals	119	46
Currency translation differences	-	-
Depreciation at 31.12.	**-222**	**-255**
Impairment 01.01	-30	-3
Impairment for the year	-	-27
Impairment 31.12	**-30**	**-30**
Book value at 31.12	509	689

Leased assets that are purchased from the Group after the end of the lease period are included in disposals.

DOF Subsea Group

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15. Non-current receivables

Non-current receivables	Note	2020	2019
Non-current receivables from DOF ASA companies	26	70	84
Non-current receivables from joint ventures and associated companies	26	107	329
Derivative financial instruments	23	-	16
Contract cost	13	51	-
Other non-current receivables		36	50
Non-current receivables sub-lease	14	52	142
Provision for bad non-current receivables	26	-70	-21
Total non-current receivables at 31.12		**246**	**600**

The effect of the bareboat contract for Skandi Darwin for operation in APAC region, is a non-current receivable of NOK 42 million. The contract is defined as a sub-lease for the Group and NOK 42 million is included in the total non-current receivable sub-lease of NOK 52 million. The existing contract expire in 2022. For further information about lease liability, see note 20 'Interest-bearing debt'. A provision of NOK 70 million is related to non-current receivable from DOF ASA companies.

16. Trade receivables

Trade receivables	2020	2019
Trade receivables at nominal value	509	443
Contract assets	151	232
Allowance for expected credit losses	-32	-57
Total trade receivables	**628**	**618**

Currency specification at 31.12.2020	AUD	USD	BRL	NOK	GBP	Other	Total
Trade receivables	225	160	94	74	55	20	628

Aging profile and credit risk at 31.12.2020	Total	Not matured	< 30 d	30-60 d	60-90 d	>90 d
Trade receivables at nominal value	509	386	39	37	1	46
Expected credit loss rate		0.2%	2.5%	3.0%	7.0%	12.0%
Loss allowance trade receivables	**4**	1	1	1	-	2
Loss allowance specific contract	**28**					28
Contract asset		151				
Expected credit loss rate		0.2%				
Loss allowance contract asset	**-**	-				
Total expected loss allowance	**32**					

Currency specification at 31.12.2019	AUD	USD	BRL	CAD	Other	Total
Trade receivables	204	224	74	63	53	618

Aging profile and credit risk at 31.12.2019	Total	Not matured	< 30 d	30-60 d	60-90 d	>90 d
Trade receivables at nominal value	443	306	61	14	28	34
Expected credit loss rate		0.2%	2.5%	3.0%	7.0%	12.0%
Loss allowance trade receivables	**9**	1	2	-	2	4
Loss allowance specific contract	**48**					
Contract asset		232				
Expected credit loss rate		0.2%				
Loss allowance contract asset	**-**	-				
Total expected loss allowance	**57**					

DOF Subsea Group

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The majority of the Group's trade receivables are to major international energy companies and subsea entrepreneurs. Historically the Group has had insignificant losses on trade receivables. Within the Subsea/IMR Projects segment, payment milestones in the contracts and variation orders impact the cash collection for the Group and potentially lead to short-term fluctuations in trade receivables. An impairment analysis is performed at each reporting period to measure expected credit losses. The contract asset and trade receivables have substantially the same risk characteristics and the same loss rates has been used for calculation of loss allowance. General allowance for expected credit losses 31st of December 2020 and 31st of December 2019 has been based on historical losses and updated view on general risk in the Group's industry. Loss allowance for a specific contract has been based on expectation of recovery of outstanding amount.

For further information about credit risk see note 2 'Financial risk management'. For further information on trade receivables, please see note 32 'Accounting policies', paragraph H.

17. Other current receivables

Other current receivables	Note	2020	2019
Receivables from DOF ASA companies	26	71	104
Receivables from joint ventures	26	222	224
Government taxes receivable (VAT)		39	13
Prepaid expenses		47	59
Insurance claims		5	26
Accrued interest income		-	1
Derivatives financial instruments	21	-	23
Fuel reserves and other inventory		49	57
Sub lease asset		45	-
Other current receivables		6	1
Total other current receivables at 31.12		**485**	**509**

18. Cash and cash equivalents

Cash and cash equivalents	2020	2019
Restricted cash	118	137
Unrestricted cash and cash equivalents	1 212	797
Total cash and cash equivalents at 31.12	**1 330**	**934**

The Group has an administrative cash pooling arrangement whereby cash surpluses and overdrafts residing in the Group Companies bank accounts are pooled together to create a net surplus. Liquidity is made available through the cash pooling for the Companies in the Group to meet their obligations. The bank accounts in the cash pool consists of accounts in various currencies. The total cash pool cannot be overdrafted. The cash pool is presented as unrestricted cash and cash equivalents.

Surplus cash transferred to the Group's cash pool will be available at all times to meet the Group's financial obligations at any time. Some subsidiaries are not part of the cash pool. Surplus cash in these companies is not immediately available for the rest of the Group. The main part of this is the DOF Installer ASA unrestricted cash balance of NOK 506 million.

Restricted cash consists of cash only available for specific purposes. A portion of this cash serves as security for outstanding debt following enforcements of account pledges. The balance of these accounts sums up to NOK 145 million. Some lenders have exercised their right to set off such cash balances toward the outstanding loans. The Group has therefore chosen to present all restricted cash serving as security for loans, net of debt to credit institutions.

A non-current loan has been provided by Eksportfinans and was invested as a restricted deposit. The loan is fully repaid in 2020. The repayment of the loan from Eksportfinans was equivalent to the reduction in the restricted cash, i.e. recognised in the financial statements on a gross basis. The cash deposit included in restricted cash was NOK 52 million in 2019.

For further information about market-, credit- and liquidity risk see note 2 'Financial risk management'.

	2020		2019	
Group cash pool	Amount in currency	Book value	Amount in currency	Book value
NOK	133	133	1 216	1 216
USD	5	43	-75	-659
GBP	-	-	-7	-76
GBP	-	1	-	4
EUR	1	12	-	4
CAD	4	24	1	6
AUD	-	-	-17	-105
SGD	-	-	-17	-111
Net Group cash pool		**212**		**278**

DOF Subsea Group

Amounts in NOK million

19. Share capital and share information

Share capital

The share capital in DOF Subsea AS was NOK 1 674 million comprising 167 352 762 shares, each with a nominal value of NOK 10.00.

Shareholder overview

Shareholders at 31.12.2020	No. of shares	Proportion of ownership	Share capital
DOF ASA	167 352 762	100%	100%
Total	**167 352 762**	**100%**	**100%**

Board of Directors	Title
Hans Olav Lindal	Chairman
Helge Singelstad	Director
Kathryn M. Baker	Director
Marianne Møgster	Director
Harald Lauritz Thorstein	Director

Executives	Title
Mons S. Aase	CEO
Jan Nore	CFO/EVP

The Company is a part of DOF ASA. Please refer to the DOF ASA annual report for shares held in DOF ASA by the management and the Board of Directors. The annual report is published at www.dof.no.

DOF Subsea Group

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20. Interest-bearing debt

Restructuring of the Group's long-term debt is ongoing and standstill agreements have been agreed until the 30th of April 2021 with 88% of the secured lenders. The standstill agreements do not include the joint venture with TechnipFMC. The joint venture with TechnipFMC has not applied for a general standstill, but has applied for use of grace periods, where applicable, under its loan facilities in Brazil. The DOF Subsea standstill agreements further assume payment of principal and interest of a NOK 100 million emergency liquidity facility provided by certain lenders in March 2020. The relevant Group companies have imposed unilateral standstill to the secured lenders not participating in the standstill agreements. One of the secured lenders has requested repayment of approximately USD 46 million and has enforced account pledge on the earnings account for the relevant vessel. Another secured lender has enforced account pledge for one loan facility. The bondholders in DOFSUB07, DOFSUB08 and DOFSUB09 have further accepted a standstill until the 31st of March. An Ad-hoc group of bondholders can extend the standstill until the 30th of June. By March the ad-hoc group has approved an extension of the standstill until 30th of April.

BNDES has in the 1st quarter 2020 signed a 4-year restructuring agreement with this Brazilian subsidiary including soft amortisation until end 2023. BNDES has further extended the standstill of the Skandi Salvador facility in DOF Subsea Brasil Servicos Ltda. until the 10th of June 2021.

The Group's financial position is not sustainable, and a long-term financial solution is necessary to continue as going concern. Due to the ongoing debt restructuring of the Group, the vast majority of the Group's secured- and unsecured debt are classified as current debt. This classification is based on that standstill agreements for debt service with the banks and bondholders are less than 12 months.

The Group will continue the dialogue with its creditors to secure a long-term financial solution for the Group. Various debt restructuring proposals have been discussed with the secured lenders and the bondholders. The proposals include comprehensive restructuring of the Group's balance sheet, including conversion of debt.

For further information on interest-bearing debt and potential effect on going concern assumption, please refer to note 31 'Events occurring after period end' and note 1 'Corporate information and going concern'.

Non-current interest-bearing debt	2020	2019
Bond loans	-	-
Debt to credit institutions	-	256
Lease liabilities	272	325
Total non-current interest-bearing debt	**272**	**581**
Current interest-bearing debt		
Bond loans	2 554	2 589
Debt to credit institutions	6 326	6 417
Lease liabilities	83	79
Total current interest-bearing debt	**8 963**	**9 086**
Total non-current and current interest-bearing debt	**9 234**	**9 667**
Net interest-bearing debt		
Cash and cash equivalent	1 330	934
Other interest-bearing assets - non-current	97	204
Total net interest-bearing debt	**7 807**	**8 528**

The DOF Subsea Group has as per period three bond loans outstanding, DOFSUB07 (13/20), DOFSUB08 (17/22) and DOFSUB09 (18/23), which mature in 2020,2022 and 2023. The trustee on behalf of the bond holders is Nordic Trustee ASA. Interest rates are both floating and fixed. No particular security has been provided for the loans, and the Group is free to acquire its own bonds.

Current portion of debt in the statement of financial position includes accrued interest expenses. Accrued interest expenses are excluded in the current interest-bearing debt above.

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Cash and non-cash changes in total borrowings

Changes in total borrowings over a period consists of both cash effects (disbursements and repayments) and non-cash effects (amortisations and currency translation effects). The following is the changes in the Group's borrowings:

2020		Cash changes			Non-cash changes			
Interest bearing debt	Balance 31.12.19	Netting of restricted cash	Cash flow	Capitalisation of interest and other changes	Proceed lease debt	Amortised loan expense	Currency adjustment	Balance 31.12.20
Bond loans	2 590	-	-	-	-	1	-36	2 554
Debt to credit institutions	6 673	-146	21	137	-	6	-363	6326
Lease liabilities	404	-	-80	-	28	-	2	354
Total interest bearing debt	9 667	-146	-59	137	28	7	-397	9 234

2019			Cash changes		Non-cash changes		
Interest bearing debt	Balance 31.12.18	Implementation of IFRS 16 Leases	Cash flows	Proceed lease debt	Amortised loan expense	Currency adjustment	Balance 31.12.19
Bond loans	2 580	-	-	-	-5	14	2 590
Debt to credit institutions	7 247	-	-730	82	11	63	6 673
Lease liabilities	-	470	-77	6	-	6	404
Total interest bearing debt	9 827	470	-807	88	6	82	9 667

Lease debt implemented with IFRS 16 'Leases'

The table below summarises the repayment profile;

New lease debt implemented with IFRS 16 'Leases'	Q1 2021	Q2 2021	Q3 2021	Q4 2021	2021	2022	2023	2024	2025	Thereafter	Total
Lease repayment profile	-20	-20	-21	-21	-83	-77	-35	-29	-30	-98	-354

Lease repayment profile for the lease debt above is exluded interest payments. Interest on lease liabilities in table above is measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate. The weighted average lessee's incremental borrowing rate applied to the lease liabilities presented are in the range of 4%-6%.

DOF Subsea Group

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Liabilities secured by mortgage	2020	2019
Liabilities to credit institutions, incl. leases	5 987	6 470
Book value of assets pledged as security*	7 393	9 865
Average rate of interest	**5.51%**	**5.72%**

*) for some of the vessels receivables are pledged as security

Currency distribution current and non-current liabilities	CAD	NOK	USD	Total
Bond loans	-	1 307	1 255	2 563
Debt to credit institutions	388	1 658	4 293	6 339
Total	**388**	**2 965**	**5 548**	**8 902**

Debt to credit institutions in USD and CAD are revaluated to NOK using exchange rate at period end.

The estimated fair values of the Group's bond loans at period end, based on last transactions registered, were as follows:

		31.12.2020		31.12.2019	
Loan		Fair value rate	Book value	Fair value rate	Book value
DOF Subsea AS 13/20	DOFSUB07	20.25	467	67.5	467
DOF Subsea AS 17/22	DOFSUB08	20.25	1 255	80.38	1 292
DOF Subsea AS 18/23	DOFSUB09	25.00	840	75.5	840

Financial covenants

As part of the current standstill agreements the following covenants have been waived (based on the proportionate consolidation method of accounting for joint ventures):

- The Group shall have available cash of at least NOK 500 million at all times
- The Group shall have value-adjusted equity to value-adjusted assets of at least 30%
- The Group shall have book equity of at least NOK 3,000 million at all times
- The Group shall have positive working capital at all times, excl. current portion of debt to credit institutions
- The fair value of the Group's vessels shall always be at least 110-130% of the outstanding loan amount

In addition to the above-mentioned financial covenants, the loan agreements are also subject to the following conditions:

- The Group's assets shall be fully insured
- There shall not be any change of classification, flag, management or ownership of the vessels without the prior written approval of the lenders
- DOF ASA shall be the principal shareholder in DOF Subsea AS, and own a minimum of 50.1% of the shares
- DOF Subsea AS shall not merge, demerge or divest activities without the prior written approval of the lenders
- DOF Subsea AS shall report financial information to the lenders and Oslo Stock Exchange on a regular basis
- The Group's vessels shall be operated in accordance with applicable laws and regulations

The Group has further received waiver for the financial covenants as guarantor for two facilities in the joint venture with TechnipFMC.

If waivers are not extended, it is a significant risk that the Group will be in breach of its covenants.

21. Trade payables

Currency specification at 31.12.2020	NOK	AUD	BRL	GBP	USD	Other	Total
Trade payables	64	24	43	48	164	41	385

Currency specification at 31.12.2019	NOK	BRL	GBP	USD	Other	Total
Trade payables	96	47	47	145	49	384

DOF Subsea Group

Amounts in NOK million

22. Other current liabilities

Other current liabilities	Note	2020	2019
Current liabilities to DOF ASA companies	26	128	100
Tax payables	9	80	69
Public duties payables		20	18
Prepayment from customers		3	3
Financial current derivatives	23	35	23
Other current liabilities		134	79
Total other current liabilities at 31.12		**400**	**291**

23. Hedging activities

The following table displays the fair value of financial derivatives as of 31st of December:

		2020		2019	
Non-current and current portion	Measurement level	Assets	Liabilities	Assets	Liabilities
Interest rate swaps	2	-	35	16	5
Foreign exchange contracts	2	-	-	23	21
Total non-current and current portion		**-**	**35**	**39**	**27**
Non-current portion					
Interest rate swaps	2	-	-	16	4
Foreign exchange contracts	2	-	-	-	-
Total non-current portion		**-**	**-**	**16**	**4**
Total current portion		**-**	**35**	**23**	**23**

For further information on derivative financial instruments, please see note 32 'Accounting policies', paragraph U.

For those financial and tangible assets and liabilities, which have been recognised at fair value in the Consolidated Statements of Financial Position, the measurement hierarchy and valuation methods described below have been applied. There have been no transfers between fair value levels.

Measurement level 1 (Quoted, unadjusted prices in active markets for identical assets and liabilities). Not in use for any assets or liabilities.

Measurement level 2 (Techniques for which all inputs which have significant effect on the recorded fair value are observable, directly and indirectly)

The fair value of forward exchange contracts is determined using the forward exchange rate at the end of the reporting period. The forward exchange rate is based on the relevant currency's interest rate curves. The fair value of interest swaps is determined by the present value of future cash flows, which is also dependent on the interest curves.

Measurement level 3 (Techniques which use inputs which have significant effect on the recorded fair value that are not based on observable market data).

The fair value of the Group's assets are assessed by obtaining independent quarterly broker estimates from recognised brokers within the industry. Net sales value is calculated based on an average of the brokers' values, taken into account sales commission and adjusted for for any excess values in the firm existing contracts.

DOF Subsea Group

Amounts in NOK million

As of 31.12 the Group held the following interest rate derivatives, not qualified for hedge accounting:

Instruments	Fixed rate	Floating rate	Notional amount	Effective from	Maturity date
31.12.2020					
Interest rate swaps - USD	-	-	-	-	-
Interest rate swaps - NOK	0.85%-1.92%	NIBOR 3-6m	1 750	2016-2018	2021-2023
31.12.2019					
Interest rate swaps - USD	-	-	-	-	-
Interest rate swaps - NOK	0.85%-2.98%	NIBOR 3-6m	2 750	2014-2018	2020-2023

As of 31.12 the Group held the following foreign exchange rate derivatives, not qualified for hedge accounting:

Instrument committed	Received	Amount in NOK million	Maturity
31.12.2020			
Foreign exchange contracts	-	-	-
31.12.2019			
Foreign exchange contracts	NOK/EUR	500	< 1 year
Foreign exchange contracts	NOK/USD	1 132	< 1 year
Foreign exchange contracts	USD/NOK	146	< 1 year

Foreign exchange contracts are held in currencies where the Group has most of its commercial contracts. For further information on foreign exchange rate derivatives and risks, please see Note 2 'Financial risk management'.

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Amounts in NOK million

24. Financial assets and liabilities: information on the balance sheet

The tables below give an overview of the carrying value of the Group's financial instruments and the accounting treatment of these instruments. The table is the basis for further information regarding the Group's financial risk.

31.12.2020	Note	Financial instruments at fair value through profit and loss	Financial instruments measured at amortised cost	Total	Of which included in net interest bearing debt
Assets					
Non-current derivatives	23	-	-	-	-
Other non-current receivables	15, 20	-	195	195	52
Trade receivables and other current assets	16, 17, 20	-	972	972	45
Current derivatives	23	-	-	-	-
Restricted deposits	18, 20	-	118	118	118
Unrestricted cash	18, 20	-	1 212	1 212	1 212
Total financial assets		**-**	**2 497**	**2 497**	**1 427**
Liabilities					
Derivatives non-current	23	-	-	-	-
Interest-bearing non-current liabilities	20	-	272	272	272
Current portion of debt	20	-	9 258	9 258	8 963
Other non-current liabilities		-	2	2	-
Current derivatives	23	35	-	35	-
Trade payables and other current liabilities	21, 22	-	647	647	-
Total financial liabilities		**35**	**10 178**	**10 213**	**9 234**

31.12.2019	Note	Financial instruments at fair value through profit and loss	Financial instruments measured at amortised cost	Total	Of which included net in interest bearing debt
Assets					
Non-current derivatives	23	16	-	16	-
Other non-current receivables	15, 20	-	584	584	204
Trade receivables and other current assets	16, 17	-	1 104	1 104	-
Current derivatives	23	23	-	23	-
Restricted deposits	18, 20	-	137	137	137
Unrestricted cash	18, 20	-	797	797	797
Total financial assets		**39**	**2 623**	**2 662**	**1 138**
Liabilities					
Derivatives non-current	23	4	-	4	-
Interest-bearing non-current liabilities	20	-	581	581	581
Current portion of debt	20	-	9 195	9 195	9 085
Other non-current liabilities		-	2	2	-
Current derivatives	23	23	-	23	-
Trade payables and other current liabilities	21, 22	-	563	563	-
Total financial liabilities		**27**	**10 340**	**10 367**	**9 667**

Prepayments and non-financial liabilities are excluded from the disclosures above.

The carrying amount of cash and cash equivalents and overdraft facilities is approximately equal to fair value since these instruments have a short term to maturity. Similarly, the carrying amount of trade receivables and trade payables is approximately equal to fair value since they are entered into at standard terms and conditions.

For further information on financial instruments, please refer to note 32 'Accounting policies', paragraph T.

DOF Subsea Group

Amounts in NOK million

25. Guarantees

The Group has commitments to clients to ensure performance under contracts. These commitments are mainly parent company guarantees or counter guarantees given to banks for the issuance of bank guarantees and performance bonds. The guarantees are limited to fulfilment of the contract and are released after fulfilment of the contract obligation. In some cases, this is followed by a warranty period. Normally this warranty period will have duration of 12-24 months and will only be for a portion of the initial guarantee amount.

The Group has guarantee commitments on behalf of DOFCON Brasil Group in favor of credit institutions of USD 381 million as per 31.12.2020.

Furthermore, guarantees are given to suppliers for fulfilment of payment for deliveries of goods and services.

26. Related parties

Description of related parties and the DOF Subsea Group's relationship to these:

DOF ASA is the sole shareholder in DOF Subsea AS with a 100% holding on 31st of December 2020.

DOF ASA controls companies which hire vessels and deliver goods and services to companies in the Group. Furthermore, the Group has contracts covering leasing of assets and delivering of services to DOF ASA companies. All related parties transactions and contracts are subject to standard terms and Group policies.

Operating revenue from DOF ASA companies	2020	2019
Vessel hire	147	121
Hire of ROV equipment and services	89	54
Other revenue	66	42
Total	**302**	**218**

Operating expenses to DOF ASA companies	2020	2019
Vessel hire	25	8
Crew and other personnel hire	325	381
Vessel technical costs	22	8
Management fee vessels	69	80
Other management services and IT costs	53	78
Total	**494**	**556**

Vessel hire

The Group hires vessels from and to DOF ASA companies based on the demand in the market and available tonnage.

Skandi Iceman was hired from DOF ASA companies during the year.

Hire of ROV equipment and services

Some of the Group's ROVs are hired by DOF ASA companies. The ROVs are operated by DOF Subsea personnel.

Crew and other personnel hire

The Group hires marine crew from DOF ASA companies and external parties.

Vessel technical costs

Vessel technical costs are purchases done by DOF ASA companies on behalf of DOF Subsea Group.

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Management fee vessels

The Group purchases management services from DOF Management AS, DOF Management Pte Ltd and Norskan Offshore Ltda. for its entire fleet of owned vessels. The management fee during the year varied from NOK 800 thousands till NOK 4.9 million (NOK 800 thousands till NOK 6.4 million 2019) per vessel.

Other management services and IT costs

Marin IT delivers IT services to the Group. Other management services (income and expenses) will include transactions such as hire of onshore staff, rental of office space and other reimbursable expenses invoiced from or to DOF ASA companies.

Other financial expenses between DOF ASA and the Group

The Group has in June 2010 entered into a guarantee agreement with DOF ASA. DOF ASA has provided a parent company guarantee for obligations of DOF Subsea Brasil Serviços Ltda. and DOFCON Navegação Ltda. The basis for guarantee fee to DOF ASA amounts to USD 119 million at year end (USD 127 million as of 31st of December 2019).

The refinancing process is a common process for the Group and DOF ASA. Costs related to the refinancing process are allocated to different companies in the groups based on agreements with the parties. All refinancing costs are classified and presented as external expenses.

Financial income and expenses from/to DOF ASA companies		2020	2019
Interest income		3	4
Impairment of non-current receivables		-48	-22
Guarantee fees expenses		10	15

Balances arising from sales / purchases of goods / services and loans related to DOF ASA companies	Note	2020	2019
Current receivables	17	71	104
Current liabilities	22	128	100

Loans to DOF ASA companies	Note		2019
Non-current receivables	15	70	83
Impairment of non-current receivables	15	-70	-22

For further information related to DOF ASA, see financial statements for DOF ASA.

Financial income and expenses from/to joint ventures	Note	2020	2019
Interest income	8	16	41
Guarantee income	8	24	9

Loans to joint ventures	Note	2020	2019
Other non-current receivables from joint ventures	15	107	329
Other current receivables from joint ventures	17	222	224

DOF Subsea AS has provided parent company guarantees for 50% of the loan obligations for the vessels owned in the joint venture. For further information see note 25 'Guarantees' and note 29 'Investment in associates and joint venture'.

DOF Subsea Group

Amounts in NOK million

27. Remuneration to Board of Directors, Executives and Auditor

	2020		2019	
Remuneration to Executives	**CEO**	**EVP**	**CEO**	**EVP**
Salaries	-	6.4	0.2	6.4
Management fee	4.9	-	5.1	-
Payment from DOF Subsea	**4.9**	**6.4**	**5.3**	**6.4**

CEO=Mons Aase, EVP=Jan Nore

Total compensation to the Chairman of the Board of Directors is NOK 0.6 million in 2020 (NOK 0 in 2019). The rest of the Board of Directors received no fees, nor compensation in fees for the year.

Salaries include pension, bonuses and other compensations from the Group. Senior executives are included in the general Group's pension plan, see note 6 'Payroll expenses'. For additional information on employee benefits, please refer to note 32 'Accounting policies', paragraph S.

Jan Nore held the position as EVP and CFO for the Group during the year. The EVP is entitled to a bonus based on the result of the company and personal performance. A severance settlement for the agreed termination of EVP will be paid upon completion of notice period in the end of May 2021. The company loan will be settled at the same time.

The Group is part of the DOF ASA Group, see note 19 'Share capital and share information'. The contract with the CEO includes a 6 month termination period and 12 months termination compensation. The CEO's retirement compensation is based on 70% salary and the retirement age is set at 67 years. Cost related to CEO Mons Aase is included in the management fee between DOF ASA and DOF Subsea AS. Please refer to the DOF ASA annual report for further information of salary to CEO Mons Aase.

A loan of NOK 2.5 million has been given to both the CEO and EVP in 2016. The annual interest on the loans are 2%. The loan to the CEO will be settled in 2022. There is sufficient security related to the loans. No other loans have been given to or any security provided for the members of the Board of Directors, members of the Group management or other employees or close relatives of the same Group.

Specification of Auditor's fee (excl. VAT)	**2020**	**2019**
Fee for audit of financial statements	6.3	5.2
Fee for other attestation services	-	0.1
Fee for other tax consultancy	0.4	0.1
Fee for other services	-	0.1
Total	**6.7**	**5.5**

The Board has drawn up the following statement

The Board of Directors prepares annually a separate statement regarding the remuneration of executives in accordance with the Norwegian Public Limited Companies Act, Allmennaksjeloven § 6-16a. The following guideline is presented at the annual General Meeting.

Responsibilities and duties of the Compensation Committee

The Board of Directors has established a Compensation Committee. See statement on guidelines for defining salaries and other payments for the CEO and other senior executives of the Group below:

The following functions shall be the common recurring activities of the Committee in carrying out its responsibilities for establishing and reviewing the overall compensation philosophy of the Group. These functions should serve as a guide with the understanding that the Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board of Directors from time to time related to the purposes of the Committee.

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern that the Committee deems appropriate and shall have the sole authority to retain outside counsel or other experts for this purpose, including the authority to approve the fees payable to such counsel or experts and any other terms of retention.

The main principles guiding the Group's executive remuneration policy is that senior executives shall be offered terms which are competitive in terms of salary, benefits in kind, bonus and pension plan taken as a whole. The Company offers a salary level which reflects a comparable level in equivalent companies and businesses, taking into account the Company's need for well qualified staff in all parts of the business.

When it comes to setting salaries and other payments for senior executives, this must be in line with the principles outlined above at all times. Payments to senior executives over and above the basic salary shall be restricted to bonuses. Any bonus to the CEO and other senior executives is set by the Compensation Committee. Bonuses to other executives are set by the CEO in conjunction with the Chairman of the Board. DOF Subsea AS does not have any schemes for granting options to purchase shares in the Company or in other companies within the Group. Senior executives are members of the Group's pension plan, which provides pension benefits not exceeding 12 G (G = national insurance basic amount) per year. Senior executives may have agreements concerning Company cars and phones, but do not receive any other benefits in kind.

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28. Companies within the Group

Subsidiary	Owner	Registered office	Proportion of ownership and votes
DOF Installer ASA	DOF Subsea AS	Austevoll, Norway	84.90%
DOF Subsea Chartering AS	DOF Subsea AS	Bergen, Norway	100%
DOF Subsea Congo S.A.	DOF Subsea AS	Pointe-Noire, Republice du Congo	55%
DOF Subsea Norway AS	DOF Subsea Atlantic AS	Bergen, Norway	100%
DOF Subsea Norway Offshore AS	DOF Subsea Atlantic AS	Bergen, Norway	100%
DOF Subsea Atlantic AS	DOF Subsea AS	Bergen, Norway	100%
DOF Subsea Rederi AS	DOF Subsea AS	Bergen, Norway	100%
DOF Subsea Rederi III AS	DOF Subsea AS	Bergen, Norway	100%
DOF Subsea ROV AS	DOF Subsea AS	Bergen, Norway	100%
DOF Subsea Angola Lda	DOF Subsea AS	Luanda, Angola	100%
DOF Subsea Asia Pacific Pte Ltd	DOF Subsea AS	Singapore	100%
DOF Subsea Asia Pacific Pte Ltd Philippine Branch	DOF Subsea Asia Pacific Pte Ltd	Muntinlupa City, Philippines	100%
DOF Subsea Brasil Serviços Ltda	DOF Subsea AS	Macaé, Brazil	100%
DOF Subsea UK Ltd	DOF Subsea Atlantic AS	Aberdeen, UK	100%
DOF Subsea Ghana Ltd	DOF Subsea UK Ltd	Accra, Ghana	49%
DOF Subsea USA Inc	DOF Subsea AS	Houston, USA	100%
PT DOF Subsea Indonesia	DOF Subsea Asia Pacific Pte Ltd	Jakarta, Indonesia	95%
DOF Subsea Labuan Bhd	DOF Subsea Asia Pacific Pte Ltd	Labuan, Malaysia	100%
DOF Subsea Australia PTY	DOF Subsea Asia Pacific Pte Ltd	Perth, Australia	100%
DOF Subsea Malaysia Sdn Bhd	DOF Subsea Asia Pacific Pte Ltd	Kuala Lumpur, Malaysia	100%
DOF Subsea Offshore Services Pte Ltd	DOF Subsea Asia Pacific Pte Ltd	Singapore	100%
Mashhor DOF Subsea Sdn	DOF Subsea Australia Pty Ltd	Negara Brunei Darussalam	50%
DOF Subsea Canada Corp.	DOF Subsea US Inc	St. Johns, Canada	100%

A significant part non-controlling interest in the Group is related to DOF Installer ASA. DOF Installer ASA owns and operate three vessels that mainly are working for other companies in the Group. All vessels in DOF Installer ASA are financed with external debt and equity. Other non-controlling interests in the Group are insignificant.

Non-controllings share of DOF Installer ASA`s key financial positions and earnings:

Non-controlling share of key financial positions and earnings	2020	2019
EBITDA	20	27
Profit (loss) for the year	-49	-13
Tangible assets	225	285
Unrestricted cash and cash equivalents	76	50
Total equity	109	158
Current portion of debt	208	203

The preliminary financial statements of DOF Installer ASA are not audited at the DOF Subsea Group reporting date.

For further information, please refer to note 32 'Accounting policies', paragraph C for information on subsidiaries and to note 32 'Accounting policies', paragraph P for information on transactions with non-controlling interests.

29. Investments in associates and joint ventures

The Group has the following investments in associated and joint ventures accounted for using the equity method:

Name of entity	Place of business / country of incorporation	Industry	% of ownership interest	Nature of relationship	Measurement method
DOFCON Brasil Group	Norway	Subsea Chartering	50%	Joint Venture	Equity
DOF Management Group	Norway	Vessel management and operation	34%	Associate	Equity
Marin IT AS	Norway	IT	35%	Associate	Equity
Semar AS	Norway	Engineering	42%	Associate	Equity
Master and Commander AS	Norway	Seismic Chartering	20%	Associate	Equity

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Reconciliation of the aggregate carrying amounts in investments

2020	DOFCON Brasil Group	Associated companies	Total
Book value of investments 01.01	1 773	87	1 859
Reclassification from subsidiaries	-	6	6
Profit / loss for the period	603	-30	573
Other comprehensive income	-47	-	-47
Book value of investments 31.12	**2 328**	**63**	**2 391**
2019	**DOFCON Brasil Group**	**Associated companies**	**Total**
Book value of investments 01.01	1 435	118	1 553
Profit / loss for the period	271	-32	240
Other comprehensive income	66	-	66
Book value of investments 31.12	**1 773**	**87**	**1 859**

Please refer to note 32 'Accounting policies', paragraph C, for information about joint arrangements and associates.

Information about the joint ventures

The Group has a 50% interest in the joint venture DOFCON Brasil Group together with TechnipFMC. DOFCON Brasil Group consists of DOFCON Brasil AS as the parent company and the subsidiaries TechDOF Brasil AS and DOFCON Navegação Ltda.

DOFCON Brasil AS is a holding company located in Bergen. It is jointly owned by DOF Subsea AS and Technip Coflexip Norge AS. DOFCON Brasil AS owns and controls TechDOF Brasil AS and DOFCON Navegação Ltda. DOFCON Brasil Group owns and operates six vessels by year-end.

TechDOF Brasil AS owns and operates two vessels, Skandi Açu and Skandi Buzios. Both vessels operates at long-terms contracts in Brazil with Petrobras.

DOFCON Navegação Ltda owns and operates Skandi Niterói, Skandi Vitória, Skandi Recife and Skandi Olinda. Skandi Recife and Skandi Olinda are on long-term contracts in Brazil with Petrobras. Skandi Niteroi operates on a short-term contract while Skandi Vitoria is fixed on a long-term contract, both with TechnipFMC.

DOFCON Navegação Ltda applied from 2013 hedge accounting related to foreign exchange risk on the portion of the company's highly probable revenue in USD hedging the company's debt in USD. As of January 2017 DOFCON Navegação Ltda, changed its functional currency from BRL to USD. The change in the functional currency eliminated the foreign exchange risk that, consequently, resulted in the prospective discontinuation of the cash flow hedge accounting. The accumulated hedge reserves held in other comprehensive income was converted by use of exchange rate as of 1st of January 2017. The Group's share of the other comprehensive income related to hedging as of 1 January 2017 was NOK -333 million. The recycling of the accumulated hedge reserve to the consolidated statements of comprehensive income in 2020 is NOK 56 million (NOK 58 million). The cost is included in the Share of net income from associates and joint ventures. The negative effect of the recycling has no cash effect, nor effect on the Group's equity.

In 2020 an impairment on the joint venture vessels Skandi Vitoria and Skandi Niteroi of NOK 241 million has been recognised. The impairment is included in the profit/loss for the period.

DOF Subsea AS has guaranteed for 50% of the obligations related to loans on the vessels in the joint venture, see also note 26 'Related parties' and 28 'Guarantees'.

Sensitivity analysis of investment in joint ventures

Negative effect on net future cash flows with 20% will result in an additional impairment of the vessels with NOK 875 million (DOF Subsea share: NOK 437 million). This will affect five of the DOFCON Brasil Group's vessels and might result in additional impairment in DOFCON Brasil Group, which in turn might affect the book value of the Group's investment in DOFCON Brasil Group .

Associates

DOF Management AS and Norskan Offshore Ltda performs vessel management, vessel operation and other related services to vessel owners in the offshore energy industry. DOF Management AS and Norskan Offshore Ltda delivers vessel management to the DOF Subsea Group's fleet. DOF Subsea own 34% of DOF Management AS, the remaining 66% is owned by DOF ASA.

Marin IT AS delivers IT services. DOF Subsea Group is a customer of Marin IT AS. The remaining shares in Marin IT AS are owned by DOF ASA and Austevoll Seafood ASA.

Master and Commander AS owns two vessels Oceanic Phoenix and Geowave Commander. In January 2021 both vessels were sold for recycling.

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Summarised preliminary consolidated financial information for the joint venture DOFCON Brasil Group (100% basis)

The table below provides summarised the consolidated financial information for the joint venture DOFCON Brasil Group. The information disclosed reflects the amounts presented in the preliminary financial statements of DOFCON Brasil Group. The table also reconciles the summarised financial information to the DOF Subsea Group's share and carrying amount of the investment.

Statement of comprehensive income	2020	2019
Operating revenue	2 711	2 403
Operating expenses	-453	-464
Operating profit before depreciation (EBITDA)	2 258	1 939
Depreciation and impairment	-701	-836
Operating profit (EBIT)	1 557	1 103
Net financial income / loss	-581	-599
Profit / loss before tax	976	504
Income tax expenses	229	40
Profit / loss for the year	1 206	544
Other comprehensive income / loss, net of tax	-95	131
Total comprehensive income / loss for the year, net of tax	1 112	**675**
DOF Subsea Group's share of profit for the year	**555**	**338**

Statement of financial position	2020	2019
Assets		
Deferred tax asset	696	373
Tangible assets	11 627	12 483
Non-current assets	12 323	12 856
Total receivables	560	433
Cash and cash equivalents	904	606
Current assets	1 464	1 039
Total assets	**13 787**	**13 895**
Equity and liabilities		
Total equity	4 657	3 544
Non-current liabilities	7 520	8 701
Current liabilities	1 610	1 650
Total liabilities	9 130	10 351
Total equity and liabilities	**13 787**	**13 895**
DOF Subsea Group's carrying amount of the investment	**2 328**	**1 773**

The preliminary financial statements of the joint ventures are not audited at the DOF Subsea Group reporting date. Figures above are consolidated with the use of the equity method in the DOF Subsea Group financial statements.

Summarised financial information for associates

The table below provides summarised financial information for the associate companies. The information disclosed reflects the Group's share in the IFRS financial statements of the associate companies. The preliminary financial statements of the associate companies are not audited at the Group reporting date.

2020

Associated companies	Assets at 31.12	Liabilities at 31.12	Equity at 31.12	Profit / loss for the year
DOF Management Group	125	74	51	-
Marin IT	24	18	6	-
Semar AS	9	3	6	-
Master & Commander	-	-	-	-30
Group's carrying amount of the investment			**63**	

2019

Associated companies	Assets at 31.12	Liabilities at 31.12	Equity at 31.12	Profit / loss for the year
DOF Management Group	134	83	51	-2
Marin IT	34	28	6	-3
Master & Commander	30	0	30	-28
Group's carrying amount of the investment			**87**	

30. Contingencies

After a saturation dive campaign in Australia in 2017, some of the divers have been diagnosed with potential long-term health effects with various symptoms. The situation continues to be monitored, and the Group has engaged a team of globally recognised experts and has offered specialist medical support to the divers.

The incident has been under investigation by NOPSEMA since 2018 and the Group has in Q2 2020 received a Prosecution Notice as a result of NOPSEMA's investigation. The Group has engaged an external law firm to act on behalf of the Group for the defense of the charges by the prosecutor. Based on facts and circumstances it is the Group`s view that it is more likely than not that there will be no future cash outflow related to the dive campaign in 2017. No provision related to the dive campaign is included in DOF Subsea Group's accounts as of 31st of December 2020.

There is always a risk that changes in interpretations of facts and circumstances will be interpreted to the detriment of the Group. Such changes might result in future cash outflow for the Group.

The Group is not involved in any other legal disputes or on-going legal matters involving potential losses, except for the tax related claims, disputes mentioned in note 3 'Accounting estimates and assessments' and what is mentioned above. Please refer to note 32 'Accounting policies', paragraph N, for discussion on contingent liabilities.

31. Events occurring after period end

The focus for the Group after period end has been to protect its employees from the impact of the global COVID-19 situation and try to execute projects and operate the vessels as close to normal as possible. The Group has so far been able to operate its vessels close to normal throughout the year, even though crew changes has been and is expected to remain challenging.

On the 29th of January the Group agreed to extend the standstill agreements with the secured lenders representing in total 88% of the secured debt of the Group excluding the joint venture with TechnipFMC and DOF Subsea Brasil Servicos Ltda. The standstill from BNDES to DOF Subsea Brasil Servicos Ltda. has been extended to 10th of June 2021 for the vessel Skandi Salvador.

In a bondholder meeting on the 1st of February a proposal to extend the standstill period until the 31st of March received 99.17%, 100% and 100% of the votes in DOFSUB07, DOFSUB08, and DOFSUB09. The approval includes that the Ad-hoc group of bondholders has the option to extend the standstill period until the 30th of June 2021. By March the ad-hoc group has approved an extension of the standstill until 30th of April.

32. Accounting policies

A. Summary of significant accounting principles

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

B. Going concern

In accordance with IAS 1.25, the Board of Directors confirms that the financial statements have been prepared under the assumption of going concern. However, the recent events described below give rise to significant doubt on the Group and the Company's ability to continue as going concern.

The Group's financial position is not sustainable. Standstill agreements with the majority of the Group's creditors have continued since Q2 2020. The Group is dependent on a robust refinancing solution and has presented a debt restructuring proposal to the secured lenders and bondholders. The refinancing proposal currently discussed include a comprehensive restructuring of the Group's balance sheet which include softer terms and conversion of debt to equity. The dialogue with the lenders is constructive, but a refinancing solution is not yet in place. The Group is dependent on continued standstill agreements with its creditors until a long-term financial solution is agreed to maintain as going concern.

If the Group can not be treated as going concern, the valuation of the Group's assets will be further revised. Valuation of asset without the going concern assumption will result in further impairment of the Group's assets.

C. Group

Consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date control is transferred to the Group. Subsidiaries are deconsolidated from the date control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

DOF ASA companies

DOF ASA companies are defined as DOF ASA and its subsidiaries excluding companies within the DOF Subsea Group.

Joint arrangements and associates

Investments in jointly controlled companies are classified as either joint operations or joint ventures depending on the contractual rights and obligations for each investor. DOF Subsea Group has assessed the nature of its jointly controlled companies and determined them to be joint ventures. Joint ventures are accounted for by using the equity method of accounting.

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by using the equity method of accounting.

Under the equity method of accounting, the investment is initially recognised at cost and adjusted thereafter to recognise the Group's share of post-acquisition profits or losses and movements in other comprehensive income in the investee. The Group's investment in the investee includes goodwill identified on acquisition. When the Group's share of losses equals or exceeds its interest in the investee (which includes any long-term interests that, in substance, form part of the Group's net investment in the investee), the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the investee.

Unrealised gains on transactions between the Group and its investees are eliminated to the extent of the Group's interest in the investee. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

If the ownership interest in an investee is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate has been impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, recognising the amount in 'share of net income from associates and joint ventures' in the consolidated statement of comprehensive income.

Accounting policies of the investee have been changed where necessary to ensure consistency with the policies adopted by the Group.

D. Segment reporting

Members of the Board of Directors are the Group's chief operating decision-makers. The Group has determined operating segments based on the information given to the Group's operating decision-makers for the purposes of allocating resources and assessing performance. These reports are defined as Management reporting.

Segments are reported to the chief operating decision-makers on a regular basis. Corporate expenses and similar are allocated to the segments proportionately based on estimated split of services delivered to each segment.

The segment reporting is presented according to Management reporting, based on the proportionate consolidation method of accounting for joint ventures. The bridge between the Management reporting and the figures reported in the financial statements is presented in the segment note. Please refer to note 29 'Investment in associates and joint ventures' for further information on investments.

The Subsea/IMR Projects segment covers operations in four regions; the Asia-Pacific region, the Atlantic region, the North America region and the Brazil region. In the Subsea/IMR Projects segment, the vessels and the equipment allocated to the segment are utilised on a global basis.

The Group has gradually built the Subsea/IMR Projects segment to become a global provider of subsea services with a core focus on IMR. In addition to the IMR market, the Subsea/IMR Projects segment has focused on mooring, light construction and survey work utilising the Group's core competences and assets.

The Long-term Chartering segment covers letting of vessels to third-party charterers and is managed through the Group's associated company DOF Management AS, DOF Management Pte Ltd and Norskan Offshore Ltda. The Long-term Chartering segment is built on DOF Subsea's long standing as an internationally recognised vessel owner and operator of high-end subsea vessels.

E. Conversion of foreign currency

Foreign currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates, 'the functional currency'. The functional currency is mainly NOK, USD, AUD, GBP, CAD and BRL. The consolidated financial statements are presented in NOK.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions are presented as realised currency gain/loss under financial items. Similarly, the conversion at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised as unrealised currency gain/loss.

Group companies

Group companies that have a functional currency which differs from the presentation currency (NOK) are converted into the presentation currency as follows:

- assets and liabilities presented at consolidation are converted to presentation currency using the foreign exchange rate at the end of the reporting period,
- income and expenses are converted using the average rate of exchange, and
- all exchange differences are recognised in other comprehensive income and specified separately in the consolidated statement of changes in equity.

F. Classification of assets and liabilities

Assets are classified as current assets when:
- the asset forms part of the entity's operating cycle, and is expected to be realised or consumed over the course of the entity's normal operations; or
- the asset is held for trading; or
- the asset is expected to be realised within 12 months after the reporting period.

All other assets are classified as non-current assets.

Liabilities are classified as current liabilities when:
- the liability forms part of the entity's operating cycle, and is expected to be realised or consumed over the course of the entity's normal operations; or
- the liability is held for trading; or
- settlement of the liability has been agreed upon within 12 months after the reporting period; or
- the entity does not have an unconditional right to postpone settlement of the liability until at least 12 months after the reporting period.

All other liabilities are classified as non-current liabilities.

G. Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held on call with banks. Restricted deposits are classified separately from unrestricted bank deposits under cash and cash equivalents. Restricted deposits include deposits with restrictions exceeding twelve months.

H. Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Contract asset are presented together with trade receivables. A contract asset is the right to consideration in exchange for services transferred to the customer. If the Group performs by transferring services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables are recognised initially at nominal amount. An impairment analysis is performed at each reporting period to measure expected credit losses.

I. Tangible assets and contract costs

Tangible assets are recognised at cost less accumulated depreciation and accumulated impairment losses. The cost of tangible assets comprises its purchase price, borrowing costs and any directly attributable costs of bringing the asset to its operating condition. If significant, the total expenditure is separated into components which have different expected useful lives.

Depreciation is calculated on a modified straight-line basis over the useful life of the asset. Depreciable amount equals historical cost less residual value.

Depreciation commences when the asset is ready for its intended use. The useful lives of tangible assets and the depreciation method are reviewed periodically in order to ensure that the method and period of depreciation are consistent with the expected pattern of financial benefits expected to be derived from the assets.

When tangible assets are sold or retired, their cost and accumulated depreciation and accumulated impairment loss are derecognised and any gain or loss resulting from their disposal is included in profit or loss.

For vessels, residual value is determined based on estimated fair value today as if the asset was at the end of its useful life. According to the Group's strategy, it intends not to own vessels older than 20 years. For further information on depreciation see note 3 'Accounting estimates and assessments'.

Assets under construction

Assets under construction are capitalised as tangible assets during construction as instalments are incurred. Building costs include contractual costs and costs related to monitoring the project during the construction period. Borrowing costs are added to the cost of those assets. The capitalisation of borrowing costs cease when the asset is substantially ready for its intended use. Assets under construction are not depreciated before the tangible asset is ready for its intended use.

Impairment of assets

All assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised. The recoverable amount is the higher of an asset's net selling price and value in use. Where there are circumstances and evidence that impairment losses recognised previously no longer exists or has decreased, a reversal of the impairment loss is recognised, except for goodwill. For further information on the calculation see note 3 'Accounting estimates and assessments'.

Periodic maintenance

Periodic maintenance is related to major inspection and overhaul costs which occur at regular intervals over the useful life of an asset. The expenditure is capitalised when it is probable that the Group will derive future financial benefits from upgrading the asset. Periodic maintenance of a vessel is depreciated on a straight-line basis until the vessel is due for its next periodic maintenance. When new vessels are acquired, a portion of the cost price is classified as periodic maintenance based on best estimates. Intervals between periodic maintenance are calculated on the basis of past experience. The estimated life of each periodic maintenance program is 5 years.

Ordinary repairs and maintenance costs of assets are expensed as incurred.

Contract costs

Cost of obtaining a contract with customer and costs related to mobilisation of vessel, equipment and personnel are capitalised and amortised in line with the satisfaction of the performance obligation. These costs are defined as contract costs. Contract period is based on best estimates taken into consideration the initial agreed period with probability for optional periods. A probability judgment is performed in assessing whether the option period shall be included in the contract period. Contract costs are classified and presented as other non-current assets. For further information about contract cost, refer to Q. 'Revenue recognition'

J. Leases

Where assets are financed through finance leases, under which substantially all the risks and rewards of ownership are transferred to the Group, the assets are treated as if they had been purchased outright. The amount included in the cost of tangible assets represents the aggregate of the capital elements payable during the lease. The corresponding obligation, reduced by the appropriate proportion of lease or hire purchase payments made, is included in borrowings. The amount included in the cost of property, plant and equipment is depreciated on the basis described in the preceding paragraphs and the interest element of lease payments made is included in interest expense in the statement of comprehensive income.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee, are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the Group is a lessor is recognised as operating revenue on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

K. Goodwill

Goodwill is measured as the excess of consideration transferred plus the amount of non-controlling interests and fair value of any previously held equity interest less the fair value of the identifiable net assets acquired in the business combination. When this amount is negative, the difference is recognised in profit or loss. Goodwill comprises the difference between nominal and discounted amounts in terms of deferred tax, synergy effects, organisational value and key personnel and their expertise.

Goodwill is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of goodwill may not be recoverable. Impairment losses on goodwill are not reversed.

The goodwill in the Group is allocated to and monitored on the level of operational segments, except for the situations were independent cash flows on lower levels can be monitored.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

L. Debt

Debt is recognised initially at fair value, net of incurred transaction costs. Debt is subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the debt using the effective interest method.

Fees paid on the establishment of debt are recognised as transaction costs of the debt to the extent that it is probable that some or all of the liability will be drawn. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the liability will be drawn, the fee is recognised as a prepayment for liquidity services and amortised over the period of the liability to which it relates.

Interest expenses related to debt are recognised as part of the cost of an asset when the borrowing costs accrue during the construction period of a qualifying asset.

Debt is classified as a current liability unless it involves an unconditional right to postpone payment of the liability for more than 12 months from the reporting period.

M. Provisions

Provisions are recognised when, and only when, the Group faces an obligation (legal or constructive) as a result of a past event, it is probable (more than 50%) that a settlement will be required, and a reliable estimate can be made of the obligation amount.

For onerous contracts, provisions are made when unavoidable cost of meeting the obligations under the contract exceed the economic benefit to be received under the contract. The unavoidable costs under the contract are the lower of the cost of fulfilling the contract and any compensation or penalties arising from failure to fulfil the contract. Unavoidable cost are costs that would not incur for the entity if it did not have the contract. Provisions are reviewed at the end of each reporting period and adjusted to the best estimate. When timing is significant for the amount of the obligation, it is measured at its present value.

Subsequent increases in the amount of the obligation due to interest accretion are reported as interest costs.

N. Contingent assets and liabilities

Contingent assets are not recognised in the financial statements, but are disclosed in the notes to the financial statements if it is probable that the Group will benefit economically.

Contingent liabilities are defined as:
- possible liabilities resulting from past events, but where their existence relies on future events;
- liabilities which are not reported in the financial statements because it is improbable that the commitment will result in an outflow of resources;
- liabilities which cannot be measured with a sufficient degree of reliability.

Contingent liabilities are not reported in the financial statements, with the exception of contingent liabilities which originate from business combinations. Significant contingent liabilities are presented in the notes to the financial statements, except for contingent liabilities with a very low probability of settlement.

O. Equity

Ordinary shares are classified as equity.

Transaction costs related to equity transactions, including tax effects of transaction costs, are recognised directly in equity.

P. Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of the non-controlling interests is recorded in the consolidated statement of changes in equity. Gains or losses on disposals to non-controlling interests are also recorded in the consolidated statement of changes in equity.

Q. Revenue recognition

The Group recognises income in line with the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Operating revenue is shown net of discounts, value-added tax and other taxes on gross rates.

Day rate contracts

A day rate contract is a contract where the Group is remunerated by the customer at an agreed daily rate for each day of use of the vessel, equipment, crew and other resources and services utilised under the contract. Such contracts may also include certain lump sum payments.

Under Long-term Chartering the Group delivers a vessel, including crew, to a client. The charterer determines, within the contractual limits, how the vessel is to be utilised. Under Subsea/IMR Projects the Group utilises its vessels, equipment, crew and the onshore project organisation to perform tailor made services on the client's installations and/or assets.

The right to use the vessel fall in under the scope of IFRS 16 'Leases', and revenue is recognised over the lease period on a straight-line basis.

Distinct service components in a contract are accounted for separately from other promises in the contract. Where the contracts include multiple performance obligations, the transaction price is allocated to each performance obligation based on the stand-alone selling prices. Revenue is recognised over time as the services are provided. The stage of completion for determines the amount of revenue to recognise is assessed based on an input or output method. The method applied is the one that most faithfully depicts the Group's progress towards complete satisfaction of the performance obligation. Progress is usually measured based on output methods such as days.

The Group does not recognise revenue during periods when the underlying vessel is off-hire. In contracts where the Group is remunerated for maintenance days the revenue is recognised over the contract period. The maintenance days are recognised as receivables, and invoiced during off-hire.

Lump sum contracts

A lump sum contract is a contract where the Group is remunerated by the client to a fixed price which is deemed to include the Group's costs, profit and contingency allowances for risks. Any over-run of costs experienced by the Group is for the Group's account, unless specifically agreed with the client in the contract.

For lump sum projects, contract revenue and expenses are recognised over time in accordance with the stage of completion of a contract. The stage of completion is calculated by dividing contract costs incurred to date by total estimated contract costs. Revenue is recognised in line with the stage of completion.

The method relies on the Group's ability to estimate future costs in an accurate manner over the remaining life of a project. The process requires judgement, and changes to estimates or unexpected costs resulting in fluctuations in revenue recognition and probability. Cost forecasts are reviewed on a continuous basis and the project accounts are updated in a monthly project manager's report as a result of these reviews. The reviews monitor actual cost of work performed project to date, the estimate cost to complete and the estimate cost at completion. This enables a reliable estimate for the likely outcome in terms of profitability of each project.

As contract revenue, costs and the resulting profit are recognised as the work is performed, costs incurred relating to future activities are deferred and recognised as an asset in the consolidated statement of financial position. Conversely, where revenue is received in advance of costs being incurred, a deferred liability is recognised in the consolidated statement of financial position.

Where the outcome of a project cannot be reliably measured, revenue will be recognised only to the extent that costs are recoverable. Where it is probable that contract costs will not be recovered, it is only costs incurred that are recognised in the consolidated statement of comprehensive income.

Contract costs

Costs incurred relating to future performance obligations are deferred and recognised as assets in the consolidated statement of financial position. The nature of the asset is incremental costs of obtaining a contract, that would not have incurred if the contract had not been obtained, and will be recovered by the revenue over the contract period. Costs related to contracts and future performance obligation longer than 12 months are classified and presented as Other non-current assets. All other costs for future performance are presented as other current assets. Contract costs incurred will be expensed and presented as Operational expenses in line with the satisfaction of the performance obligation.

Variation orders

Additional contract revenue arising from variation orders is recognised when it is probable that the client will approve the variation and the amount of revenue arising from the variation can be reliably measured.

Mobilisation

In contracts where the Group is remunerated for mob- or demobilisation of vessel the remuneration is classified as prepayment and amortised over the contract period.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Interest income

Interest income is recognised using the effective interest method.

R. Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the consolidated statement of financial position date in the countries where the Company's subsidiaries and associated companies operate and generate taxable income. Permanent establishment of the operation will be dependent on the Group's vessels' operations in the period. Tax is calculated in accordance with the legal framework in those countries in which the Group's subsidiaries, associated companies or vessels with permanent establishment operate and generate taxable income.

The Group periodically evaluates tax positions where applicable tax regulation is subject to interpretation. Provisions are recognised on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the consolidated statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. For further information on deferred tax see note 3 'Accounting estimates and assessments' and note 9 'Tax'.

Both tax payable and deferred tax are recognised directly in the consolidated statement of changes in equity, to the extent they relate to items recognised directly in the consolidated statement of changes in equity. Similarly, any tax related to items reported as other comprehensive income is presented together with the underlying item.

Companies under the shipping tonnage tax regime

The Group has companies that is organised in compliance with the tax regime for shipping companies in Norway. This scheme entails no tax on profits or tax on dividends from companies within the scheme. Net finance, allowed for some special regulations, will continue to be taxed on a non-going basis. In addition tonnage tax is payable, which is determined based on the vessel's net weight. This tonnage tax is presented as an operating expense.

S. Employee benefits

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

Defined contribution plans

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit plans

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in the consolidated statement of comprehensive income.

T. Financial assets

The Group classifies its financial assets in the following categories: fair value through other comprehensive income (FVOCI), fair value through profit and loss (FVTPL), and amortised cost. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial instrument is managed and its contractual cash flow characteristics. Classification of financial assets is determined at initial recognition, and is not reclassified subsequently unless the Group changes its business model for managing financial assets.

A financial asset shall be measured at amortised cost if both of the following conditions are met and it is not designated at FVTPL:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at FVOCI if both of the following conditions are met and it is not designated at FVTPL:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets (see note 24 'Financial assets and liabilities: information on the balance sheet'). On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets

Financial assets at FVTPL

The assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Impairment

The Group assesses at the end of each reporting period the expected credit losses for a financial asset or a group of financial assets. See paragraph H regarding trade receivables.

Financial assets at fair value through comprehensive income

Financial assets at fair value through comprehensive income are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of profiting from short-term price fluctuations. Derivatives are also categorised as held for trading unless they are designated for hedge accounting.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the consolidated statement of financial position date. Loans and receivables are classified as "trade receivables" and "other receivables", and as "cash and cash equivalents" in the consolidated statement of financial position. Those exceeding 12 months are classified as non-current financial assets. Loans and receivables are carried at amortised cost.

Regular purchases and sales of financial assets are recognised on the trade date, that is the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through comprehensive income. Financial assets carried at fair value through comprehensive income are initially recognised at fair value and transaction costs are expensed in the consolidated statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through comprehensive income are subsequently carried at fair value.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through comprehensive income" category, including interest income and dividends, are presented in the consolidated statement of comprehensive income as financial income or expenses in the period in which they arise. Dividend income from financial assets at fair value through comprehensive income is recognised in the consolidated statement of comprehensive income as part of financial income when the Group's right to receive payment is established. The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques.

The Group assesses at each consolidated statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets are impaired. For further information about trade receivables, see H. 'Trade receivables'.

U. Derivative financial instruments and hedging activities

The Group uses derivative financial instruments to manage certain exposures to fluctuations in foreign currency exchange rates and interest rates. Foreign exchange derivatives are utilised to manage foreign exchange risk related to projected future sales. Interest rate derivatives are utilised to manage interest rate risk by converting from floating to fixed interest rates. Derivatives financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value through profit or loss. The Group has currently not applied hedge accounting for any hedging activities.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 23 'Hedging activities'.

Derivates are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The full fair value of a derivative is classified as a non-current asset or liability when the remaining maturity of the item is more than 12 months, and as a current asset or liability when the remaining maturity is less than 12 months. Trading derivatives are classified as current assets or liabilities.

V. Events after period end

New information and other events that provide evidence of conditions that existed at the end of the reporting period is included in the accounts. Events occurring after the reporting period, which do not impact the Group's financial position, but which have a significant impact on future periods, are disclosed in the notes.

W. Use of estimates

The preparation of financial statements in conformity with IFRS, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3 'Accounting estimates and assessments'. Changes in accounting estimates are recognised in profit or loss for the period in which they occur. If the changes also apply to future periods, the effect of the change is distributed over current and future periods.

X. Consolidated statement of cash flows

The consolidated statement of cash flows is prepared in accordance with the indirect model.

Y. New standards, amendments and interpretations adopted by the Group

No new standards, amendments or interpretations have been adopted by the Group in 2020.

Z. New standards, amendments and interpretations not yet adopted

New standards and amendments mandatory for annual reporting periods after 31st of December 2020 is expected to not be significant for the Group.

DOF Subsea Group

Amounts in NOK million

33. Performance measurement definitions

Alternative performance measurements

The Group's presents alternative performance measurements (APM) that are regularly reviewed by management and aim to enhance the understanding of the Group's performance. APMS are calculated consistently over time and are based on financial data presented in accordance with IFRS and other operational data as described in the table below.

Measure	Description	Reason for including
Operating profit before depreciation (EBITDA)	EBITDA is defined as operating profit, including profit from sale of non-current assets, before impairment of tangible and intangible assets, depreciation of tangible assets and amortisation of contract assets. EBITDA represents earnings before interest, tax, depreciation and amortisation, and is a key financial parameter for the Group.	This measure is useful in evaluating operating profitability on a more variable cost basis as it excludes depreciation, impairment and amortisation expenses related primarily to capital expenditures and acquisitions that occurred in the past. EBITDA shows operating profitability regardless of capital structure and tax situations with the purpose of simplifying comparison in the same industry.
EBITDA margin	EBITDA margin presented is defined as EBITDA divided by operating revenue.	Enables comparability of profitability relative to operating revenue.
Operating profit (EBIT)	EBIT represents earnings before interest and tax	EBIT shows operating profitability regardless of capital structure and tax situations.
Net interest-bearing debt	Net interest-bearing debt consists of both current and non-current interest-bearing liabilities less interest bearing financial assets, cash and cash equivalents. Non-current receivables from joint ventures are not included in net interest-bearing debt. Cash and cash equivalents will include restricted cash. Current interest-bearing debt includes interest-bearing debt related to asset held for sale.	Net interest-bearing debt is a measure of the Group's net indebtedness that provides an indicator of the overall statement. It measures the Group's ability to pay all interest-bearing liabilities within available interest bearing financial assets, cash and cash equivalents, if all debt matured on the day of the calculation. It is therefore a measurement of the risk related to the Group's capital structure.
Working capital	The working capital position of the Group is equal to current assets less current liabilities.	It is a measure of the Group's liquidity and efficiency, and demonstrates the Group's ability to pay its current liabilities.

Other definitions

Measure	Description
Equity ratio	Equity ratio is defined as total equity divided by total assets at the reporting date.
Market value	Calculated average vessel value between several independent brokers' estimates based on the principle of "willing buyer and willing seller".
Vessel utilisation	Vessel utilisation is a measure of the Group`s ability to keep vessels in operation and on contract with clients, expressed as a percentage. The vessel utilisation numbers are based on actual available days.
Contract backlog	Sum of undiscounted revenue related to secured contracts in the future and optional contract extensions as determined by the client in the future. Contract backlog excludes master service agreements (MSAs) within the Subsea/IMR Projects segment. Under the MSAs only confirmed POs are included.
Firm contract backlog	Sum of undiscounted revenue related to secured contracts in the future. Secured contracts are contracts signed with clients in the past, covering future delivery of services.
Backlog options	Sum of undiscounted revenue related to optional contract extensions as determined by the client in the future.

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Statement of comprehensive income

	Note	2020	2019
Operating revenue	17	99	88
Payroll expenses	4, 18	-59	-49
Other operating expenses	18	-70	-33
Operating profit before depreciation and impairment (EBITDA)		**-30**	**6**
Depreciation and impairment	7	-3	-9
Operating profit (EBIT)		**-33**	**-3**
Income / loss from investments		-	9
Financial income	5	196	311
Financial expenses	5, 8, 19, 20	-2 211	-1 936
Realised net gain / loss on derivative instruments and currency position	5	-269	186
Unrealised net gain / loss on derivative instruments and currency position	5	67	-179
Net financial income / loss	5	**-2 216**	**-1 609**
Profit / loss before tax		**-2 250**	**-1 612**
Income tax expense	6	-89	-98
Profit / loss for the year		**-2 339**	**-1 709**
Other comprehensive income net of tax			
Items that will not be subsequently reclassified to profit / loss			
Defined benefit plan actuarial gains / losses		-	1
Other comprehensive income / loss net of tax		**-**	**1**
Total comprehensive income / loss for the year net of tax		**-2 339**	**-1 708**

DOF Subsea AS

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Statement of financial position

	Note	31.12.2020	31.12.2019
Assets			
Tangible assets	7	13	12
Deferred tax asset	6	-	89
Investments in subsidiaries	19	2 607	4 030
Investments in associates and joint ventures	20	615	645
Non-current receivables from Group companies and joint ventures	5, 8, 16	123	588
Other non-current receivables	15, 16	5	7
Total non-current assets		**3 364**	**5 370**
Current receivables from Group companies and joint ventures	5, 8, 16	312	384
Other current receivables	9, 15, 16	3	12
Current receivables		**315**	**397**
Restricted cash	10, 16	31	52
Unrestricted cash and cash equivalents	10, 16	208	283
Cash and cash equivalents		**239**	**335**
Total current assets		**554**	**732**
Total assets		**3 917**	**6 102**

DOF Subsea AS

Amounts in NOK million

Statement of financial position

	Note	31.12.2020	31.12.2019
Equity and liabilities			
Paid-in equity	24	1 674	2 753
Other equity		-1 259	-
Total equity		**415**	**2 753**
Bond loans	11, 16	-	-
Debt to credit institutions	11, 16	-	-
Lease liabilities	11, 16	16	23
Other non-current liabilities	4, 15, 16	-	-
Total con-current liabilities		**16**	**23**
Current portion of debt	11, 16	3 050	2 957
Trade payables	12, 16	17	17
Current liabilities to Group companies	16	411	338
Other current liabilities	13, 15, 16	9	14
Total current liabilities		**3 487**	**3 326**
Total liabilities		**3 503**	**3 349**
Total equity and liabilities		**3 917**	**6 102**

Bergen, 7th of April 2021
The Board of Directors of DOF Subsea AS

Hans Olav Lindal
Chairman

Helge Singelstad
Deputy Chairman

Marianne Møgster
Director

Kathryn M. Baker
Director

Harald Thorstein
Director

Mons S. Aase
CEO

DOF Subsea AS

Amounts in NOK million

Statement of changes in equity

Changes in equity	Share capital	Share premium	Other paid-in capital	Paid-in equity	Other equity	Total equity
Equity at 01.01.2020	1 674	540	540	**2 753**	**-**	**2 753**
Profit / loss for the year	-	-	-	**-**	**-2 339**	**-2 339**
Other comprehensive income for the year	-	-	-	**-**	**-**	**-**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-2 339**	**-2 339**
Re-allocation of paid-in capital	-	-540	-540	**-1 080**	**1 080**	**-**
Equity at 31.12.2020	1 674	-	-	**1 674**	**-1 259**	**415**
Equity at 01.01.2019	1 674	540	2 130	**4 344**	**118**	**4 462**
Profit / loss for the year	-	-	-1 590	**-1 590**	**-119**	**-1 709**
Other comprehensive income for the year	-	-	-	**-**	**1**	**1**
Total comprehensive income for the year	**-**	**-**	**-1 590**	**-1 590**	**-118**	**-1 708**
Equity at 31.12.2019	1 674	540	540	**2 753**	**-**	**2 753**

DOF Subsea AS

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Statement of cash flows

	Note	2020	2019
Operating profit (EBIT)		-33	-3
Depreciation and impairment	7	3	9
Change in trade payables	12	-	10
Changes in other working capital		-49	-784
Exchange rate effect on operating activities		-16	12
Cash flow from operating activities		**-95**	**-757**
Interest received	5	163	294
Interest paid	5, 11	-161	-349
Tax paid		-4	-
Net cash flow from operating activities		**-98**	**-812**
Purchase of tangible assets	7	-5	-2
Investment in shares		-	-
Dividends / Group Contributions received		-	76
Changes in other non-current receivables		-	535
Payments on current receivables from Group companies and joint ventures		245	-
Cash flow from investing activities		**240**	**609**
Proceeds of debt to credit institutions	11	230	150
Installments on interest-bearing debt	11	-201	-91
Cash flow from financing activities		**30**	**59**
Net change in cash and cash equivalents		**172**	**-143**
Cash and cash equivalents, included restricted cash, at 01.01	10	**335**	**507**
Exchange rate effect on cash and cash equivalents	5	-269	-28
Cash and cash equivalents, included restricted cash, at 31.12	10	**239**	**335**

Restricted cash at 31.12. 2020 is NOK 31 million (NOK 52 million) and is in included in Cash and cash equivalents. Changes in restricted cash is reflected in the cash flow. For further information about restricted cash, please refer to note 10 `Cash and cash equivalents`.

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Note **Page**

Contents

Notes to the Financial Statements

1 Corporate information and going concern

DOF Subsea AS, the "Company", is a limited liability company registered in Norway. The Company's head office is located at Thormøhlensgate 53 C, 5006 Bergen, Norway.

The Company is owned by DOF ASA as a sole shareholder with 100% ownership stake on 31st of December 2020.

DOF Subsea AS is the parent company in the DOF Subsea Group exercising control over a number of subsidiaries. The Company also holds investments in associates and joint arrangements.

The DOF Subsea Group has two business segments, Subsea/IMR Projects and Long-term Chartering. In these segments, the Group provides integrated subsea and marine services to the world's offshore energy producers.

Integrating project management capabilities with high end subsea vessels creates long-term client relationships, broader market opportunities and reduces overall risk. The Group's two segments: vessels and personnel working in the Subsea/IMR Projects segment and the vessels chartered to third-party companies in the Long-term Chartering segment, increases the Group's access to market opportunities and reduces risk. The vessels are divided into three categories: Multi-Purpose Support Vessels, Multi-Purpose Anchor Handler Vessels, and Construction Support Vessels. The Group also owns a fleet of ROV's and other subsea equipments and has over 15 years' experience providing ROV and intervention services to the energy industry worldwide. The ROVs are available on DOF Subsea operated vessels or as supplementary support on any offshore vessel.

This section of the financial statements covers the parent company accounts. The financial statements of the Company have been prepared in accordance with the Norwegian accounting act § 3-9 and Finance Ministry's prescribed regulations on simplified IFRS. For further information see note 26' Accounting policies'.

Going concern

In accordance with IAS 1.25, the Board of Directors confirms that the financial statements have been prepared under the assumption of going concern. However, the recent events described below give rise to significant doubt on the Group and the Company's ability to continue as going concern.

The Company and the Group's financial position is not sustainable. Standstill agreements with the majority of the Company and Group's creditors have continued since Q2 2020. The Company and the Group are dependent on a robust refinancing solution and has presented a debt restructuring proposal to the secured lenders and bondholders. The refinancing proposal currently discussed include a comprehensive restructuring of the Company's balance sheet which include softer terms and conversion of debt to equity. The dialogue with the lenders is constructive, but a refinancing solution is not yet in place. The Company and the Group is dependent on continued standstill agreements with its creditors until a long-term financial solution is agreed to maintain as going concern.

If the Company cannot be treated as going concern, the valuation of the Company's assets will be further revised. Valuation of asset without the going concern assumption will result in further impairment of the Company's assets.

The Board of Directors approved the financial statements on 7th of April 2021.

2 Financial risk management

The Company is exposed to various types of financial risk relating to its ongoing business operations: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's governing risk management strategy focuses on minimising the potential negative effects on the Company's results. The primary risks managed using derivative instruments are foreign currency risk and interest rate risk. Please see note 32 'Accounting policies', paragraph U, in the consolidated financial statements, for information on derivative financial instruments and hedging activities. See also note 15 'Financial instruments and hedging activities'.

The Company has had a policy to partly hedge interest rate risk and foreign exchange risk, however the financial situation limits the Company in this respect. This will increase the interest risk and foreign exchange risk going forward.

Financial derivatives

The Company is exposed to currency risk and interest rate risk. The Company uses to some extent financial derivatives to reduce these risks. However, the Company does not use financial derivatives linked to ordinary activities such as trade receivables, trade payables or similar.

Foreign exchange risk

The Company's reporting currency is NOK. Foreign exchange risk arises when future commercial transactions, contractual obligations and liabilities are denominated in a currency that is not the functional currency. The Company aims to achieve a natural hedge between cash inflows and cash outflows and manages remaining foreign exchange risk arising from commercial transactions, assets and liabilities by foreign exchange contracts and similar instrument as appropriate.

The currency fluctuations in 2020 has been extreme, with a volatility never experienced before. This has had a negative impact on both the liquidity and solidity for the Group.

Interest risk

The Company's existing debt arrangements are debt at floating and fixed interest rates. Movements in interest rates will have effects on the Company's cash flow and financial condition. The Company's policy is to maintain part of its debt at fixed rates.

Credit risk

Credit risk exposure arises on the values of financial assets recognised in the statement of financial position. The Company's trade receivables balance is minimal and relates to subsidiaries, joint ventures and associated companies. The Company has guidelines for monitoring and recovering trade receivables.

Credit exposures to non-current and current receivables are mainly to subsidiaries and joint ventures. The Company is well informed about credit risks related to these positions. The current challenging market conditions have increased these risks. The Company has recognised an impairment of loans to Group companies of NOK 363 million in 2020.

The derivative contracts and bank deposits are entered into with the main banks of the Company. The value of trade receivables recognised in the statement of financial position is considered to reflect the credit risk.

Liquidity risk

Liquidity risk management implies maintaining sufficient cash and marketable securities, funding through committed credit facilities and the ability to close market positions. The significant weakening, in the range of 20%-30%, of NOK against other currencies in 2020, had a significant negative impact on the Company's liquidity and available cash in the Group's cash pool.

A short-term liquidity loan of NOK 100 million was secured as part of the Group's discussions with its secured lenders. This loan, together with current waivers of interest payments and installments (the standstill agreements), covers the Company and the Group's short-term liquidity needs. In addition, all main financial covenants have been waived. In 2019 the Company and the Group initiated a process to secure a long-term refinancing solution, however after the disruptive events in 1st quarter 2020, standstill agreements were agreed in 2nd quarter to secure sufficient liquidity for the Company and the Group. The Company and the Group is dependent on extension of the existing standstill agreements until a long-term refinancing solution has been agreed.

The Company's business is capital intensive and the Company may need to raise additional funds through public or private debt or equity financing to execute the Company's strategy and fund capital expenditure. The Company's loan agreements include terms, conditions and covenants.

The Company has routines to report cash flow forecasts on a regular basis in order to monitor the Company's future liquidity positions.

The Company owns and controls cash pooling systems within the DOF Subsea Group. Liquidity is made available through the cash pooling systems for the Company to meet its obligations. Furthermore, the Company's strategy is to strengthen the liquidity through dividends from subsidiaries. For further information about cash and cash management, see note 18 'Cash and cash equivalents' in the consolidated financial statements and note 10 'Cash and cash equivalents' in the financial statements of the Company.

Fair values

Fair value of forward exchange contracts is calculated based on the midpoint of the relevant yield curve. Fair value of interest rate contracts is calculated as the present value of the estimated futures cash flows based on observables yield curves.

Capital structure and equity

The main objective in managing the Company's capital structure is to ensure that the Company maintains the best possible credit rating, thereby achieving favourable terms and conditions for the long-term funding of the Company's operations and investments. The Company manages its capital structure and carries out all necessary changes based on continuous assessments of the economic conditions under which the operations take place.

The Company is guarantor for a significant part of the subsidiaries mortgage-secured debt. The restructuring of the Group's debt is ongoing and standstill agreements have been agreed until the 30th of April 2021 with 88% of the secured lenders within the Group. The bondholders in DOFSUB07, DOFSUB08 and DOFSUB09 have further accepted a standstill until the 31st of March. An Ad-hoc group of bondholders can extend the standstill until the 30th of June. By March the ad-hoc group has approved an extension of the standstill until 30th of April.

The Company's financial position is not sustainable, and a long-term financial solution is necessary to continue as going concern. Due to the ongoing debt restructuring of the Company and the Group, the vast majority of the Group's secured and unsecured debt have in accordance with IFRS, been classified as current debt as per 31st of December 2020. This classification is based on that standstill agreements for debt service with the banks and bondholders are less than 12 months. The Company and the Group will continue the dialogue with its creditors to secure a long-term financial solution. Various debt restructuring proposals have been discussed with the secured lenders and the bondholders. The proposals include comprehensive restructuring of the Company's balance sheet, including conversion of debt to equity.

The Board and Management still believes that a long-term solution is achievable, however no assurance can be given at this time.

For further information about debt to credit institutions and bondholders, see note 11 'Interest-bearing debt' and note 10 'Cash and cash equivalents' and note 20 'Interest-bearing debt' in the consolidated financial statements.

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3 Accounting estimates and assessments

Valuations, estimates and assumptions with a significant effect on the financial statements are summarised below:

Debt to credit institutions and bondholders

Due to the ongoing debt restructuring of the Group the bond loans have in accordance with IFRS, been classified as current debt as per 31st of December 2020.

Agreement on a new long-term financing solution or waiver of more than 12 months duration, will result in change in presentation of debt to credit institutions and bondholders.

For further information about debt to credit institutions and bondholders, see note 11 'Interest-bearing debt'.

Financial assets

All financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the statement of comprehensive income. The recoverable amount is the higher of an asset's net selling price and value in use. Due to the challenging market situation and the refinancing process the Company has recognised significant impairments of financial assets in 2020. Changes in the market situation and in the refinancing process, will have significant effect on the value of financial assets in the Company.

Deferred tax assets

Deferred tax assets are recognised in the statement of financial position on the basis of tax losses carried forward or deductible temporary differences, to the extent that it is probable there will be sufficient future earnings available against which the loss or deductible can be utilised. The Groups refinancing process has increased the risk of not being able to give group contribution within the Group to reduce payable tax to Norway. Purpose of giving group contribution between companies in the Group is to offset taxable profit in subsidiaries towards taxable loss carry forward in the Company. The change in tax assumptions has led to impairment of deferred tax asset of NOK 89 million in 2020.

For further information, reference is made to the consolidated financial statements and note 6 'Tax'.

DOF Subsea AS

Amounts in NOK million

4 Payroll expenses

Payroll expenses	Note	2020	2019
Salary	18	-41	-40
Employer's contributions		-5	-6
Pension costs		-2	-2
Other personnel costs		-11	-
Total payroll expenses		**-59**	**-49**
Full time employees (at period end)		22	28

From 01.01.2020 the Defined pension plan in DOF Subsea AS has been terminated.

5 Financial income and expenses

Financial income and expenses	Note	2020	2019
Dividends / Group Contributions from subsidiaries		-	15
Gain / loss from sale of shares / liquidation		-	-6
Income / loss from investments		**-**	**9**
Interest income from Group companies and joint ventures		98	140
Interest income		18	68
Guarantee income from group companies and joint ventures		81	103
Financial income		**196**	**311**
Impairment of investments	19, 20	-1 531	-1 051
Impairment of loans to Group companies	8	-363	-528
Interest expenses payable to Group companies		-3	-6
Interest expenses payable to DOF ASA companies*		-10	-12
Interest expenses		-280	-327
Other financial expenses		-23	-12
Financial expenses		**-2 211**	**-1 936**
Realised foreign currency net gain / loss on loans		19	232
Realised foreign currency net gain / loss on current receivables / liabilities		-268	-28
Realised net gain / loss on financial derivatives		-20	-18
Realised net gain / loss on derivative instruments and currency position		**-269**	**186**
Unrealised foreign currency net gain / loss on loans		74	-200
Net change in unrealised gain / loss on financial derivatives		-8	21
Unrealised net gain / loss on derivative instruments and currency position		**67**	**-179**
Net financial income / loss		**-2 216**	**-1 609**

DOF Subsea AS

Amounts in NOK million

6 Tax

Income tax expense	2020	2019
Change in deferred tax	-89	-95
Impact on change in tax rate on deferred tax	-	-
Other business taxes	-	-3
Total income tax expense	**-89**	**-98**

Reconciliation of nominal and effective tax rate		
Profit before tax	-2 250	-1 612
Tax calculated at domestic tax rate 22% (23%)	495	355
Tax effect of:		
Impairment of financial assets	-417	-347
Tax exemption method on dividends and gain from sale of shares	-	7
Unrecognised tax losses	-167	-110
Withholding tax and effect of different tax regimes	-	-3
Impact on change in tax rate	-	-
Associates results reported net of tax	-	-
Total income tax expense	**-89**	**-98**

The tax related to components of other comprehensive income is as follows:			2020
	Before tax	Income tax	After tax
Re-measurements of post-employment benefit liabilities	-	-	-
Other comprehensive income	**-**	**-**	**-**

The tax related to components of other comprehensive income is as follows:			2019
	Before tax	Income tax	After tax
Re-measurements of post-employment benefit liabilities	1	-	1
Other comprehensive income	**1**	**-**	**1**

The gross movement on the deferred tax in the statement of financial position	2020	2019
Deferred tax at 01.01	89	184
Impact on change in tax rate on deferred tax	-	-
Tax related to comprehensive income	-89	-95
Deferred tax 31.12	**-**	**89**

Deferred tax

The table below specifies the temporary differences between accounting and tax values, and calculation of deferred tax / tax asset at year-end. The Company's deferred tax asset is reviewed for impairment.

The Groups refinancing process has increased the risk of not being able to give group contribution within the Group to reduce payable tax to Norway. Purpose of giving group contribution between companies in the Group is to offset taxable profit in subsidiaries towards taxable loss carry forward in the Company. The change in tax assumptions has led to impairment of deferred tax asset of NOK 89 million in 2020.

Basis for deferred tax	2020	2019
Non-current assets	-26	19
Liabilities	15	16
Tax position related to sold assets	-	38

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Temporary differences not included in deferred tax	**11**	**-**
Total temporary differences	**-**	**73**
Tax loss carryforward	-1 650	-1 403
Tax loss not included as deferred tax asset	1 650	926
Basis for calculating deferred tax / tax asset (-)	**-**	**-404**
Total deferred tax / tax asset (-) recognised in the statement of financial position	**-**	**-89**

7 Tangible assets

Tangible assets	2020	2019
Cost at 31.12	144	132
Implementation of IFRS 16	-	10
Cost 01.01	144	142
Additions	5	2
Cost at 31.12	**149**	**144**
Depreciation at 01.01	-132	-123
Depreciation for the year	-3	-9
Depreciation at 31.12	**-135**	**-132**
Book value at 31.12	**13**	**12**
Asset lifetime (years)	5-10	5-10
Depreciation schedule	Linear	Linear

IFRS16 lease has been implemented in 2019 and right of use asset is included in figures in the table above. The right of use asset in DOF Subsea AS per 31.12.2020 was NOK 6 million (NOK 8 million in 2019), with a depreciation of NOK 2 million (NOK 2 million).

8 Receivables from Group companies and joint ventures

Non-current receivables from Group companies and joint ventures	Note	2020	2019
Non-current receivables from joint ventures	17	107	329
Non-current receivables from Group companies - basis		347	330
Non-current receivables from Group companies - impairment	5	-330	-71
Total non-current receivables from Group companies and joint ventures at 31.12		**123**	**588**

Current receivables from Group companies and joint ventures	Note	2020	2019
Current receivables from joint ventures		222	225
Current receivables from Group companies - basis		1 138	1 076
Current receivables from Group companies - impairment	5	-1 049	-917
Total current receivables from Group companies and joint ventures at 31.12		**312**	**384**

Due to the challenging market situation and the refinancing process the Company has recognised significant impairments of receivables to subsidiaries in the Group.

DOF Subsea AS

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9 Other current receivables

Other current receivables	2020	2019
Government tax receivables	3	1
Accrued interest income	-	1
Financial current derivatives	-	10
Total other current receivables at 31.12	**3**	**12**

10 Cash and cash equivalents

Cash and cash equivalents	2020	2019
Restricted cash	31	52
Unrestricted cash and cash equivalents	208	283
Total cash and cash equivalents at 31.12	**239**	**335**

A non-current loan has been provided by Eksportfinans and is invested as a restricted deposit. The repayment of the loan from Eksportfinans is equivalent to the reduction in the restricted cash, i.e. recognised in the financial statements on a gross basis. The loan of NOK 52 million was fully repaid in 2020. The Company have an administrative cash pooling arrangement whereby cash surpluses and overdrafts residing in the Group Companies bank accounts are pooled together to create a net surplus. Liquidity is made available through the cash pooling for the Companies in the Group to meet their obligations. The bank accounts in the cash pool consists of accounts in various currencies. The total cash pool can never be in net overdraft. The cash pool is presented as unrestricted cash and cash equivalents. For further information about market-, credit- and liquidity risk see note 2 'Financial risk management'.

The significant weakening, in the range of 20%-30%, of NOK against other currencies in 2020, have had a significant negative impact on the Company's liquidity and available cash in the Group's cash pool. As a result, a short-term liquidity loan of NOK 100 million has been secured. The credit facility, together with waivers on interest payments and instalments, covers the Company's short-term liquidity needs.

See DOF Subsea Group note 18 'Cash and cash equivalents' for further information about cash pool arrangements.

Restricted cash consists of cash only available for specific purposes. A portion of this cash serves as security for outstanding debt following enforcements of account pledges. The balance of these accounts sums up to NOK 91 million. Some lenders have exercised their right to set off such cash balances toward the outstanding loans. The Group has therefore chosen to present all restricted cash serving as security for loans, net of debt to credit institutions. The balance of NOK 31 million at year-end 2020 relates to Guarantees.

11 Interest-bearing debt

Restructuring of the Company's and the Group's debt is ongoing. The bondholders in DOFSUB07, DOFSUB08 and DOFSUB09 have accepted a standstill until the 31st of March. An Ad-hoc group of bondholders can extend the standstill until the 30th of June. By March the ad-hoc group has approved an extension of the standstill until 30th of April. The Company's and the Group's standstill agreements further assume payment of principal and interest of a NOK 100 million emergency liquidity facility provided by certain lenders in March 2020.

The Company's and the Group's financial position is not sustainable, and a long-term financial solution is necessary to continue as going concern. Due to the ongoing debt restructuring of the Company and the Group, the bond debt is classified as current debt. This classification is based on that standstill agreements for debt service with the banks and bondholders are less than 12 months.

The Company and the Group are dependent on a robust refinancing solution and have presented a debt restructuring proposal to the secured lenders and bondholders. The refinancing proposal currently discussed include a comprehensive restructuring of the Company's balance sheet which include softer terms and conversion of debt to equity. The dialogue with the lenders is constructive, but a refinancing solution is not yet in place.

For further information on interest-bearing debt and potential effect on going concern assumption, please refer to note 25 'Events occurring after period end' and note 1 'Corporate information and going concern'.

DOF Subsea AS

Amounts in NOK million

Debt

DOF Subsea AS had as per period end three bond loans, which mature in 2020,2022 and 2023. The trustee on behalf of the bondholders is Nordic Trustee ASA. Interest rates are both floating and fixed. No particular security has been provided for the loans, and DOF Subsea AS is free to acquire its own bonds. The Company has been in discussion with the bondholder in order to obtain a long-term financial solution for the Company and the Group.

Non-current interest-bearing debt	2020	2019
Bond loans	-	-
Debt to credit institutions	-	-
Leasing debt	16	23
Total non-current interest-bearing debt	**16**	**23**
Current interest-bearing debt		
Bond loans	2 554	2 589
Debt to credit institutions	282	302
Leasing debt	8	7
Current debt to Group companies	369	308
Total current interest-bearing debt	**3 212**	**3 207**
Total non-current and current interest-bearing debt	**3 228**	**3 230**
Net interest-bearing debt		
Cash and cash equivalent	239	335
Interest bearing assets from Group companies	37	557
Total net interest-bearing debt	**2 952**	**2 337**

Current portion of debt in the statement of financial position includes accrued interest expenses. Accrued interest expenses are excluded in the figures above. The company's cash pooling system is included in the net interest-bearing debt.

Cash and non-cash changes in total borrowings

Changes in total borrowings over a period consists of both cash effects (disbursements and repayments) and non-cash effects (amortisations and currency translation effects). The following is the changes in the Company's borrowings:

2020			Cash changes		Non-cash changes		
Interest bearing debt	Balance 31.12.19	Implementation of IFRS 16 Leases	Cash flows	Proceeds lease debt	Amortised loan expense	Currency adjustment	Balance 31.12.20
Bond loans	2 589	-	0	-	1	-36	2 554
Debt to credit institutions	302	-	37	-	-	-57	282
Debt to Group companies	308	-	61	-	-	-	369
Lease liabilities	30	-	-7	-	-	-	23
Total interest bearing debt	3 230	-	91	-	1	-93	3 228

2019			Cash changes		Non-cash changes		
Interest bearing debt	Balance 31.12.18	Implementation of IFRS 16 Leases	Cash flows	Proceed lease debt	Amortised loan expense	Currency adjustment	Balance 31.12.19
Bond loans	2 580	-	-	-	-5	14	2 589
Debt to credit institutions	234	-	66	-	2	-	302
Debt to Group companies	451	-	-145	-	-	2	308
Lease liabilities	-	36	-6	-	-	-	30
Total interest-bearing debt	3 265	36	-85	-	-3	16	3 230

DOF Subsea AS

Amounts in NOK million

Liabilities secured by pledge	2020	2019
Liabilities to credit institutions	150	52
Book value of assets pledged as security	320	52
Average rate of interest	**8.63%**	**10.81%**

Average interest rate is excluded interests on lease liabilities, which in 2020 yielded an average in the range of 4%-6%.

Currency distribution non-current liabilities incl first year repayment	NOK	USD	Total
Bond loans	1 307	1 255	2 563
Debt to credit institutions	179	103	282
Total	**1 486**	**1 358**	**2 844**

Debt to credit institution in USD are revaluated to NOK using exchange rate as per 31st of December 2020.

A non-current loan has been provided by Eksportfinans and was invested as a restricted deposit. The loan is fully repaid in 2020. The repayment of the loan from Eksportfinans was equivalent to the reduction in the restricted cash, i.e. recognised in the financial statements on a gross basis. The cash deposit included in restricted cash was NOK 52 million in 2019.

The estimated fair values of the Company's bond loans at period end, based on last transactions registered, were as follows::

		31.12.2020		31.12.2019	
Loan		Fair value rate	Book value	Fair value rate	Book value
DOF Subsea AS 13/20	DOFSUB07	20.25	467	67.50	467
DOF Subsea AS 17/22	DOFSUB08	20.25	1 255	80.38	1 292
DOF Subsea AS 18/23	DOFSUB09	25.00	840	75.50	840

Other non-current liabilities, with exception of non-current loans, have nominal value equivalent to fair value of the liability.

Financial covenants

As part of the current standstill agreements the following covenants have been waived (based on the proportionate consolidation method of accounting for joint ventures):

- The Group shall have available cash of at least NOK 500 million at all times (based on the proportionate consolidation method of accounting for joint ventures)
- The Group shall have value-adjusted equity to value-adjusted assets of at least 30%
- The Group shall have book equity of at least NOK 3,000 million at all times
- The Group shall have positive working capital at all times, excl. current portion of debt to credit institutions
- The fair value of the Group's vessels shall always be at least 110-130% of the outstanding loan amount

In addition to the above-mentioned financial covenants, the loan agreements are also subject to the following conditions:

- The Group's assets shall be fully insured
- There shall not be any change of classification, flag, management or ownership of the vessels without the prior written approval of the lenders
- DOF ASA shall be the principal shareholder in DOF Subsea AS, and own a minimum of 50.1% of the shares
- DOF Subsea AS shall not merge, demerge or divest activities without the prior written approval of the lenders
- DOF Subsea AS shall report financial information to the lenders and Oslo Stock Exchange on a regular basis
- The Group's vessels shall be operated in accordance with applicable laws and regulations

The Group has further received waiver for the financial covenants as guarantor for two facilities in the joint venture with TechnipFMC.

If waivers are not extended, it is a significant risk that the Company and the Group will be in breach of its covenants.

12 Trade payables

Trade payables	2020	2019
Trade payables at nominal value	-2	9
Accrued expenses	19	8
Total trade payables at 31.12	**17**	**17**

DOF Subsea AS

Amounts in NOK million

13 Other current liabilities

Other current liabilities	2020	2019
Provision foreign tax	1	4
Public duties payables	4	3
Other current liabilities	4	4
Financial current derivatives	-	3
Total other current liabilities at 31.12	**9**	**14**

14 Fair value estimation

For those financial and tangible assets and liabilities, which have been recognised at fair value in the Statements of Financial Position, the measurement hierarchy and valuation methods described below have been applied. There have been no transfers between fair value levels.

Measurement level 1 (Quoted, unadjusted prices in active markets for identical assets and liabilities). Not in use for any assets or liabilities.

Measurement level 2 (Techniques for which all inputs which have significant effect on the recorded fair value are observable, directly and indirectly).

The fair value of forward exchange contracts is determined using the forward exchange rate at the end of the reporting period. The forward exchange rate is based on the relevant currency's interest rate curves. The fair value of interest swaps is determined by the present value of future cash flows, which is also dependent on the interest curves.

Measurement level 3 (Techniques which use inputs which have significant effect on the recorded fair value that are not based on observable market data).

15 Financial instruments and hedging activities

As of 31st of December 2020 the Company had no foreign exchange derivatives to hedge future sales to customers on behalf of subsidiaries. Foreign exchange derivatives are utilised to hedge foreign exchange risk related to projected future sales. Interest rate swaps are utilised to manage interest rate risk by converting from floating to fixed interest rates. The Company has not applied hedge accounting for any of the interest rate swap agreements.

The table below displays the fair value of financial derivatives as of 31st of December:

		2020		2019	
Non-current and current portion	Measurement level	Assets	Liabilities	Assets	Liabilities
Interest rate swaps - cash flow hedges	2	-	-	-	1
Foreign exchange contracts - cash flow hedges	2	-	-	10	1
Total non-current and current portion		**-**	**-**	**10**	**3**
Total non-current portion		**-**	**-**		
Interest rate swaps - cash flow hedges	2	-	-	-	-
Total non-current portion		**-**	**-**	**-**	**-**
Total current portion		**-**	**-**	**10**	**3**

As of 31st of December the Company held the following interest rate derivatives:

Instruments	Fixed rate	Floating rate	Notional amount	Effective from	Maturity date
31.12.2020					
Interest rate swaps - cash flow hedges NOK	-	-	-	-	-
31.12.2019					
Interest rate swaps - cash flow hedges NOK	2.98%	NIBOR 3m	250	2014	2020

As of 31st of December the Company held the following foreign exchange rate derivatives:

Instrument	Committed	Amount
31.12.2020		
Foreign exchange contracts	NOK	-
31.12.2019		
Foreign exchange contracts	NOK	572

DOF Subsea AS

Amounts in NOK million

16 Financial instruments - by category

This note gives an overview of the carrying value of the Company's financial instruments and the accounting treatment of these instruments. The table is the basis for further information regarding the Company's financial risk.

31.12.2020	Note	Financial instruments at fair value through profit and loss	Financial instruments measured at amortised cost	Total	Of which included net in interest bearing debt
Assets					
Other non-current receivables	8	-	128	128	17
Other current receivables	8, 9, 15	-	312	312	20
Current derivatives	9, 15	-	-	-	-
Restricted cash	10	-	31	31	31
Unrestricted cash	10	-	208	208	208
Total financial assets		**-**	**679**	**679**	**276**
Liabilities					
Interest-bearing non-current liabilities	11	-	16	16	16
Current portion of debt	11	-	3050	3050	2 843
Current derivatives	15	-	-	-	-
Trade payables and other current liabilities	12, 13	-	431	431	369
Total financial liabilities		**-**	**3 497**	**3 497**	**3 228**

31.12.2019	Note	Financial instruments at fair value through profit and loss	Financial instruments measured at amortised cost	Total	Of which included net in interest bearing debt
Assets					
Other non-current receivables	8	-	595	595	261
Other current receivables	8, 9, 15	-	386	386	296
Current derivatives	9, 15	10	-	10	-
Restricted cash	10	-	52	52	52
Unrestricted cash	10	-	283	283	283
Total financial assets		**10**	**1 317**	**1327**	**892**
Liabilities					
Interest-bearing non-current liabilities	11	-	23	23	23
Current portion of debt	11	-	2 957	2 957	2 898
Current derivatives	15	3	-	3	-
Trade payables and other current liabilities	12, 13	-	366	366	308
Total financial liabilities		**3**	**3 346**	**3 349**	**3 229**

The company's cash pooling system is included in the net interest-bearing debt.

The carrying amount of cash and cash equivalents is approximately equal to fair value since these instruments have a short term to maturity. Similarly, the carrying amount of trade receivables and trade payables are approximately equal to fair value since they are entered into at standard terms and conditions.

17 Related parties

Detailed description of related parties and DOF Subsea AS relationship to these

The Company is owned by DOF ASA as a sole shareholder with 100% ownership stake on 31st of December 2020. All sales transactions are carried out in accordance with DOF Subsea policy.

Rental of office space

Part of the office space located at Thormøhlensgate 53 C, 5006 Bergen, rented by DOF Subsea AS, is used by DOF Management AS, DOF ASA, DOF Subsea Norway AS and Marin IT AS. The rental fee charged to DOF Management AS, DOF ASA, DOF Subsea Norway AS and Marin IT AS is determined at NOK 7 million per year.

Management services on behalf of subsidiaries and sales transactions

Management services and other deliveries on behalf of subsidiaries, see note 19 'Investment in subsidiaries', comprise NOK 78 million in 2020 (NOK 77 million 2019). Revenues, including reimbursables, related to DOF ASA Group comprises NOK 23 million in 2020 (NOK 12 million), of which NOK 2 million in 2020 (NOK 4 million) relates to management services.

DOF Subsea AS

Amounts in NOK million

Guarantee agreement between DOF ASA and the Company

The Company has in June 2010 entered into a guarantee agreement with DOF ASA. DOF ASA has provided a parent company guarantee for obligations of DOF Subsea Brasil Serviços Ltda. and DOFCON Navegação Ltda. The basis for guarantee fee to DOF ASA amounts to USD 119 million at year end (USD 127 million as of 31st of December 2019).

DOF Subsea AS has guaranteed for 50% of the obligations related to loans on the vessels in the joint venture. The Company has guarantee commitments on behalf of DOFCON Brasil Group in favor of credit institutions of USD 381 million as per 31.12.2020, see also note 5 ' Financial income and expenses'.

Non-current receivables against joint ventures

For information on non-current receivables against joint ventures, please see note 8 'Receivables from Group Companies and joint ventures'. Please also see note 20 'Investments in associates and joint ventures' in the consolidated financial statements.

18 Remuneration to Board of Directors, Executives and Auditor

The Board of Directors received no fees, nor compensation in fees for the year. Total compensation to the Chairman of the Board of Directors is NOK 0.6 million in 2020 (NOK 0 in 2019).

		2020		2019
Remuneration to Executives	**CEO**	**EVP**	**CEO**	**EVP**
Salaries		6.4	0.2	6.4
Management fee	4.9	-	5.1	-
Payment from DOF Subsea	**4.9**	**6.4**	**5.3**	**6.4**

CEO=Mons Aase, EVP=Jan Nore

Salaries include pension, bonuses and other compensations from the Company. Senior executives are included in the general Group's pension plan, see note 4 'Payroll expenses'.

Jan Nore held the position as EVP and CFO for the Group during the year. The EVP is entitled to a bonus based on the result of the company and personal performance. A severance settlement for the agreed termination of the EVP will be paid upon completion of notice period in the end of May 2021. The company loan will be settled at the same time.

The Company is part of the DOF ASA Group, see note 24 'Share capital and share information'. The contract with the CEO includes a 6 month termination period and 12 months termination compensation. The CEO's retirement compensation is based on 70% salary and the retirement age is set at 67 years. Cost related to CEO Mons Aase is included in the management fee between DOF ASA and DOF Subsea AS. Please refer to the DOF ASA annual report for further information of salary to CEO Mons Aase.

A loan of NOK 2.5 million has been given to both the CEO and EVP in 2016. The annual interest on the loans are 2%. The loan to the CEO will be settled in 2022. There is sufficient security related to the loans. No other loans have been given to or any security provided for the members of the Board of Directors, members of the Group management or other employees or close relatives of the same Group.

Specification of Auditor's fee	2020	2019
Fee for audit of financial statements	1.40	1.29
Fee for other attestation	-	-
Fee for other services	0.05	0.01
Total	**1.45**	**1.30**

DOF Subsea AS

Amounts in NOK million

19 Investments in subsidiaries

Subsidiary	Registered office	Proportion of ownership and votes	Cost price	Accumulated impairment	Booked value
DOF Installer ASA	Austevoll, Norway	85%	859	-232	627
DOF Subsea Angola Lda	Luanda, Angola	100%	-	-	-
DOF Subsea Asia Pacific Pte Ltd	Singapore	100%	678	-511	167
DOF Subsea Atlantic AS	Bergen, Norway	100%	129	-129	-
DOF Subsea Brasil Serviços Ltda	Macaé, Brasil	100%	705	-348	357
DOF Subsea Chartering AS	Bergen, Norway	100%	89	-38	51
DOF Subsea Congo S.A.	Pointe-Noire, Republice du Congo	55%	-	-	-
DOF Subsea Rederi AS	Bergen, Norway	100%	2 465	-1 391	1 074
DOF Subsea Rederi III AS	Bergen, Norway	100%	486	-486	-
DOF Subsea ROV AS	Bergen, Norway	100%	330	-	330
DOF Subsea US Inc.	Houston, US	100%	423	-423	-
Total			**6 164**	**-3 558**	**2 607**

For 2020 a total impairment loss of NOK 1,501 million is recognised in the statement of comprehensive income as financial expenses. Please refer to note 5 'Financial income and expenses'.

20 Investments in associates and joint ventures

For further information on associates and joint ventures, please see note 29 'Investments in associates and joint ventures' in the consolidated financial statements.

Name of entity	Place of business/ country of incorporation	% ownership interest	Booked value 01.01.2020	Impairment	Booked value 31.12.2020
DOFCON Brasil AS	Norway	50%	594	-	594
DOF Management AS	Norway	34%	16	-	16
Marin IT AS	Norway	35%	6	-	6
Master and Commander AS	Norway	20%	30	-30	0
Total at 31.12.2020			**645**	**-30**	**615**

21 Contingencies

The Company is not involved in any legal disputes or on-going legal matters involving potential losses, and therefore no provision has been made for possible claims arising from the same.

22 Guarantees

Guarantees	2020	2019
Parent company guarantees	9 216	10 521
Total	**9 216**	**10 521**

Parent company guarantees are given to subsidiaries in the Subsea/IMR Projects segment and the Long-term Chartering segment. The guarantees in the Subsea/IMR Projects segment are limited to the fulfilment of the construction contract and are released after delivery of the project. In some cases there is a warranty period after delivery of the project. Normally this warranty period will have duration of 12-24 months and will only be for a portion of the initial guarantee amount.

In addition, the guarantees are given in relation to financing of vessels. The Company has a tax deduction guarantee of NOK 3 million. Furthermore, guarantees to suppliers are given for fulfilment of payments for deliveries of goods and services including vessels.

DOF Subsea AS has guaranteed for 50% of the obligations related to loans on the vessels in the joint venture. The Company has guarantee commitments on behalf of DOFCON Brasil Group in favor of credit institutions of USD 381 million as per 31.12.2020, see also note 5 ' Financial income and expenses'.

DOF Subsea AS

Amounts in NOK million

23 Earnings per share

Basis for calculating earnings per share	2020	2019
Profit / loss attributable to shareholders of the Company	-2 339	-1 709
Weighted average number of outstanding shares 31.12	167 352 762	167 352 762
Weighted average number of outstanding shares 31.12, diluted	167 352 762	167 352 762
Basic and diluted earnings per share (NOK)	**-13.98**	**-10.21**

24 Share capital and share information

Share capital

The share capital in DOF Subsea AS at 31.12.2020 was NOK 1,674 million comprising 167,352,762 shares, each with a nominal value of NOK 10.00.

Shareholder overview

Shareholders at 31.12.2020	No. of shares	Proportion of ownership	Share capital
DOF ASA	167 352 762	100%	100%
Total	**167 352 762**	**100%**	**100%**

Board of Directors	Title
Hans Olav Lindal	Chairman
Helge Singelstad	Director
Marianne Møgster	Director
Harald Lauritz Thorstein	Director
Kathryn Moore Baker	Director

Executives	Title
Mons S Aase	CEO
Jan Nore	EVP/CFO

The Company is a part of DOF ASA Group. Please refer to the DOF ASA annual report for shares held in DOF ASA by the management and the Board of Directors. The annual report is published at www.dof.com.

25 Events occurring after period end

On the 29th of January the Company and the Group agreed to extend the standstill agreements with the secured lenders representing in total 88% of the secured debt of the Group excluding the joint venture with TechnipFMC and DOF Subsea Brasil Servicos Ltda. The standstill from BNDES to DOF Subsea Brasil Servicos Ltda. has been extended to 10th of June 2021 for the vessel Skandi Salvador.

In a bondholder meeting on the 1st of February a proposal to extend the standstill period until the 31st of March received 99.17%, 100% and 100% of the votes in DOFSUB07, DOFSUB08, and DOFSUB09. The approval includes that the Ad-hoc group of bondholders has the option to extend the standstill period until the 30th of June 2021. By March the ad-hoc group has approved an extension of the standstill until 30th of April.

DOF Subsea AS

Amounts in NOK million

26 Accounting policies

Summary of significant accounting principles

The financial statements of the Company have been prepared in accordance with the Norwegian Accounting Act § 3-9 and Finance Ministry's prescribed regulations from 21st of January 2008 on simplified IFRS. Principally, this means that recognition and measurement comply with the International Financial Reporting Standards (IFRS) and presentation and note disclosures are in accordance with the Norwegian Accounting Act and generally accepted accounting principles. The financial statements have been prepared in accordance with the historical cost convention with the following exceptions: available-for-sale financial assets and financial instruments at fair value through profit or loss are subsequently carried at fair value. The fiscal year is the same as the calendar year.

Operating revenue

Operating revenue from management services is recognised when it is probable that transactions will generate future economic benefits that will flow to the Company, and the amount can be reliably estimated. Operating revenue is presented net of value added tax and discounts.

Investment in subsidiaries, joint ventures and associated companies

Investments in shares are based on the cost method.

Dividends

Dividends and Group contributions are accounted for according to IFRS. Dividends and Group contributions are recognised when approved by the General Assembly.

For further information, reference is made to the consolidated financial statements.

Confirmation from the Board of Directors and CEO

We confirm, to the best of our knowledge, that the financial statements for the period from 1 January to 31st of December 2020 have been prepared in accordance with approved accounting standards, and give a true and fair view of the Group's and the Company's assets, liabilities, financial position and result of operations and that the report of the Board of Directors provides a true and fair view of the development and performance of the business and the position of the Group and the Company together with a description of the key risks and uncertainty factors that the Group and the Company are facing.

Bergen, 7th of April 2021
The Board of Directors of DOF Subsea AS

Hans Olav Lindal Chairman	Helge Singelstad Deputy Chairman	Marianne Møgster Director
Kathryn M. Baker Director	Harald Thorstein Director	Mons S. Aase CEO

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To the General Meeting of DOF Subsea AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of DOF Subsea AS, which comprise:

- The financial statements of the parent company DOF Subsea AS (the Company), which comprise the statement of financial position as at 31 December 2020, 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 DOF Subsea AS and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2020, 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 are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Independent Auditor's Report - DOF Subsea AS

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Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements and the Board of Directors' report, which indicates that the Group is dependent on a long-term solution with banks and bondholders to secure satisfactory financing and liquidity for the Group. As stated in Note 2 and the Board of Directors' report, these events or conditions, along with other matters as set forth in Note 3 and Note 36 and the Board of Directors' report, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. There is a risk that the Group will not reach an agreement with the lenders, and in such an event the Group could be forced to realise its assets at a significantly lower value than their carrying amount. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

The Group's business activities are largely unchanged compared to last year. Impairment assessment of vessels and vessel related equipment involves similar complexity and risks as previous years and have been considered as key audit matters also for 2020.

Key Audit Matter	How our audit addressed the Key Audit Matter
DOF Subsea AS Group has vessels and vessel related equipment with a carrying amount of NOK 7 696 million at 31 December 2020. In line with the Group's accounting policy for impairment of non-financial assets, the Board of Directors has assessed that there were impairment indicators present for the Group's vessels as of 31 December 2020. Consequently, they have carried out an impairment assessment. Based on the results of the vessel impairment assessments, an impairment charge of NOK 2 385 million was recognised in 2020 resulting in the carrying amounts of certain vessels being written down to their recoverable amount. In addition, joint venture vessels have been impaired, whereas DOF Subsea AS 50% share represent NOK 120 million in 2020. We focused on this area because vessels and vessel related equipment constitute a significant share of the total assets in the	We obtained management's impairment model and considered whether the model contained the elements and methodology IFRS require from such models. We found the model to be in accordance with our expectations. We challenged management's key assumptions such as the projected utilisation, charter hire rates, operating expenses and discount rates, and compared with historical performance, management's internal forecasts and long-term strategic plans that were approved by the Board of Directors. We also considered publicly available information about macroeconomic assumptions relevant to the industry and considered whether the assumptions where consistent with management assumptions and what we know about DOFs business. We found management's assumptions to be within a reasonable range. To consider the reliability of management forecast, we compared previous year's estimates to actual historical performance. We considered whether deviations from the budget had reasonable explanations. We assessed the discount rate by comparing key components used

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Group, and because the assessment of the recoverable amount is complex and involves significant management judgement.

Value-in-use ("VIU") for the vessels was estimated using discounted cash flows. Each individual vessel, together with associated contract, was assessed as a separate cash generating unit. Significant management judgement was related to key assumptions such as utilisation, charter hire rates, operating expenses and discount rates.

Fair value less costs to sell ("FVLCS"), was estimated by obtaining professional valuations for each vessel from two well-reputed and independent brokers, taken into account estimated sales commission.

The uncertainty related to valuation of the company's vessels and vessel related equipment are considered to be high due to the challenging market conditions.

We refer to Notes 3 and 32 for the Group's accounting policy for impairment of non-financial assets, and Note 12 where the Board of Directors explain their valuation process for the Group's tangible assets.

with external market data, as well as comparing the overall level with discount rates used by other companies within the industry. We considered that the discount rates were within an appropriate range.

We evaluated the competence and objectivity of the external brokers used by the Group. The range of values derived from the two independent brokers were compared with the VIU estimates. We considered the appropriateness and reliability of the fair value estimates from the external brokers. We were able to conclude that the broker estimates were appropriate as audit evidence. However, for some of the vessel categories we observed a larger spread in the broker estimates compared to previous years, which indicate that uncertainty in valuations have increased recent years. We found that none of the vessels, after impairment, had a carrying value that was materially higher than their VIU estimates.

We lastly evaluated the adequacy of the disclosures made on impairment of vessel and vessel related equipment, including those regarding the key assumptions and sensitivities, and found that disclosures appropriately explained management's valuation process and the uncertainties inherent in some of management's key assumptions.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements of the

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Company in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional 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.

pwc

- 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.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Bergen, 7 April 2021
PricewaterhouseCoopers AS

Sturle Døsen
State Authorised Public Accountant

(5)

Welcome to DOF's 2020 ESG factbook

Providing detailed non-financial performance data on key ESG indicators

The content contained in this factbook, organised around our company values, supports the statements and ambitions stated in the DOF Subsea Integrated Annual Report 2020.

The DOF Group has reported in the areas of sustainability to the GRI standards measuring Economic, Environment, and Social aspects for seven years. This, along with our participation in Carbon Disclosure Project over the last ten years, has driven engagement with stakeholder groups and improved both management and performance in these areas.

In 2020, we made further progress in transparency and integrated reporting as DOF Subsea brings all the measures of stakeholder value together, aligning the non-financial reporting with financial reporting. Our vision and strategic ambitions are set out in this integrated report. This report format aims to communicate to all stakeholders, underpin change, and outline targets and measures for the next strategic period.

This document can be found in digital format on our website: www.dofsubsea.com

2020

DOF ESG FACTBOOK *

◆

Contents

* **The results in this section of the DOF Subsea annual report are aggregated from the parent company level and include both DOF Subsea and other DOF ASA subsidiaries.**

Safe the RITE way

Safeguarding our people, the environment, and communities where we operate is our highest priority.

Applying our values to define significance, guide our approach, assess our results and set the ambitions into our future.

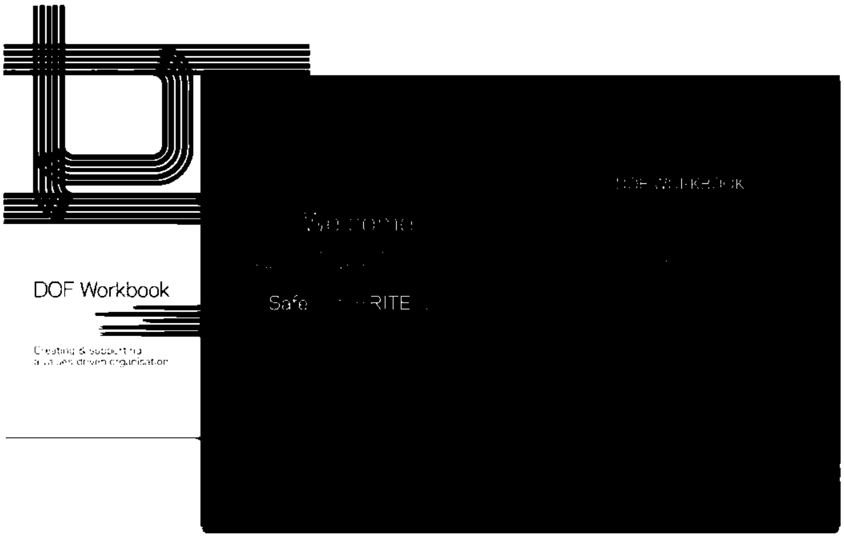
DOF is a values-driven organisation with world-class safety, legal and ethical standards. Our actions and decisions are always guided by and grounded in our values. Our ability to engage with stakeholders, identify material issues and manage material risk is key to the sustainability of the organisation. Our values underpin our approach to Sustainability, from identifying material issues – the issues that impact the business and are important to stakeholders – to setting the ambitions for our future. This report is built on each of our core values representing material aspects and relevant GRI standards.

Safety is at the centre of business and the icon. This illustrates how our values interact to keep us safe. How the Team embraces the values and holding them together is symbolised by people holding hands around the values.

Safe the RITE way® Highlights 2020

SAFE	▪ Extensive work to safeguard our people and manage business continuity during COVID-19 pandemic. Global guideline, emergency response teams, task forces and experience transfer are all elements of DOF's handling of the pandemic. ▪ Improvements focusing on safety and COVID-19 measures during dive operations.
RESPECT	▪ Intensive communication of COVID-19 related information to the workforce through different channels. ▪ Technical installation of "Intelligent Efficiency" decision support system prototype finalised on two vessels. ▪ Maress cloud-based analytics software system has been successfully deployed on 30 vessels in 2020 (DOF is set to roll-out to the whole fleet in Q1 2021).
INTEGRITY	▪ Vendor evaluation process focusing on UN Global Compact continued in 2020. Approximately 300 vendors evaluated during the year.
TEAMWORK	▪ New communication and collaboration tools were rolled out and strengthened DOF as one team across borders.
EXCELLENCE	▪ Survey in the Cloud concept has been a success in several projects. ▪ DOF was certified with common ISO certification for the entire Group.

The DOF Workbook.
Read more at: www.dof.com/workbook

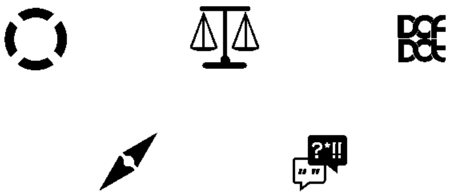


Why are we a "values-driven" organisation?

In business "the only constant is change".

The advantage of having a solid set of beliefs and values is that the organisation can adapt rapidly to situational or commercial change, but always with an anchor of beliefs and values.

This is the essence of a sustainable organisation; where our values guide our actions to respond to relevant economic, environmental and social factors. We meet stakeholder expectations and navigate daily challenges, large and small, by having a deep understanding of our values, clear priorities and reporting mechanisms. "What we do is as important as the way in which we do it."



DOF values & materiality

A table showing how DOF connects material aspects to company values: Safe, Respect, Integtrity, Teamwork, & Excellence.

Safe	Respect
Above all we are SAFE We are committed to protect the health and safety of our people and our environment.	Underpins everything we do and every interaction we have. Respect for people: our colleagues, our customers, and our business partners. As global citizens we are socially responsible, we respect the individual, the local customs and cultures of our various markets. Acting with care and consideration is central to our well-being and safety and ensures we minimise our environmental impact.
MATERIAL ISSUES *	
Health, safety and working environment 403-1 Management systems 403-2 Hazards & Incidents 403-3 Occupational health services 403-4 Occupational health and safety engagement 403-5 Occupational health and safety training 403-6 Promotion of worker health 403-7 Occupational health and safety impacts 403-8 Occupational health and safety system coverage 403-9 Work-related injuries	Energy Efficiency & Climate Impact 305-1 Scope 1 GHG emissions 305-2 Scope 2 GHG emissions 302-1 Energy Consumption 307-1 Compliance 306-3 Significant spills 201-2 Financial implication due to climate change
OUTSIDE THE ORGANISATION	
Global: Employees, shareholders, customers, local communities, NGOs, policy makers, shareholders, suppliers	Global: Customers, civil society, policy makers, local communities, NGOs, shareholders
WITHIN THE ORGANISATION	
Whole organisation: DOF's ambition is to be an incident-free organisation. We are highly committed to our core values – Safe the RITE way - and we work pro-actively to achieving them. Safe is significant to DOF and is paramount to our ongoing success and sustainability, we work to ensure we are safe and our team returns safely, everywhere we do business.	Whole organisation: Defining and measuring environmental sustainability risks associated with our business activities is an important activity for the Group. DOF is actively working with its partners on finding energy efficient and CO2 reducing solutions as part of their own efforts to reduce carbon footprint.

UN SDG

Safeguarding our people is the overall objective in everything we do. Through the Safe the RITE way framework, DOF has ambition to ensure the good health and well-being of all employees. Measurable key performance indicators are used as part of this work, to monitor the effect of the activities performed within the area.

The DOF Workbook includes a module on Physical, Social and Mental well-being, which puts the different aspects of health together in a holistic approach.

Our continuous efforts on simplification of our safety system and procedures aim to turn the focus from the industry's inbuilt bureaucracy, back to enhanced safe work practices.

The main source of DOF's climate impact is the fuel used by its vessels. DOF has various activities and programs to reduce its climate impact, including; Ship Energy Efficiency Plans (SEEMP), goal of 3% annual reduction (intensity target) in fuel consumption, installation of shore power capability, installation of battery packs on vessels, and participation in the CDP for transparent environmental reporting.

Through an R&D project with Kongsberg, we aim to use digital solutions to reduce energy usage on our vessels, through Intelligent Efficiency. There is potential for 15%-30% reduction in fuel consumption, ultimately leading to significant reduction in emissions.

DOF also has other internal activities such as preparedness for acute pollution from vessels, using environmentally friendly products (for example non-hazardous hydraulic oil in ROVs) and environmental management plans.

** Material issues identification is aligned with the GRI Standards*

Integrity

The very corner stone of our business. We behave ethically – always.

We are honest, fair and equitable in all our dealings. We are dedicated to good corporate governance.

We strive to do the right thing not because someone is checking, or looking, but purely because it is the right thing to do.

Teamwork

Everything we achieve is as a result of teamwork.

Each of us is responsible and open in our professional relationships, cooperative and collaborative, treating one another with dignity and respect.

We do not blame, we find and share solutions and we learn from mistakes. From this platform we build diverse and global teams and strive for free exchange of ideas, experience and knowledge, worldwide.

Excellence

In everything we do. We are resourceful and responsive to our customers' needs; innovative in the solutions we apply to everyday problems.

We safeguard our individuality and the qualities that set us apart from our competitors, protecting our reputation and the professional trust we have built, we do not walk away from our commitments.

*MATERIAL ISSUES **

Business Integrity, ethics and payment transparency, Spill avoidance

205-1 Anti-corruption
205-2 Anti-corruption
205-3 Anti-corruption
415-1 Anti-Competitive behaviour
201-4 Financial assistance
419-1 Compliance
414-1 Supplier social screening
308-1 Supplier environmental screening
306-3 Significant spills

Our people;
Labour rights and employee satisfaction

401-2 Employment
402-1 Labour/Management Relations
404-3 Performance and career development reviews
406-1 Non-discrimination
201-3 Benefit obligations

Product reliability and customer service, Innovation & Climate Resilience

DOF 1 Operational uptime
DOF 2 Results of surveys measuring customer satisfaction

OUTSIDE THE ORGANISATION

Global: Customers, civil society, shareholders, suppliers, policy makers, civil society

Global: Employees, shareholders, customers, local communities, NGOs, policy makers, shareholders, suppliers

Global: Employees, shareholders, customers, local communities, NGOs, policy makers, shareholders, suppliers

WITHIN THE ORGANISATION

Whole organisation: For DOF, business integrity and ethics policy are of high priority and DOF expects their companies and employees to follow and adopt behaviours to protect and build the DOF's reputation, in all situations.

For DOF to be in compliance to law and to industry standards is of strategic priority. In all of the regions where DOF operates, it strictly follows all rules and regulations addressed by the national governments.

DOF acknowledges the importance for our customers of a reliable partner and that is why we are always seeking to obtain the highest industry standard certifications before accredited bodies.

Whole organisation: DOF understands that acting in accordance with its Code of Business Conduct towards their partners and employees is decisive in achieving the highest standards by which DOF conducts their business activities every day.

Whole organisation: DOF continues to acknowledge that achieving excellence in corporate and operational efficiencies across the organisation is the most important thing it can do that will protect long-term sustainability for the organisation.

Whole organisation: DOF is continuously defining and measuring its sustainability risks such as climate change through measurable and innovative control measures that are being applied within the business.

UN SDG

By employing local content, DOF contributes to economic growth in the various areas of operation. DOF is also committed to operating responsibly and respecting local laws and regulations. Through its Tax Strategy, DOF ensures that tax is paid fairly to the countries where it operates.

DOF acts ethically and lawfully to protect our reputation and comply with applicable laws and regulations, wherever we do business.

Our Code of Business Conduct gives us clear rules and provides guidance for decision-making in ethical dilemmas. This is particularly important when operating in areas with high risk related to Anti-Bribery and Corruption. DOF has established an Ethics Helpline where both employees and any other stakeholders can report by a phone available 24/7, or through an online form. Reports can be made anonymously.

DOF's focus towards Integrity is not limited to ourselves; we strive to ensure that our partners and suppliers operates according to the same standards, for example by assessing all suppliers towards the principles of the UN Global Compact.

DOF operates in many different areas around the world, and some of these areas lack a strong public education system. Either by direct contribution to employees or partnerships with other members of the industry, DOF contributes to quality education of children in challenging areas.

The DOF Workbook gives the foundation for training in the years to come. By delivering training modules on all aspects of how we work, we have established a unique way to engage training and development of our people.

DOF strives to promote a workplace where all are treated fairly, accepted equally, without any exclusion - in a harassment-free workplace. As a Group, we benefit from the different talents, experiences and perspectives equality and diversity brings to the workplace and the individual contribution employees make. Our guiding principle is that everyone should be treated with dignity and respect at work.

Our industry is now experiencing substantial change, disrupting the way it has traditionally been working. New expectations and requirements appear rapidly, and affect all areas of business, from external environment to operational performance and business ethics.

DOF's Digital Transition strategy highlights different technology development that we expect to see over the next few years. There are many opportunities, but it is not possible to do everything at once. It will therefore be important for DOF to look at the opportunities and make strategic prioritisations of the digital transition and technology development.

In the recent years, DOF has entered into new markets with a developing industry. By bringing decades of experience and expertise, we work together with local stakeholders to facilitate sustainable and resilient infrastructure development.

Safe

Applying our values Safe the RITE way® to define significance, guide our approach, assess our results and set the ambitions into our future.

Safeguarding people is our highest priority. The Group has built on the Safe the RITE way program, strengthening our global safety culture. We work continuously to improve safety systems and our safety performance.

3 GOOD HEALTH AND WELL-BEING

How DOF defines SAFE:

DOF core values act together to create a strong safety culture and deliver our highest priority: "Above all we are Safe". We work to ensure we are safe, and our team return home safely, everywhere we do business.

Cybersecurity, securing our Information Technology (IT), and Operation Technology (OT) infrastructure and preventing cyberattacks, is also an important aspect of our business and sits within our definition of SAFE.

Why is SAFE significant to DOF:

Protecting the health and safety of our people and our environment is a fundamental requirement of business as it is paramount to DOF's on-going success and sustainability. It is a material issue and a right that all employees, their families, our whole supply chains, clients, investors and regulators expect to be sustained. It is essential to winning business and attracting recruiting and retaining talented employees. We work to ensure we are safe, and our team return home safely, everywhere we do business.

What are we doing about SAFE:

Occupational Health & Safety management

DOF is committed to ensuring the provision of a healthy and safe working environment throughout company operations, through interaction and consultation with stakeholders.

The Occupational Health & Safety management is verified by DNV according to requirements in the ISO 45001 standard and the ISM code and forms a part of the Business Management System (available on www.dof.com).

- The Occupational Health and Safety Manual (OH&S) is in line with international standards such as ISO 45001 and the ISM code.
- DOF has established procedures to ensure that hazards are identified, the likelihood and consequence of occurrence is assessed and, as necessary, suitable control measures are introduced along ALARP principals.
- Personnel are trained in the use of appropriate risk assessment and management techniques.

Hazard identification, risk assessment, and incident investigation

DOF implements a hazard and risk management process in order to identify hazards and risks associated company activities - aligned with ISO 31000 Risk Management - Principles and Guidelines:

- Risk assessment processes are audited by internal and external parties such as DNV;
- All employees must undertake basic training in risk identification and assessment;
- All employees have the Stop Work Authority;
- Incident investigation depends on the level of severity of the incident and is published in the DOF Workbook;
- All investigations conclude with recommendations in the occupational health and safety management system.

Occupational health services

DOF has an agreement with an internationally recognised, accredited occupational health service provider. Services can be accessed directly or through positions such as a vessel's nurse.

Worker participation, consultation, and communication on occupational health and safety

- DOF's OH&S management system IT application allows for feedback directly on specific documents, or to make general improvement suggestions.
- Safety Delegate & Protection and Environment Committee (PEC) committees at vessels and onshore worksites guarantee worker involvement. These committees may vary depending on local legislation.

Worker training on occupational health and safety

All workers are required to perform mandatory e-learning related to Risk Assessment and the Permit to Work system, which are fundamental to safeguarding our people.

Promotion of worker health

DOF aims to ensure that all employees have access to non-occupational medical and healthcare services. This is normally achieved through agreements with local health insurance companies. The coverage of these insurances will be adapted to circumstances such as availability of universal health care and statutory requirements. Overall, DOF follows an industry benchmark for its health insurance coverage.

In some regions, programs have been established for voluntary health promotion services such as annual health check-up.

Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

DOF's offshore operations are where our people have the highest exposure to health and safety risks. The Permit to Work system identifies high risk operations. The system ensures a thorough process before work may commence and includes risk assessment for the specific work to be done.

Workers covered by an occupational health and safety management system

All employees at DOF vessels and worksites are covered by the Occupational Health and Safety management system. This includes both employees and workers who are not employees. By 31.12.2020 the headcount of DOF staff was 3,126 people. An exact number of workers who are not employees is not available.

In addition to regular internal audits, the OH&S Management system is verified by DNV according to requirements in the ISO 45001 standard and the ISM code.

Cyber security

Cyber security is our practice of defending computers, servers, mobile devices, electronic systems, networks, and data from malicious attacks. Our defence of the Group IT and OT infrastructure is built around but not limited to:

- Network security by online monitoring securing DOF's computer network from intruders, whether targeted attackers or opportunistic malware.
- Application security by design is focused on keeping software and devices free of threats.
- Information security protects the integrity and privacy of data, both in storage and in transit.
- Operational security processes are in place for handling and protecting data assets in a best possible way
- Disaster recovery and business continuity plans are in place

Highlights: SAFE

TRIR

In 2020, a TRIR (Total recordable injuries rate) of:

2.51

per million man-hours

LTIFR

In 2020, a LTIFR (Lost time injury frequency rate) of:

0.79

per million man-hours

Balanced KPIs

DOF has established nine KPIs within Safety, balancing leading and lagging indicators.

Ambitious targets

"This is an incident-free organisation"

New Insights

DOF is utilising a data warehouse solution and Power BI, to enable a deeper insight and analysis of our numbers.

Overview (continued): SAFE

to dictate how the business restore any loss of operations or data and to return to the same operating capacity as before an attack.
- End-user education is in place to teach our employees to detect secure suspicious e-mails and behave like data security officers on behalf of our Company.

What are future goals with SAFE:

Safety awareness is a never-ending process, and our goal is to be recognised as the safest provider of subsea and vessel services to our growing international and global client base. The Watertight Integrity Test, launched in our code of conduct, starts with a simple question; "Is it Safe?" If the answer is no, action must be taken.

As personnel join the Group, we ground them in our values-driven approach and provide them with the necessary practical, and theoretical training to appreciate the importance of acting in line with the values and principles.

We continue to enhance safety culture onboard our vessels. We have introduced reflective learning tools for safety awareness; sea riding (where onshore managers sail on vessels in operation) and continue to implement our management visits program.

The New DOF Workbook was introduced to our workforce in 2020. The DOF workbook is the backbone of training within the Group for the next 5-6 years. Through a holistic approach, employees will be exposed to training ranging from induction to the Company, our values, and risk assessment approach, to more advanced modules like project management.

During 2021, an HSE improvement plan will be developed and be the foundation for several initiatives. A large part of putting the plan together is consultation with our workforce, through surveys and direct conversations. The objective is to build a new strategy that will be aligned with the overall strategy of the Group. Another important part of this work is to evaluate the HSE toolbox and how it supports current and future needs. This also includes use of tools made available by the Modern Workforce Communication project.

A project commenced in 2020 to ensure DOF complies with the new IMO Cyber Security requirements, which come into effect in 2021. In addition to identifying activities to comply with IMO requirements, several other improvement areas within cyber security were identified. These activities will be part of DOF's improvement program going forward. Some will be undertaken in 2021, while other activities have a longer term perspective.

Our SAFE focus for 2021

Our improvement initiatives focus on simplifying the HSE toolbox, monitoring risk factors and focusing on safety in diving operations will continue into 2021. The efforts to simplify procedures and guidelines will continue and be balanced with industry standards in general, and especially in Brazil. The DOF Safe Work Practice concept will be further developed, and there will be further guidance on where the concepts fit in the bigger picture;

Digitalisation of PTW / TBT / RA / MOC processes will continue. A separate project will be initiated to fulfil implementation in Brazil;

Based on experience through the pandemic, Medical Service and Employee Benefit Program will be reviewed and strengthened to ensure they provide support for mental well-being and health issues.

A new direction will be taken for HSE, where closer dialogue with our people on the sharp end of our operations will be a core activity;

The DOF Workbook will be rolled out with training sessions globally. It will primarily be delivered through digital sessions, such as webinars;

During the year further work will be focused on the implementation of the measures in the Cyber Risk Management Standard, including ship specific risk assessments, raising awareness and further enhancing the Cyber Risk Management within DOF.

Results: SAFE

DOF went into 2020 with many ambitious HSE projects and a clear objective to improve the results from the previous year. The new workbook had been recently printed and set to be the backbone of many of the planned initiatives.

In January concerns came from our organisation in Asia-Pacific about a new virus designated COVID-19. A regional emergency response was established. Later, as the epidemic became a pandemic situation, we declared a global emergency to address the emergency impacts for DOF.

The 2020 HSE results were influenced by the pandemic. A brief overview is given of our specific measures over the year and other safety measures performed in parallel to managing the virus.

Other improvement activities delivered in 2020:

- ISO 45001:2018 is issued for the entire DOF Group.
- New version of Crisis Management system was implemented.
- A new Cyber Risk Management standard was released, facilitating new IMO requirements.
- Some training sessions for the new Workbook were held, when practically possible.

Work-related injuries 403-9

All HSE incidents are reported through a common system for DOF, “Docmap”. The system is available in the office and on all DOF vessels. Among the data captured for each incident is Type of injury, injured body part, Gender, Age and Injury classification.

HSE reporting aligns with the reporting principles of IMCA.

The man-hours used to calculate frequencies are based on exposure hours and include hours for all personnel on our vessels. This provides the most accurate indicators regarding the overall safety performance.

Significant metrics are outlined in Figure 6 and Figure 7 on page 166 shows the Occupational Health and Safety Indicators.

Each company / region enters HSE statistics monthly into an internal tool on the DOF intranet, which is used by the corporate organisation to create quarterly and yearly reports.

For 2020 the objective was to be below 0.3 LTIs per million man-hours. At the end of the year, we reported 0.79 LTIs per million man-hours for DOF as a whole.

The total recordable injuries rate (TRIR) for DOF was 2.51 in 2020. The TRIR is an indicator of the total number of LTIs, restricted workday cases and medical treatment cases per million man-hours. The IMCA TRIR for 2019 was 1.69.

Number of first aid cases has for 2020 been 7.54 per million man-hours.

The main types of injury are lacerations and impact injuries (sprains / fractures).

Being a global company operating within multiple cultures, openness is a key approach. Our result in reporting safety observations, both positive and negative, reaches the impressive figure of 656 reports per 200,000 man-hours.

In 2020, there were six lost time injury cases recorded.

One case resulted in amputation of the distal phalanx of a finger, when the finger was squeezed in a door frame. The five other cases have not resulted in permanent disability.

Another case is defined as a high potential incident, when a crew member’s hand was caught between a closing hydraulic watertight door and the door frame. The incident led to a full review on operation of hydraulic watertight doors in the fleet. The other cases have a low risk profile.

In most locations where DOF operates, trade union agreements contain provisions that address the health and safety of our employees. All our offshore workers are covered by the MLC 2006.

Emergency management

Emergency Management protocols and systems are well developed within DOF; however, this is an area where training and readiness are crucial to the effective management of any emergency situation or crisis. Regular scenario training, conducted by third party organisations specialising in Crisis management, is provided for personnel in the Emergency Response Teams (ERT). Scenario Training is supported by electronic system exercises to ensure individuals remain familiar with the system.

Emergency response training exercises range from a variety of offshore scenarios to more universal themes of business continuity in order for DOF to ‘Stress Test’ and improve where necessary. Organisational compliance is monitored by Key Performance Indicators.

The Crisis Management system was successfully upgraded to a new version in late 2020. The new version provides significant improvements and new functionality, including support for mobile devices.

During the year, there were 50 mobilisations in the Crisis Management system, nine of which were actual incidents; the rest were exercises. This is about the same total mobilisations as the past years.

Cyber security

A project was established to prepare DOF for the new IMO Cyber Security requirements. A key deliverable of this project was a new company standard for Cyber Risk Management. The project also identified several activities to enhance cyber security in DOF, that goes beyond the IMO requirements.

Respect

Applying our values Safe the RITE way® to define significance, guide our approach, assess our results and set the ambitions into our future.

Respect for each other, the environment, and our local communities.

How DOF defines RESPECT:

"Respect underpins everything we do and every interaction we have. Respect for people: our colleagues, our customers, and our business partners. As global citizens we are socially responsible, we respect the individual, the local customs and cultures of our various markets. Acting with care and consideration is central to our wellbeing and safety and ensures we minimise our environmental impact."

Why is RESPECT significant to DOF:

The Group aims to create an environment of empathy, mutual respect and understanding amongst all stakeholders. DOF is an equal opportunity employer and does not tolerate any form of harassment or discrimination within the workplace or local communities where we operate.

We operate in an evolving market. It is vital for DOF to develop in the energy sector, together with our key partners, in line with the targets articulated in UN's Sustainable Development Goals.

A key to meeting stakeholder's expectations is the implementation of new technology and digital solutions to reduce GHG emissions and become more efficient. An objective for the next 3-year strategic period and a driver for value creation. As a responsible organisation and through Respect we aim to:
- Maintain our equal opportunity employer performance: we will not tolerate any form of harassment or discrimination within the workplace;
- Operate responsibly at sea, with minimal impact upon the environment;
- Reduce our environmental impacts by delivering energy efficiency and the well-established zero-mindset to any discharges of harmful material into the sea, making DOF an attractive business partner;
- Adapt to the global communities' changing expectations to climate change and pollution.

What are we doing about RESPECT:

Respect for each other and cultural diversity

Respecting cultural diversity while working towards the same goals is a key success factor for DOF. All DOF employees undertake mandatory and regular values-based training. The Code of Business Conduct (COBC) is in place to guide behaviour and support sound judgement and common sense and DOF's values are embedded in many other business and discipline related training materials.

Robust, respectful and healthy communication between our people in the Group, across geographical borders and "top-down – bottom-up" is valued. In 2019 a new internal portal was designed to meet our need for better communication with our workforce. Launched early in 2020, the new platform has various features allowing employees to access and engage with DOF in a new and better way.

Environmental Performance

Also, an aspect of respect, Environmental Performance, is governed by the DOF Environmental Impact Policy. It reflects corporate intentions, principles of actions and aspirations to improve environmental performance. Responsibility for ensuring that DOF is committed to minimising its environmental impacts in line with the 'Polluters Pays Principle', 'Precautionary Principle' and 'Duty of Care', Energy Efficiency and Climate Impact lies with the Board of Directors.

Since 2010, DOF has reported key environmental performance through CDP and the reporting has directly influenced the development of our Business Management System and the programs established to manage our environmental performance.

Our Environmental Management System (EMS) ensures that DOF effectively manages our operations and strives for continual improvement of our environmental performance.

Using technology to reduce fuel consumption

DOF has well established systems and new initiatives operating in parallel to deliver fuel efficiency and reduced GHG emissions.

Implemented in 2012, the Ship Energy Efficiency Management Plan (SEEMP) is vital to our EMS. The SEEMP was developed in partnership with DNV and aligned to the guidelines set out by the IMO marine environmental protection committee. SEEMPs are applied across the whole fleet to plan, implement and monitor the measures required to maximise vessel efficiency.

All DOF's vessels operate with Marine Gas Oil (MGO). DOF complies with the regulations in the industry, especially with IMO and MARPOL Annex IV, Regulation 14, regarding strict measures addressed to ship owners to control the emissions of NOx and SOx from their ships, in Emission Control Areas (ECA) where ultra-low sulphur fuel is required.

Several vessels are fitted with technology reducing fuel consumption and emissions.

- Since 2007, DOF has focused on reducing NOx emission to air: the main contributor is the instalment of Selective Catalytic Reductions (SCR) systems which can reduce NOx emissions up to 90%. SCR is a means of converting NOx with the aid of catalyst urea into N2 and Water. See Appendix B.4, Figure 9 - NOx reduction measures.
- The diesel electric hybrid propulsion system allows greater operational flexibility and reduces energy consumption, CO2 emissions and maintenance costs. This propulsion system is ideal for DOF's combined anchor handlers and offshore construction vessels.
- Improvements, particularly on hull design, have been made through close industrial cooperation with main suppliers. This experience transfer ensures continuing enhancement of technology into the future.
- DOF deployed cloud-based analytics software system successfully on 30 vessels in 2020. Maress analytics allows decision makers on shore and on the bridge to make more informed decisions on how to reduce emissions. Maress allows DOF to fully understand the emissions from individual vessels, and for the fleet as a whole. Due to the smart re-use of existing data the system can be rolled out quickly and will be operational on the whole fleet in Q1 2021.
- The research project partnership with Kongsberg Maritime, SINTEF Ocean and NORCE to develop of a new generation Decision Support System (DSS) for offshore vessel operations. In 2020 the DSS prototype was installed on two vessels (Skandi Africa and Skandi Vega) and will provide live system feedback.
- Developing shore-side electricity connections for port stays has delivered considerable environmental benefits by utilising renewable energy reducing carbon dioxide, sulphur dioxide and nitrogen oxide emissions to a minimum. Modifying vessels for this technology is continuously evaluated based on the availability of shore-side connections where our vessels operate.

Spill avoidance is captured by KPIs and as a 'bearing element' in the ISO 14001 certification is audited regularly. DOF's maintenance regime incorporates spill avoidance objectives in order to reduce the risk of environmental impact from incidents.

Highlights: RESPECT

Spills over 50 litres

Number of unrecovered spills:

0

in 2020

CO_2 emissions

Emissions per operational day:

+0.4%

in 2020 *

CDP

DOF has reported to the Carbon Disclosure Project since 2010.

Energy Efficiency

DOF is continuously monitoring and improving the Ship Energy Efficiency Management Plans and establishing eco speed curves for optimal sailing speed.

New tools

DOF is working together with Kongsberg Group and Innovasjon Norge to develop new technology for optimal energy use onboard vessels.

** See "Revision note" on page 169 regarding post-publication revision of this result.*

Overview (continued): RESPECT

All vessels have a Shipboard Marine Pollution Emergency Plan (SOPEP/SMPEP) which provides guidance to the Master and officers on board the vessel as to the steps to be taken when a pollution incident has occurred or is likely to occur. The plan is reviewed annually, and a regular drill held.

DOF's internal procedures for bunker and fuel testing ensure control of fuel supplies to its vessels. The main objective is to ensure good quality and uncontaminated fuel supplies to offshore installations, in accordance with Charterer requirements. All contracts between DOF Marine and charterers specify the quality of the fuel as per ISO 8217, Bunker Fuel Standard.

Innovation & climate resilience

DOF conducts operations in compliance with best practice techniques and principles, worldwide. As such, DOF standardises its global approach to meet the highest requirements of legislation and the expectations of external parties both locally and internationally.

Risk Identification and Assessment analysis of where we are most likely to deviate from these commitments and what the risks are should this happen, is undertaken. Control measures can be identified to ensure that our levels of exposure are acceptable for all stakeholders.

Development and support of the communities where we operate

A principle of our business model is to train and maintain a dedicated core crew on all our vessels.

This creates value by retaining operational and vessel knowledge between charter or project crew changes and leads to a higher level of safety, efficiency and quality of services, benefiting the Group, our clients and our workforce. The program creates value for individuals, their families as well as local governments and society by creating jobs, assisting in enterprise development and technology transfer to local communities.

DOF's global maritime cadetship program combines the principles of a fair return for our local communities with building a skilled and sustainable workforce. This program gives cadets a structured path to gain qualifications and a long-term livelihood.

Involvement in the Norwegian Training Centre - Manila (NTC) cadet program has been part of DOF's strategy to provide highly qualified officers to our fleet. The courses extend across the complete area of vessel operations. The aim is to train seafarers to the highest standard of safety and quality and promote excellence in maritime operations worldwide.

DOF joined other Norwegian ship-owners who founded AEPM in Brazil to provide opportunities for young adults to start maritime careers via ordinary seamen courses.

Community support is focused on promoting education, culture and sports through a number of specialist organisation's structured programs, primarily in Brazil and Philippines, to give underprivileged children a chance for a better future.

For example, DOF provides Sponsorship to the Renascer foster institute (Brazil), an organisation which cares for children of one to five years old, presenting them new life perspectives through sports, art and music, providing them with a home, food and shelter.

We remain very close the community of Comatin since DOF and partner OSM rebuilt the Elementary School after a typhoon in 2013.

What are future goals with RESPECT:

A new communication package, including new tools, with a goal to improve communication with our workforce was launched in 2019. A solution for distributing company news offshore and introduction of an Enterprise Social Network will continue to be developed in 2021.

The ongoing efforts to enhance energy efficiency will continue in 2021. This includes continuous evaluation of vessel modifications such as installation of shore power connection capability and battery packages.

The 'Intelligent Efficiency' Decision Support system will continue developing. Innovasjon Norge granted the project an extension until November 30th, 2021 due to the disruption caused by COVID-19.

DOF performed a climate change scenario analysis in 2019, based on the Task Force on Climate-related Financial Disclosures (TCFD). During 2021, a set of strategies will be developed to implement short, mid and long-term strategies and goals related to the external environment.

DOF has an overall objective to reduce CO_2 emissions by 3% each year, based on operational days per vessel. CO_2, SO_x and NO_x are gases which are part of the exhaust from combustion engines and reducing the fuel consumption will also reduce the emission of these gasses.

Our RESPECT focus for 2021

- DOF is an equal opportunity employer and has zero tolerance for any form of harassment within the workplace or local communities.
- The R&D phase of the Intelligent Efficiency project will be finalised, and field testing commence.
- Continue to strive for reduced emissions. To support this, the framework for measuring, monitoring and analysing fuel consumption and emissions will be overhauled.

Results: RESPECT

Respect underpins the flexibility we have in our organisation. We can call on specialist individuals who because of the common respect for each other, have a commitment to meet shared goals. Without mutual respect, the high level of coordination and cooperation required to address corporate or operational challenges is more difficult. DOF has a proven record of adapting assets quickly and developing operational solutions to meet difficult and time sensitive challenges from their clients that delivers successful project execution outcomes. The following reporting concerns all DOF vessels and all environmental initiatives in the Group.

Energy Consumption within the Organisation 302-1

The majority of DOF's energy consumption comes from non-renewable sources, which is attributed to fuel consumption on our vessels. The energy consumed in our offices comes from both renewable and non-renewable sources, depending on the energy infrastructure in the area where the office is located.

Figure 9 in the Appendix B.4 indicates the organisation's energy consumption in joules. Electricity consumption per country is detailed in Figure 10, also available in Appendix B.4.

Managing Fuel Consumption and Emissions to Air (Carbon Dioxide Emissions) - Scope 1 and Scope 2 - 305-1 I 305-2

The Environmental Impact Policy sets out clear aspirations to ensure that our operations have minimal impact on the environment. This requires DOF to calculate and anticipate potential challenges before activities take place through risk identification processes, to ensure that the environmental impacts are understood and reflected in our activities.

Data regarding Scope 1 concerns fuel vessel consumption for all DOF vessels (including third party vessels). The resulting CO2 emissions are detailed in Figure 12. During 2020, the total Scope 1 emissions were reduced by 3.9% (18,966t CO2e) compared to 2019. However, the emission per operational day (intensity target) increased by 0.4%* compared to 2019. This is mainly attributed to many vessel movements between regions, as vessels needed to be reallocated due to COVID-19 effects on operations. In addition, Scope 1 figures for 2020 includes emissions from incinerated waste onboard.

Scope 2 data relates to electricity and heat consumption in buildings where DOF has offices or warehouses. Scope 2 accounts for 0.2% of DOF's total CO2 emissions. DOF has decided to use "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)" to calculate the CO2 emissions originating from onshore electricity consumption (Appendix B.4, Figure 12).

Total number and volume of significant spills 306-3

DOF considers spills of hazardous materials to the external environment that are over 50 litres to be significant spills. This is in line with the definition from IMCA SEL-010. The target is to have zero significant spills to external environment.

In 2020, there were no liquid spills reported that exceeded the 50-litre target to environment.

One incident was recorded where approximately 2,190 litres of hydraulic oil spilled on deck. The spill was contained and there was no release to the external environment.

During the year, 17 environmental incidents were reported. This results in 2.25 incidents per million man-hours. This is below the KPI of less than four spills per million man-hours. The vast majority of the incidents are related to minor spills onboard the vessel which was contained without release to the external environment.

The spills vary from millilitres to litres. It is challenging to record the exact volume of liquid spilt as most of the spills are contained by marine spill kits with different absorbent material. Measuring the volume is based upon individual's best judgement at the time of the incident, often in rough weather, darkness and time constraint. The total volume of spills was 2,287 litres, whereof 32 litres were released to the environment. The KPI for the area set to be zero, but the result is 4.26 litres released to environment per million man-hours.

Compliance 307-1

In 2020, DOF has not been subject to any significant fines or non-monetary sanctions for non-compliance with environmental laws and/or regulations.

Innovation and Climate Resilience - Financial implications and other risks and opportunities for the organisation's activities due to climate change 201-2

A climate change risk and opportunity workshop was undertaken in March 2016 to establish the impact climate change has on DOF's global operations. This assessment is subject to annual review and was last updated in March 2021 to validate the risk assessment and make any necessary adjustments.

Due to its modern fleet, DOF can operate in harsh environments and extreme weather conditions. Combined with the capabilities and training of our senior officers to manage adverse weather situations, DOF ensures continuous operations where less capable vessels seek Safe-haven. This gives DOF a competitive advantage in a future where extreme weather conditions will be more common.

The rapid change as the energy mix shifts from predominantly fossil fuel to renewable energy is expected to bring new opportunities for the energy sector. The knowledge and experience gained by the industry is transferred to new areas such as offshore floating wind farms. This new energy industry will open new areas for DOF where we can take advantage of our unique mooring competence and experience.

Our energy efficiency and environmental management programs have created a robustness within the Group. DOF is prepared for any type of CO2 taxation and can be a preferred partner of choice. The Climate Risk and Opportunity analysis is available on request according to the requirements in the ISO 14001 certification.

** See "Revision Note" on page 169 regarding post-publication revision of this result.*

Integrity

Applying our values Safe the RITE way® to define significance, guide our approach, assess our results and set the ambitions into our future.

The very corner stone of our business.
We behave ethically, always.

How DOF defines INTEGRITY:

"We are honest, fair and equitable in all our dealings. We are dedicated to good corporate governance. We strive to do the right thing not because someone is checking, or looking, but purely because it is the right thing to do."

Why is INTEGRITY significant to DOF:

Stakeholders rightly expect good governance, integrity and ethical practices to be evidenced at all levels of DOF's organisation and operations. Upholding standards aligns with UNs Global Compact and Sustainable Development Goals, ensures decent work, generates wealth for employees, local communities, and along our supply chain as well as wider society by generating taxes.

Upholding our position within the top 5 for environmental and social sustainability in our industry is a strategic objective in the next 3-year strategic period and a driver for value creation. Through Integrity we aim to:

- Maintain DOF's reputation as a responsible and competent partner, demonstrating the highest level of integrity in all our activities. Promote fair and honest relationships with all stakeholders through consultation and engagement.
- Continue to deliver value to all stakeholders and wider society by providing clients with subsea and marine solutions that meet client expectations and contractual obligations. Here, 'repeat business' is strong indicator of client confidence and helps us win future contracts.

What are we doing about INTEGRITY:

Everyone shares the commitment to practise the highest standards of ethical business conduct and integrity in all decisions, and actions. Values-based training is mandatory, including our Code of Business Conduct e-learning module, compliance activities and the correct use of our management systems and tools.

To ensures external providers align with our values and policies, the Group has invested in a more efficient, digital platform to conduct vendor evaluation which is also designed to ensure principles are upheld along our supply chain. The vendor evaluation is mandatory for all suppliers and will produce a master supplier database in Unit 4 ERP.

Compliance to Law, Industry Standards, and local regulations

Operating globally DOF works to comply with regulations at both national and local levels.

DOF personnel and subcontractor compliance

All DOF personnel and subcontractors are required to comply with applicable legislation, regulations and standards as well as client's requirements. The legislation, standards, codes of practice and guidelines register provides a list of applicable requirements.

- Each region has developed registers of applicable legislation, standards, codes of practice and guidelines. When DOF operates in areas where legal requirements are weak, all operations are to follow our policies and operational standards.
- DOF's Management System is based upon ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018. The system is accredited by DNV.
- All legislative requirements are listed in the regional Legislation and Other Requirements Compliance Register according to pre-identified areas for the compliance analysis.
- The company subscribes to regular updates from legal databases, and register is being updated accordingly. Compliance with the requirements is verified during internal reviews, inspections, third party reviews, internal and external audits.

Anti-Bribery & Corruption

In 2020, DOF continued the practice of evaluating vendors to assess their suitability to meet DOF's requirements for a competent and reliable vendor. A key and mandatory element of the assessment process is the requirement for the vendor to declare their commitment to abide by DOF's Anti-Bribery and Corruption guidelines. Failure to comply will automatically exclude the vendor.

Transparency - Traceability - Trust
DOF's anti-corruption and anti-bribery measures are regularly evaluated in order to ensure that sufficient measures are in place and oversight responsibility sits with the BoD.

Risk and opportunity management
Risk and opportunity management is imperative to all DOF business activities. The Risk Management Manual helps DOF to identify threats and opportunities associated with the DOF business and operational activities and establish efficient means of barriers and controls in all phases of the business life cycle. The Risk Management principles and techniques align with the following:

- ISO 31000: Risk management -- Principles and guidelines;
- ISO 31010: Risk management -- Risk assessment techniques;
- ISO 17776: Guidelines on tools and techniques for hazard identification and risk assessment;
- DNV RP-H101: DNV Recommended Practice – RISK management in marine operations.

Modern Slavery Act
The Vendor Evaluation and Recertification process incorporate requirements to ensure that all existing and future vendors to DOF agree to abide by the principles of the Act, and that they do not promote or carry out any unlawful human rights practices, as covered in the Modern Slavery Act 2015, and also ensure that all vendors do not engage in any type of human trafficking, child or forced labour practices, etc., whilst doing business with DOF. Suppliers will be required to provide DOF with a Transparency Statement stating their position with regards to the Act and associated Human Trafficking and related exploitation practices, or a declaration that they will abide by DOF's Code of Business Conduct. Failure to comply with this requirement will automatically exclude the vendor.

Training
DOF has incorporated specific training such as Anti-Bribery & Corruption into its training programme. Also, where necessary, DOF is committed to training all stakeholders within its supply chain to understand the practical and legal aspects of DOF's Code of Business Conduct requirements, and the possible implications and the consequences to DOF and themselves of failing to comply with DOF's requirement's and legislative obligations.

Supply Chain Management 102-9
The DOF CEO, supported by an executive management team is responsible for identifying, engaging and where necessary retaining all necessary financial, technological and organisational resources required to support the DOF Supply Chain Management (SCM) global operations.

DOF's overall SCM system is comprised of three core disciplines and two support disciplines, interacting with each other as shown in Figure 14 on page 156. All activities undertaken within the various supply chain functions meet the following criteria:

- The best interest of DOF and its partners - Add value to the supply chain system for the benefit of the Company and its partners.

Highlights: INTEGRITY

Fines

There has been no significant fines or non-monetary sanctions due to non-compliance.

0

in 2020

Corruption Cases

There have been no corruption cases in 2020.

0

in 2020

Compliance Awareness

A compliance awareness programme has been developed and rolled out to the entire organisation.

UN Global Compact

DOF's supplier evaluation program is based on the ten principles in the UN Global Compact, covering the areas:

- Human Rights
- Labour Conditions
- External Environment
- Anti-Corruption

Ethics Helpline

DOF has a 24/7 Ethics Helpline, available for people inside and outside the organisation. Reports can be made anonymously, and the service is managed by a third-party provider.

Overview (continued): INTEGRITY

- Fairness, Integrity and Transparency - To achieve the best value for money, whilst protecting the Company from unwanted and / or illegal practices such as: fraud, corruption, collusion and other unethical practices.
- Best value for money - Trade-off between price and performance that provides the greatest overall benefit under the specified selection criteria.
- Effective competition - Ensure where possible, that there is a sufficient number of independent prospective vendors, allow competition to supply between the vendors, non-discriminatory selection criteria.

Procurement is central to DOF's overall Supply Chain Management system. It ensures that all procurement activities conducted by DOF are performed in a standardised and controlled manner, consistent with DOF's policies and in accordance with contractual obligations and client requirements and expectations.

The procurement of goods and services is undertaken in a manner that reduces the level of risk and cost for DOF and our clients whilst maintain the highest level of quality, reliability and integrity possible. The process operates in conjunction with the Contract Management and Logistics management processes to achieve a seamless transition of information and knowledge that supports all DOF entities and projects.

In 2020 DOF's global supply chain, consisted of almost 3,500 suppliers and a significant amount of its procurement spending was comprised by bunkering, lay spread equipment, crew agency services, specialised equipment hire, employee travel, vessel hire among other services.

In 2020 the regional split for suppliers was as follows: Asia-Pacific 16%, Atlantic 49%, North America 14% and South America 21%.

Risk and Opportunity Management

DOF has an active approach to future risk and opportunity management and strives to clarify its long-term potential, including strategy, value drivers and risk factors, to its main stakeholders.

To produce lasting value for its stakeholders, and a long-term competitive return on the investment of its shareholders, the Board of Directors and the Management regularly evaluate long-term risk and opportunity and potential impact on strategic decisions taken today.

DOF's policy is to continue to invest in the local communities in which it operates. This includes investing in training, building the technical competencies of our employees and focusing on a local workforce.

DOF's operations are based on asset investments with a long-life span, of up to 30 years. DOF's policy is to have a modern, multipurpose fleet, renewing and converting over time to implement new technology and maintain an attractive, energy efficient fleet to serve our customers and potential new markets.

To be a long-term marine and subsea supplier for offshore industries DOF maintains a cohort of asset, marine and subsea engineering competency, inhouse. There is potential for DOF to continue to build on these core capabilities to access opportunities in offshore renewable energy projects.

Balancing risk and opportunity is a key concept for DOF. Operations range from low risk areas, such as long-term vessel charter, balanced with more complex operations for subsea project delivery. DOF further diversifies its risk exposure in today's global offshore energy market by having established a global footprint, a presence in promising markets and excellent customer relations. DOF is committed to maintaining a focus on diversifying its risk exposure and adapting to changing landscape of risk and opportunities.

Within DOF Subsea, the distribution of risk between Subsea and IMR projects and long-term charter has been quite stable over the last year three years (ref. Figure 1 on page 133). Subsea and IMR projects are normally regarded to have a higher risk profile compared to long-term chartering of vessels. The distribution of project levels is outlined in Figure 1.

By using local suppliers and infrastructure, we support many companies and organisations that are outside the DOF core business, although vital to deliver successful operations to our clients. It is difficult to quantify the exact monetary value of this contribution; however, a conservative estimate is that one DOF employee creates one job position outside of the organisation. This estimate is based on various studies performed by the energy industry trade organisations.

The Board of Directors, in its assessment of the scope and volumes of dividend, emphasises security, predictability and stability, dividend capacity of the Company, the requirement for healthy and optimal equity as well as adequate financial resources to create a basis for future growth and investment, and considering the wish to minimise capital costs.

What are future goals with INTEGRITY:

Industry Leader: to leverage global assets, knowledge and operational expertise, to strengthen the position and progress towards being recognised as an industry leader capable of delivering large scale projects that add benefit to all stakeholders.

Global Partner of Choice: working with global operators, as a committed and reliable organisation that can supply integrated services and work in partnership to develop optimum solutions for the benefit of both organisations, and other relevant stakeholders.

Equally important, is DOF's approach to forming strategic partnerships arrangements with its own supplier and contractors. The intention is to develop a more cost effective and efficient supply chain, regionally and globally, to benefit DOF and our clients.

Overview (continued): INTEGRITY

United Nations Guiding Principles on Human Rights and Business

In late 2019, DOF was invited to participate in a project coordinated by the Rafto Foundation for Human Rights. This project has been named "Future Proof" and develops tools for businesses in the Bergen area to implement the United Nations Guiding Principles on Human Rights and Business, which will continue to develop throughout 2021. Through participation, we gained a new and deeper understanding of UN's Global Compact and SDGs which will guide us in further integrating Human Rights into our operations.

Amnesty International's recent acknowledgment placing DOF among the top 5 global companies based in the Nordics, not only demonstrates our commitment to the core principles of human rights, but that we are on the right track. Amnesty International has also invited DOF to participate in the development of an online learning tool to increase awareness and knowledge within Human Rights and Business.

Our INTEGRITY focus for 2021

- Continue to apply the new ISO 37001 standard to structured governing documentation to achieve the highest standards within Anti-Bribery management system.
- All Whistleblowing incidents will be captured and demonstrated as resolved in line with Group polices and international standards.
- A new database will be introduced, for identifying, recording, assessing and controlling risks through all our activities to ensure visibility at all appropriate levels within the organisation.
- The global legal function in DOF will be strengthened, combining legal, tax and insurance with a global perspective.
- New strategic objective: Maintain position within top 5 in social and environmental sustainability in our industry.

Results: INTEGRITY

During 2020, major activities have been initiated to strengthen the integrity of the Group.

Tax strategy: At the beginning of 2021, the DOF tax strategy was reaffirmed and approved by the Board of Directors. The tax strategy is available on www.dof.com.

Supplier evaluation: Continued implementation of the vendor evaluation database. Approximately 300 suppliers were evaluated during 2020; resulting in a total of 700 since DOF started using the database.

Privacy and General Data Protection Regulation (GDPR): One privacy breach with limited impact was recorded in 2020. The incident was not subject to GDPR, and was reported to local authorities in the area.

DOF Tax Strategy

DOF aims to achieve excellence in all its operations across every jurisdiction in which it operates. By providing a Tax Strategy, DOF ensures that all tax obligations are complied with, in a timely, efficient and cost-effective manner, in all project locations.

DOF is mindful of its responsibility and is committed to paying the amounts of tax legally due in any country in which it operates, in compliance with applicable laws and conventions and in accordance with the Code of Business Conduct.

The strategy aims to demonstrate good corporate practice in the area of tax management and tax transparency, balancing the interests of the various stakeholders, including customers, shareholders, employees and society at large.

Governing Documents

Besides the Code of Business Conduct (COBC) further improvements were made to communicate DOF's ethical guidelines and business conduct with the release of an updated electronic training module made available to and mandatory for all employees. The COBC sets clear expectations on all employees, and provides examples of dilemmas that our people may encounter. The training is also publicly available at www.dof.com.

Additionally, executive and middle management receive regular training regarding anti-bribery and anti-corruption measures.

During 2020, the reporting mechanism for compliance incidents has been actively used on both local and Group level, and compliance incidents were handled and concluded in accordance with the requirements in the policy framework.

Legal compliance 205-3 / 206-1

In 2020, there were no confirmed incidents of corruption, and there was not any legal action pending or completed regarding anti-competitive behaviour, anti-trust or monopoly practices against DOF.

Operations assessed for risks related to corruption 205-1

In regions with a high risk for Bribery and Corruption, DOF has used the know-how of DOF Subsea UK, subjected to the ruling of the Bribery Act 2010, to frame the approach to Bribery and ethics.

Bribery Risk Assessments for the Group's operations are performed and recorded on a regular basis, given the risk potential.

However, risks identified out with the formal Risk Assessment on an ad-hoc basis will be added and analysed as appropriate by Regional HSEQ Managers in all the locations where DOF operates.

In addition, assessment related to Business Integrity and Ethics is mandatory in all projects identified as level 3 and above. In 2020, out of 97 projects, 81% were within levels 3-5, and consequently assessed for risks related to corruption. There were no significant risks identified that had not already been treated by existing DOF standards and policies. Control and mitigation required is based upon project risk and complexity (Figure 1 on page 133).

A Risk Identification Workshop with participation at senior management level with representatives either accountable or knowledgeable in the areas of business ethics, bribery or legal matters was undertaken. The workshop team produced a gap analysis of legal and other requirements also highlighting areas where DOF is most at risk of non-compliance.

Overall, this Risk Identification process showed a substantial degree of control over managing bribery and business ethics risks at a Group level. However, there are recommendations from this workshop that are considered significant in maintaining business continuity and our duty of care as a responsible organisation. A review was performed in February 2020 to validate the risk assessment and make any necessary adjustments.

It should be noted that this level of control against business ethics and bribery risk is applicable to DOF level. At business unit and worksite levels of the organisation, it is necessary for measures to be implemented to manage compliance against local risks and requirements.

In the UK, DOF follows the ruling of the Anti-bribery act of 2010, and in other regions were DOF operates, a detailed process is followed according to guidelines for Business Acquisition in DOF, including Legal Contractual Risk Assessment, Commercial Risk Assessment, Technical Risk Assessment and Insurance Review.

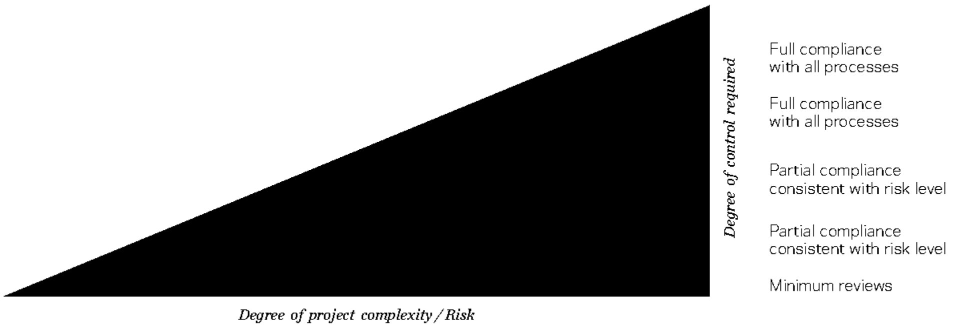
Risks identified related to corruption may vary according to the activity the Company is engaged in. For example, during the tender selection key risks encompass facilitation payments, excessive hospitality and excessive promotional expenditure, to provide a client with excessively luxurious accommodation or transportation and offer of favourable prices in return for a personal gain.

Donations and sponsorships are organised in a transparent way and are regularly checked and audited by external bodies such as PwC and equals.

Results (continued): INTEGRITY

Degree of complexity / risk compared to degree of control required - **Figure 1**

Overall risk management process in DOF is the balance between complexity of risk and complexity in a project, and degree of controls. The figure above gives a visual view on how project levels are combined with what part of the business management system that need to apply.



LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 4	LEVEL 5
Manpower or equipment Hire	Working on client vessel or PM&E contract	Vessel charters or Minor IMR campaign	Light construction or IMR	Major Construction / Intervention projects

A typical donation can be to an athletic organisation where DOF donates a fixed sum for sponsoring a sport arrangement. DOF has its name on posters or clothes and in return the company will receive an invoice from the athletic club. The invoice will refer to an agreement. Other sponsorships can be of named athletics with a half yearly payment. This is regulated in a joint agreement signed by both parties.

With respect to donations to support bereaved with education in case of the death of a DOF employee, a separate donation committee is organised by external lawyers. As a gesture, DOF will donate a given sum of money and this will be followed up by collection given by DOF employees.

In Brazil, DOF donates money to established and reputable organisations that run schools and educational programs. These donations are based upon written agreements and payments are based upon invoices referring to the agreements. The agreements are part of the annual audit scope performed by external auditors.

In general, all payments in DOF are regulated in the authorisation matrix. The "four sets of eyes" principle is built into this. The entire payment process is under strict control and in case of donations and sponsorship these rules will apply.

Projects on level 3 and above (ref. Figure 1 above) are assessed regarding risk of bribery and corruption. However, regional Executive Vice Presidents may deviate from this requirement by a Management of Change process. Due to this possibility for deviation, it is currently not possible to obtain an exact number of projects where bribery and corruption risk assessment has been done. Going forward, DOF intends to update routines and processes to capture this information.

Communication and training on anti-corruption policies and procedures 205-2

DOF's Business Integrity and Ethics policy is approved by the Board of Directors. This policy is available on the public website, intranet, and posted at all work sites globally. In addition, the policy is communicated to both suppliers and clients through the business processes.

The policies are reviewed regularly in management review at regional and corporate level. Any changes proposed are given final approval by the Board of Directors.

Introduction training is provided to all employees in DOF, regardless of their role and position. Eight e-learning modules are mandatory, including a module regarding Business Ethics and Code of Conduct, which covers many issues regarding anti-bribery and anti-corruption policies. In addition to completing

Results (continued): INTEGRITY

the module at the start of employment, it must be completed again every two years. In 2020, approximately 1,000 employees completed the module.

One of the aims is to provide to the executive and middle management team regular training regarding anti-bribery and anti-corruption measures. Board members are informed on a quarterly basis of any cases, changes or results of audits in the area of Anti-Bribery and Corruption.

Business Integrity and Ethics is a mandatory part of the yearly appraisal between managers and employees. This is an important opportunity for monitoring awareness and consciousness of DOF's values.

Financial assistance received from government 201-4

In 2020, DOF received tax relief / tax credits or subsidies in some of its areas of operation as part of governmental COVID-19 relief measures for businesses.

The government is not present in the shareholding structure.

Australia
- Tax relief and tax credit
  - » AUD 142,544
- Subsidies
  - » AUD 1,980,000

Norway
- Tax credit in relation to R&D projects
  - » NOK 12 million budgeted from Innovasjon Norge for Intelligent Efficiency project; NOK 3.6 million received by end of 2020.
  - » NOK 76 thousand received in tax credit related to development of technique for remote survey operations.

Singapore
- Subsidies
  - » USD 184,840
  - » SGD 62,892

UK
- Other financial benefits
  - » GBP 3,000 Employment Allowance

USA
- Other financial benefits
  - » USD 2,342,292 loan (Small Business Administration Payroll Protection Program). It is expected that this loan will be 100% forgiven

Commitments to external initiatives 102-12

DOF endeavours to comply with recognised industry standards and guidelines published by various organisations connected to the oil & gas industry, such as International Maritime Organisation (IMO), International Marine Contractor Association (IMCA), International Association of Oil & Gas Producers (IOGP), International Organisation for Standardisation (ISO), and class societies (DNV, Lloyd's etc.).

In the marine segment, a robust system is also in place to allow that vessels and offshore personnel comply with laws and regulations in the locals of operation.

DOF's Integrated Management System (IMS) is based on compliance with IMO regulations and audited and approved by DNV. A Document of Compliance certificate is issued. An annual audit is conducted to verify that the Company complies with the requirements of the International Management Code for the Safe Operation of ships and for Pollution prevention. The DOF internal audit program is annually updated to ensure updates on new regulations are implemented and adhered to in the Company.

All the Vessels owned by DOF are audited regularly by DNV GL under the same IMO legislation, vessel-by-vessel. Additionally, vessels are audited under the internal audit program.

DOF Management utilises DNV Navigator, which provides regular updating of all IMO legislation and flag state requirements on vessel. Any changes in legislation as well any vessel re-certification is communicated daily to our managers.

In 2013, DOF Management successfully implemented the Marine Labour Convention (MLC) on all NIS / NOR, BAH, Cyprus and IOM flagged vessels. In addition, vessel managers ensure that all DOF vessels comply with the SOLAS regulations for Life Saving Appliances (LSA) and Fire Fighting Equipment on board and that masters and officers are given the required training to operate in safety.

Memberships of associations 102-13

In order to facilitate interaction and collaboration with different sectors of the offshore industry, DOF is an active member of many industry associations in the locations where it maintains operations. In addition, there is regular participation by DOF's representatives in projects or committees of those associations.

The International Marine Contractors Association (IMCA) is the international trade association representing companies and organisations engaged in delivering offshore, marine and underwater solutions. DOF has been an IMCA member for many years and has been an International Contractor member since 2015. DOF has representatives in vice chair positions in the Digitalisation Committee, and in the Environmental Sustainability Committee.

IMCA defines the International Contractor membership as follows;

"International Contractor - ICO This category of membership has been developed for contractors who have an international presence -operating in 3 or 4 of the IMCA regions - as offshore oil and gas construction contractors. Such companies should be able to demonstrate their marine construction capability, set out their geographical presence and their commitment and involvement with IMCA."

DOF Subsea APAC
- APPEA (Australian Petroleum Production & Exploration Association)
- Subsea Underwater Technology (SUT)
- Subsea Energy Australia
- Industrial Foundation for Accident Prevention (IFAP)
- Offshore Project Safe - Steering Committee member (Region EVP)

Results (continued): INTEGRITY

DOF Subsea UK
- British Safety Council
- Subsea UK
- Oil and Gas UK

DOF Brasil
- Abespetro (O&G Association)
- Abeam (Shipowners / Vessel Operators Association)
- Syndarma (Shipowners Union)
- Abran (NSA - Norwegian Shipowners Association)
- NBCC (Norwegian-Brazil Chamber of Commerce)
- AEPM (Association for the Specialisation of the Seafarer)

DOF ASA
- Norwegian Shipowners Association
- Bergen Shipowners Association
- Norwegian Church Abroad – Global ERT membership
- The Bergen Chamber of Commerce and Industry

DOF North America
- American Society of Safety Engineers - ASSE
- International Organisation for Safety and Health - IOSH
- International Association of Drilling Contractors - IADC

Compliance 419-1

In 2020, there were no significant fines or non-monetary sanctions related to fraud, corruption or workplace discrimination under the jurisdictions where DOF operates.

Supplier screening 414-1 & 308-1

DOF vendor evaluation questionnaire is comprised of two parts. The first part concerns anti-bribery and corruption, and additional questions based on the UN Global Compact, which asks the supplier to rate their risk towards breaches of the principles. All vendors must complete the first part of the questionnaire. The second part is largely related to management systems (Occupational Health & Safety / Quality / Environmental). In 2020, 291 suppliers completed the questionnaire. That equals to 8.4% of suppliers used in 2020.

Teamwork *and labour rights*

Applying our values Safe the RITE way® to define significance, guide our approach, assess our results and set the ambitions into our future.

DOF requires all parties to participate and collectively strive to develop best practice solutions aligned with DOF's values and regional and corporate objectives. Within the same framework, DOF follows a practice that conforms to international standards for human rights, and Group operations are managed in accordance with fundamental labour standards.

4 QUALITY EDUCATION

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

How DOF defines TEAMWORK:

According to the DOF values: "Everything we achieve is as a result of teamwork. Each of us is responsible and open in our professional relationships, co-operative and collaborative, treating one another with dignity and respect. We do not blame; we find and share solutions and we learn from mistakes. From this platform we build diverse and global teams and strive for free exchange of ideas, experience and knowledge, worldwide."

Why is TEAMWORK significant to DOF:

Companies are their People. Collaboration between team members is a key success factor for DOF. Teams, at every level of the organisation, have built the professional and respected company we are today.

In turn, working for a values-driven company, offering fair work, with career development and team environment creates an engaged workforce which benefits customers, investors, and suppliers. Training and careers programs benefit local communities.

Matching existing assets and the unique skills and potential of our people to future market demand is a strategic objective in the next 3-year strategic period and a driver for value creation. Through Teamwork we aim to:

- Align teams in DOF ASA and DOF Subsea, maintaining the diversified strengths and our unique position with both marine and offshore subsea services, to become a more efficient and flexible organisation.
- Develop capability using technology and centralisation for specialisation hubs and focus on competency, succession planning, and work culture to ensure a competitiveness and career development in market opportunities.

What are we doing about TEAMWORK:

DOF is committed to building strong and capable teams, through training and developing of key employees, either as part of important teams, or as potential leaders.

Labour rights & relations (employee satisfaction)

DOF is committed to encourage and support all employees and ensure all employees align with DOF's vision and values. DOF has systematically performed working environment surveys over the last six years. Surveys are conducted every second year, followed by 2-year improvement processes.

DOF follows a practice which conforms to international standards for human rights, and Group operations are managed in accordance with fundamental labour standards. Our guidelines and standards are based on the ILO Convention that prohibits all use of forced labour or child labour. DOF recognises and respects the employees' right of association, organisation and collective bargaining, and the company guidelines conform to the labour regulations stipulated by all local authorities.

Labour / Management Relations

DOF is part of an industry known to be cyclical and in down-times redundancy and down-sizing are an unfortunate part of the cycle. DOF ensures continuous dialogue with employees' representative and trade unions. It is inevitable that workforce numbers will change according to demand, however DOF will do its utmost to assist employees affected by down-sizing and have a robust program to support those employees with career and financial counselling.

Training and Education

The DOF training framework is based on nine key strategies:

- Cultivate Core Values, Safe the RITE way;
- Partner with different business units to establish core competencies;

- Leverage Intellectual Capital;
- Invest in Strategic Learning;
- Align Strategies with Corporate Objectives;
- Broaden Learning Activities;
- Focus on Performance Solutions;
- Speed up knowledge transfer and knowledge retention;
- Build our employee branding.

In addition to training for DOF employees, all third-party personnel onboard our vessels must complete a vessel induction process, with vessel familiarisation, DOF's operational standards and Code of Business Conduct, and mandatory e-learning modules covering Permit to Work, Management of Change, and Risk Assessment.

What are future goals with TEAMWORK:

To build on the strengths of teams so the efforts of one team can be quickly replicated or adapted in another region is a key concept. The ability to harness the creative talents from a region, by incorporating their solution into a potential business opportunity in another region, will enable DOF to respond to clients with timely, proven solutions and resulting in a cost-effective outcome for DOF and its clients.

DOF will increase the use of Subject Matter Experts selected from appropriate regions to provide support to corporate and project related teams. The implementation of the 'modern toolbox' will support this effort.

Various initiatives in the Human Resourcing areas of resourcing, attraction, privacy compliance, retention and development of employees will be executed. We remain committed to sourcing talent and developing employees and to adapt to market changes. In addition, enterprise social media platforms, both internal and external, have been implemented to improve communication with our workforce and external stakeholders.

Our TEAMWORK focus for 2021

In 2021, DOF will continue to take full advantage of modern platforms for communication and collaboration which proved vital to business continuity in 2020. This includes an Enterprise Social Network solution to improve workforce communication by making it easier to communicate and allowing interactive communication. New tools for collaboration will allow for more efficient collaboration across all DOF entities and regions. A project is underway to improve the way information is made available to offshore personnel, by providing company e-mail address and access to company portal for all offshore employees.

A new professional development initiative was launched in 2020: the DOF Group Ambassador programme. The programme was suspended due to COVID-19 restrictions as it required the cohort to travel to Norway. In 2021 it is hoped to again offer potential leaders and executives this professional development programme. In addition to this, a new talent management platform will be rolled out for all employees, supporting regular follow-up and goals throughout the year.

By joining the SHE Index in 2021, DOF aims to strengthen our capability to measure and act on diversity and inclusion in leadership and workforce. As part of this, several activities will be done, such as global analysis of gender pay gap, and gender distribution in different employee categories.

Highlights: TEAMWORK

Workplace Harassment

DOF uses a worldwide acknowledged reporting system for workplace harassment.

People

People in DOF:

3,126

As of December 31, 2020

Performance Reviews

DOF has a goal that 100% of eligible staff will have annual performance reviews.

Modern communication

DOF will continue to roll out new tools in 2021 to improve communication and collaboration, significantly across organisations and borders.

Results: TEAMWORK

Throughout 2020, the people in DOF have truly embodied teamwork. The unforeseeable challenges brought by the COVID-19 pandemic tested the limits of our organisation and people. At the same time, we have overcome challenges together and found creative solutions, adapting to continuously changing situations. Our experience and lessons learned have been distributed transparently with our clients and industry associations. Nevertheless, it is the team effort that has been the key to overcoming the challenges in 2020. We anticipate similar operating conditions and challenges throughout 2021.

Substantial effort was made in 2020 to modernise the communication channels in DOF, bringing the team closer together. The Modern Workforce Communication project made significant progress and delivered a pilot for two vessels, demonstrating that the solution and tools are working as intended.

The DOF Ambassador program which identified and gathered talents from all DOF regions, bringing them to Norway, was scheduled to start in Q1 2020. Due to travel restrictions, the project had to be put on hold and preserved. The program can be re-started when the global situation has returned to normal. The Maritime Trainee program started as planned and will continue into 2021.

Our Employees

DOF aims to provide all employees with a safe working environment where they can advance their careers, develop their expertise and have a flexible working day. The focus on DOF's fundamental values – respect, integrity, teamwork, excellence and safety – has resulted in an improvement in individual efficiency and productive attitudes among our employees. DOF has a long-term plan for training and development of its employees.

Diversity and inclusion have always been of high importance to DOF. The Equal employment Opportunities policy ensures a fair recruitment process. Candidates are treated fairly, professionally and with respect. DOF employs the most competent person for a position based on their skills, knowledge and experience.

Our workforce is comprised of 84% full-time employees and more than 2,400 employees are covered by collective bargaining agreements (88%).

Coverage of the organisation's defined benefit plan obligations 201-3

DOF operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

a) Defined contribution plans - For defined contribution plans, DOF pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. DOF has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

b) Defined benefit plans - Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans, is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation 401-2

Standard benefits to employees can vary depending on the country's legislation where DOF operates. The key regions for the marine and subsea operations are the Atlantic encompassing companies located in the UK, Norway; South America in Brazil and Argentina; North America in USA and Canada; Asia-Pacific in Australia, Singapore. In general, the same benefits apply to full-time and temporary or part-time employees, with minor variations in the coverage depending on the region / country where they are located.

Minimum notice periods regarding operational changes, including whether these are specified in collective agreements 402-1

The minimum notice periods may vary, depending on collective bargaining agreements, individual agreements and statutory requirements. A summary of the practices in the different regions where DOF operates is given below.

Asia-Pacific - In Australia, the Modern Awards or Fair Work Act Regulatory documents' states that employers shall "...as soon as practicable..." notify the employees of any change that is likely to have a significant effect on the employees of the enterprise. In Singapore, the Ministry of Manpower do not prescribe notice periods. In Philippines labour law there is no minimum notice period prescribed, however DOF seeks to practice and provide a fair and consultative process, giving as much notice as practicably possible.

Atlantic - In UK there is a minimum of one months' notice provided for major operational changes affecting employees and for statutory requirements, notice will be in accordance with valid regulations.

In Norway, the minimum number of notice period defined in the relevant national working legislations or in the employment agreement varies from 4 to 12 weeks. However, there are quarterly meetings with Union representatives and

Results (continued): TEAMWORK

the work environment committee to address organisational and operational changes. Any major issues concerning the operations that would affect employees would be debated with the employee representatives before executed.

South America - In Brazil, the period varies depending on the years of work. In case of contract rescission, the employer must give one-month notice + 3 days for every year worked in the company before executing it.

North America - In the USA, there is no defined minimum notice period, however there are limited circumstances which trigger statutory requirements. In Canada, the minimum period of notice in terms of changes in employment is based on a number of factors, including the circumstances of the change. In general, circumstances outside the control of the employer do not require any significant notice. However other notice that may affect the employment status is given based on years of service.

Percentage of employees receiving regular performance and career development reviews, by gender and by employee category 404-3

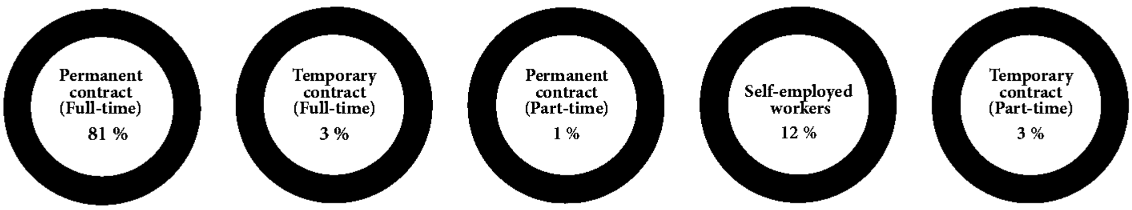
DOF seeks to conduct annually career development reviews / appraisal for all eligible employees (depending on operational area / type of position) together with their managers.

An overview of performance reviews is given on page 157 (Figure 18).

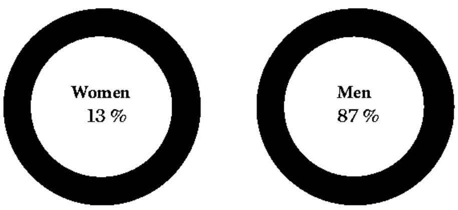
Non-discrimination 406-1

In 2020, there were no incidents or allegations where it was concluded that discrimination had taken place.

Employment type - **Figure 2**



Demographics - **Figure 3**



Excellence

Applying our values Safe the RITE way® to define significance, guide our approach, assess our results and set the ambitions into our future.

A core value, excellence is a commitment, a way of thinking, pride in what we do, and the discipline to ensure that the services we provide meet the standard stakeholders expect, to deliver future success.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

How DOF defines EXCELLENCE:

"Excellence in everything we do. We are resourceful and responsive to our customers' needs; innovative in the solutions we apply to everyday problems.

"We safeguard our individuality and the qualities that set us apart from our competitors, protecting our reputation and the professional trust we have built, we do not walk away from our commitments."

Why is EXCELLENCE significant to DOF:

Subsea and Marine services are the core value generating work of our business. Building strong relationships and ensuring we have reliable assets, capability and technology to support our customers in the evolving subsea and offshore energy sector, is key to our future and therefore benefits all stakeholders.

The 'Shaping DOF for the future' strategy focuses on reshaping the organisation to reflect the market outlook. Clearly, operational and technological excellence are strategically important to the organisation's future value creation and closely aligned to the delivery of material issues Product Reliability and Customer Service.

Excellence is essential in our corporate governance and management activities and in the provision of a reliable, efficient assets base; professional workforce and high standard internal controls. The Group's improvement program is important in continuing to successfully differentiate DOF from its competitors.

What are we doing about EXCELLENCE:

DOF is committed to continuously improve the organisational performance in all aspects of its operations, including management of processes, knowledge, resources, and change.

Continuous Improvement

DOF monitors operations so areas for immediate or future improvement programmes can be identified to provide our employees with the best possible tools and services to perform their roles.

Alliances and partnerships are alternative options that can provide DOF and its clients with specialised services or products currently unavailable.

Product reliability

For DOF, product reliability is providing the best service to our customers with no delays. DOF is committed to delivering quality products and services by working with our customers to understand the needs of their business and consistently meet their requirements.

Product reliability is achieved through the Integrated Management System (IMS) and Business Management System (BMS). DOF is now undertaking larger and more complex projects and contracts, as well as investing in newer and more advanced vessels.

Customer satisfaction

Customer satisfaction is measured through feedback surveys and managing long term contracts and winning repeat business. It is best characterised by delivering services of the best quality, at the best cost, at the right time and to the required location.

Maintenance Management System

The Maintenance Management System is implemented on all DOF vessels and for subsea assets, as well as third party vessels on long term charter.

What are future goals with EXCELLENCE:

The DOF has a zero mind-set towards customer complaints and downtime of our operations. Operating in a challenging market with pressure to deliver the same services for less money, DOF appreciates the importance of maintaining the quality of services. In a complex and demanding world, excellence is not simply having the best product or service.

DOF will work towards delivering ever-improving value to its customers, and other stakeholders involved in contributing to our overall organisational sustainability. The continuous improvement to the overall organisational effectiveness and capabilities will position DOF as a partner of choice to both regional clients and major international clients.

DOF will continue to evaluate and engage with strategic partners to strengthen existing capabilities and to develop new capabilities that will allow DOF to expand its range of services and align with the needs of international clients.

Maintenance Management

Maintenance the RITE way, a program launched in 2018, based on best practices from Safe the RITE way, will continue through 2021. The overall objective is to improve the maintenance and housekeeping culture throughout the entire organisation. This program will be continuously developed during the coming years.

Implementing new digital tools will be a focus area to further expand the condition-based maintenance principle. This is in many ways connected to our energy efficiency efforts, as the tools used for monitoring equipment condition can also often be used to run the vessel more efficiently.

The Maintenance Management System, TMv2, will undergo adjustments. The goal will continue to simplify the system by reducing the amount of maintenance jobs and increase the focus and quality on critical jobs. This work will be done in close cooperation with Chief Engineers.

ROV & Survey Operations

A separate improvement plan for global ROV operations will be finalised early in 2021 and will cover improvements within areas such as organisational setup, maintenance and reliability, experience transfer and lessons learned, and supply chain processes within ROV.

Based on successful projects using cloud computing for survey processing, the “Survey in the Cloud” concept will be further established as a method of project delivery. This will allow DOF to produce deliverables faster, enables us to work as a global organisation and deliver close to real-time updates to our clients.

Vessel Operations

After proving a success on 30 vessels in 2020, Maress will be implemented on the entire fleet in 2021. The system combines operational data with vessel position data to enable advanced analysis of vessel performance. This creates the opportunity to reduce fuel consumption by identifying ways to run our vessels more efficiently and will be a key system to support DOF’s effort in reducing our climate impact.

Our EXCELLENCE focus for 2021

- Improve monitoring and measuring of Vessel Operations by introducing new digital tools. This will have impact on several areas, such as maintenance, safety, and environmental performance.
- Building on experience from pilot projects, Survey in the Cloud will be established as a standardised method for delivering Survey & Inspection projects.
- Continue developing our maintenance culture the RITE way. A key element in this is to reduce the total amount of maintenance tasks and increase focus on quality of critical tasks.
- Establish cross company, multi-disciplinary, Technical Steering Committees to drive development in specific key strategic focus-areas.

Highlights: EXCELLENCE

Vessel Uptime

Available operative time for vessel:

99.7%

in 2020

ROV Uptime

Available operative time for ROV:

99.0%

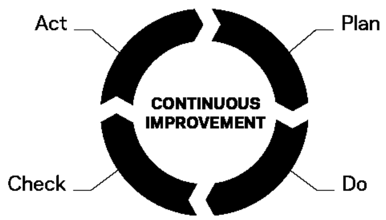
in 2020

"Maintenance the RITE way"

The programme aims to build a world-class maintenance culture in DOF.

Continuous Improvement

DOF has built its management systems on the Plan-Do-Check-Act principle.



Results: EXCELLENCE

Our industry is experiencing substantial change, disrupting the way it has traditionally worked. New expectations and requirements appear rapidly, and affect all areas of business, from external environment to operational performance and business ethics.

DOF must keep pace with these changes, work within our values and business strategies, and involve all interested parties. A Digital Transition Strategy was commissioned by the Chief Operating Officer, to outline the main roles and responsibilities that the executive team will need to embrace.

The merger of DOF Management and Norskan, as DOF Marine, has now settled and the new organisation is continuously reviewing its key business systems and processes to be in alignment with current best practice models.

The Subsea organisation has initiated several projects with the aim to improve our product deliveries significantly, with focus in three main areas: ROV operations, diving operations, and survey.

The ultimate proof of excellence is in our reliability figures. The vessel uptime figure for 2020 was 99.7%. The equivalent figure for ROV uptime was 99.0%.

Even though the pandemic has brought many practical challenges, there have been docking activities in 2020, although some dockings had to be postponed to 2021. There have been no major issues with dockings, and a key success factor has been the work that was done in 2019 to improve the processes related to docking activities.

During 2020, it has not been possible to continue with the "flying squad" due to travel restrictions. The concept has proven to be a success and will recommence when practicalities allows it. This team travels around the global fleet, assisting the vessel crew with performing periodical maintenance on-board instead of taking the vessel to shore. This leads to more availability for our clients.

Maintenance Management

A successful pilot program with Karsten Moholt and the skAIwatch system was performed in 2020 onboard two vessels. This will be implemented on more vessels throughout 2021. The system collects data on machinery onboard the vessel, and presents it in one common place, to quickly identify equipment that needs maintenance attention.

A focus area for Maintenance Management in 2020 has been quality control and planning, resulting in improved maintenance performance and cost efficiency. Maintenance the RITE way as a program will continue.

Product reliability results, Subsea ROV Operations 2020

Executive management visited Brazil in late 2019, for consultation and review of DOF Brasil ROV performance. The result of the review has been worked on throughout 2020, and improvement activities have been identified for 2021. A Senior VP for Remote Systems has been appointed and will work in close collaboration with Chief Operating Officer to improve all aspects with ROV operations.

Product reliability results, Vessel Operations 2020

The new Marine Operations manual was launched in 2018. During 2020, the manual has been subject for smaller adjustments. There have also been various activities to secure full implementation of the manual.

The structure for follow up of activities related to DP incidents has been strengthened, with appointment of a global DP authority, as well as a deputy in Brazil.

Operational uptime DOF1

See Figure 4, page 143.

Customer satisfaction DOF 2

DOF uses different means to monitor our customers' perception of whether their needs and expectation have been fulfilled. Systems are in place for obtaining, monitoring and reviewing this information.

The results are analysed and used as the basis for our yearly improvement plans as required. Our commitment is to deliver quality products and services, safely and DOF works with its customers to understand their needs and meet their requirements.

DOF's customer satisfaction forms are the main source for monitoring our customers' feedback and cover all phases of our operations.

There were no formal customer complaints registered during 2020. However, some responses in customer feedback have triggered internal non-conformity processes.

In 2019, DOF experienced a drop in the scores of the customer feedback, compared to 2018. When comparing 2020 to 2019, we see that the scores are now improving. We have received feedback from several clients expressing recognition of DOF's ability to maintain high standards of quality in deliveries despite the challenges with COVID-19. Even more importantly, clients have commended DOF's plans and measures implemented throughout mobilisation

Results (continued): EXCELLENCE

DOF 1 - Operational uptime - Figure 4

and on vessels to prevent infection and keep everyone safe.

QUALITY INPUT/OUTPUTS	GLOBAL TARGETS 2019 METRICS	2020	2019	2018
Available operative time for VESSEL – Time in% when vessels are in an operating mode and under contract with a client = < 2% Down time for client due to vessel availability.	> 98%	99.7%	99.4%	98.9%
Available operative time for ROV – Time in% when ROV are in an operating mode and under contract with a client = < 2% Down time for client due to ROV availability.	> 98%	99.0%	98.9%	99.2%

DOF 2 - Customer Satisfaction - **Figure 5**

Average ratings DOF Subsea customer feedback (received during 2020) - ratings range from 1-5, where 5 is the highest rating.

	#1 - Mobilisation	#2 - Engineering (Project & Design)	#3 - Client's Objectives (Understood & Achieved)	#4 - Client Relationship	#5 - Schedule Management	#6 - HSE Management	#7 - Site Operations	#8 - Overall Project Management (including communications)	#9 - Overall Performance	#10 - De-Mobilisation	Overall Survey Rating
2020	[redacted]										
2019	[redacted]										

Average ratings DOF Management customer feedback (for 2020) - ratings range from 1-5, where 5 is the highest rating.

	HSE Management	Co-operation	Flexibility	Dialogue	Delivery of service	Cost	Results	Added value	Overall Survey Rating
2020	[redacted]								
2019	[redacted]								

Appendix B

Appendix B.1 - GRI Content Index for 'In Accordance'

GENERAL STANDARD DISCLOSURES	PAGE	EXTERNAL ASSURANCE
102-14 CEO's Statement	9	
102-1 Name of the organisation	12	
102-2 Primary brands, products, and services	12	
102-3 Location of the organisation's headquarters	29	
102-4 Geographical coverage	29	
102-5 Legal nature	See DOF Group Annual Report	
102-6 Markets served	29	
102-7 Size of the organisation	12	
102-8 Total number of employees by contract and gender	157	
102-41 Total number of employees covered by collective bargaining agreements	139	
102-9 Supply Chain	128-129	
102-10 Significant changes in organisational structure	No changes	
102-11 Precautionary principle	124	
102-12 Commitments to External Initiatives	132-133	
102-13 Membership of associations	134	
102-45 Entities included in the organisation's consolidated financial statements	74	
102-46 Content and Boundaries of the Report	118-119, 148-149	
102-47 Material Aspects	118-119, 148-149	
102-48 Major restatements of information	None	
102-49 Significant changes in Scope and Material Aspect Boundaries	No significant changes	
102-40 Stakeholder groups	118-119, 148-149	
102-42 Basis for identification and selection of stakeholders	148-149	
102-43 Approach to stakeholder engagement	148-149	
102-44 Key topics and concerns raised and the organisation's approach	118-119	
102-50 Reporting period	01-Jan - 31 Dec. 2020	
102-51 Date of most recent previous report	Issued 30. April 2020	
102-52 Reporting cycle	Annual	
102-53 Contact	Stig Clementsen, CSO	
102-54 The "in accordance" option chosen by the organisation	Core	
102-56 Assurance	163	
102-18 Governance structure of the organisation	See DOF Group Annual Report	
102-16 Organisation's values	118-119	

Appendix B.1 (continued) - GRI Content Index for 'In Accordance'

DISCLOSURE NUMBER	DISCLOSURE DESCRIPTION	PAGE REFERENCE	OMISSION	REASON FOR OMISSION	EXPLANATION FOR OMISSION	VERIFICATION
	DOF MATERIAL TOPIC: HEALTH, SAFETY AND EMERGENCY MANAGEMENT					
GRI Management approach						
103-1	Explanation of the material topic and its Boundary	120-121	No			Yes
103-2	The management approach and its components	120-121	No			Yes
103-3	Evaluation of the management approach	120-121	No			Yes
GRI 403- Occupational health and safety						
403-1	Occupational health and safety management system	120	No			Yes
403-2	Hazard identification, risk assessment, and incident investigation	120	No			Yes
403-3	Occupational health services	120	No			Yes
403-4	Worker participation, consultation, and communication on occupational health and safety	120	No			Yes
403-5	Worker training on occupational health and safety	120	No			Yes
403-6	Promotion of worker health	120-121	No			Yes
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	121	No			Yes
403-8	Workers covered by an occupational health and safety management system	121	No			Yes
403-9	Work-related injuries	123	Man-hours are not available separately for employees and other workers.	Information unavailable.	System to differentiate man hours DOF / non-DOF was not operational on all vessels during whole of 2020. Expected to be available for 2021 reporting.	Yes
	DOF MATERIAL TOPIC: ENERGY EFFICIENCY AND CLIMATE IMPACT					
GRI Management approach						
103-1	Explanation of the material topic and its Boundary	124-127	No			Yes
103-2	The management approach and its components	124-127	No			Yes
103-3	Evaluation of the management approach	124-127	No			Yes
GRI 302- Energy						
302-1	Energy consumption within the organisation	154	No			Yes
GRI 305- Emissions						
305-1	Scope 1 emissions	155	No			Yes
305-2	Scope 2 emissions	155	Scope 2 is location based only and not market based.	Information unavailable.	A climate change workshop will be held in 2021 and include evaluation of reporting on market-based emissions.	Yes
GRI 307- Environmental compliance						
307-1	Non-compliance with environmental laws	127	No			Yes
	DOF MATERIAL TOPIC: SPILL AVOIDANCE					
GRI Management approach						
103-1	Explanation of the material topic and its Boundary	124-126	No			Yes
103-2	The management approach and its components	124-126	No			Yes
103-3	Evaluation of the management approach	124-126	No			Yes
GRI 306- Effluents and waste						
306-3	Significant spills	127	No			Yes

Appendix B.1 (continued) - GRI Content Index for 'In Accordance'

DISCLOSURE NUMBER	DISCLOSURE DESCRIPTION	PAGE REFER-ENCE	OMISSION	REASON FOR OMISSION	EXPLANA-TION FOR OMISSION	VERIFI-CATION
	DOF MATERIAL TOPIC: BUSINESS INTEGRITY, ETHICS AND PAYMENT TRANSPARENCY					
GRI Management approach						
103-1	Explanation of the material topic and its Boundary	128-145	No			Yes
103-2	The management approach and its components	128-145	No			Yes
103-3	Evaluation of the management approach	128-145	No			Yes
GRI 201- Economic performance						
201-4	Financial assistance received from government	133	No			Yes
GRI 205- anti-corruption						
205-1	Operations assessed for risks related to corruption	132-133	Yes			
205-2	Communications and training on anti-corruption	133	Total number and percentage of governance body members, employees or business partners that the organisation's anticorruption policies and procedures have been communicated to, broken down by region, employee category or type of business partner.	Information unavailable	DOF will evaluate how to record necessary data to fully report on the disclosure.	Yes
205-3	Confirmed incidents of corruption and actions taken	132	No			Yes
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	133	No			Yes
GRI 308- Supplier environmental assessment						
308-1	Supplier environmental screening	134	No			Yes
GRI 414- Supplier social assessment						
414-1	Supplier social screening	134	No			Yes
GRI 419- Socioeconomic compliance						
419-1	Non-compliance with socioeconomic laws	134	No			Yes

Appendix B.1 (continued) - GRI Content Index for 'In Accordance'

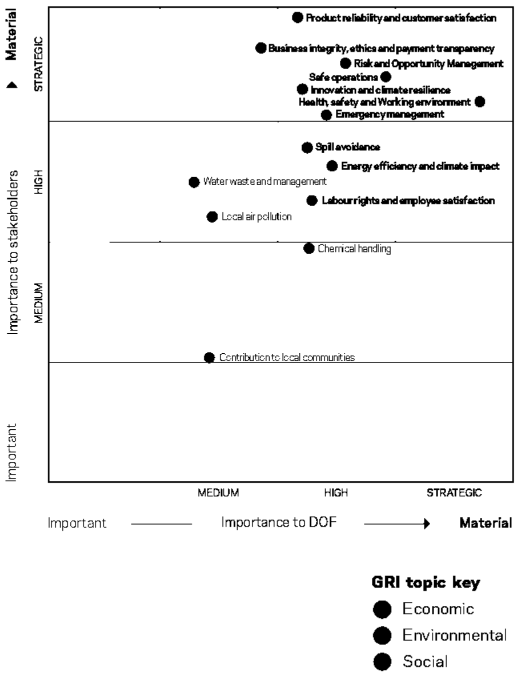
DISCLOSURE NUMBER	DISCLOSURE DESCRIPTION	PAGE REFERENCE	OMISSION	REASON FOR OMISSION	EXPLANATION FOR OMISSION	VERIFICATION
DOF MATERIAL TOPIC: LABOUR RIGHTS AND EMPLOYEE SATISFACTION						
GRI Management approach						
103-1	Explanation of the material topic and its Boundary	136-137	No			Yes
103-2	The management approach and its components	136-137	No			Yes
103-3	Evaluation of the management approach	136-137	No			Yes
GRI 201- Economic Performance						
201-3	Defined benefit plan obligations and other retirement plans	138, 158-159	No			Yes*
** Note: EY does not verify financial information.*						
GRI 401- Employment						
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	138, 160-161	No			Yes
GRI 402- Labour/Management Relations						
402-1	Minimum notice periods regarding operational changes	159-161	No			Yes
GRI 404- Training and education						
404-3	Career and performance reviews	139-157	No			Yes
GRI 406- Non-discrimination						
406-1	Incidents of discrimination and corrective actions taken	139	No			
DOF MATERIAL TOPIC: PRODUCT RELIABILITY AND CUSTOMER SERVICE						
GRI Management approach						
103-1	Explanation of the material topic and its Boundary	140-141	No			Yes
103-2	The management approach and its components	140-141	No			Yes
103-3	Evaluation of the management approach	140-141	No			Yes
DOF own disclosure						
DOF 1	Operational uptime	142	No			Yes
DOF 2	Results of surveys measuring customer satisfaction	142	No			Yes
DOF MATERIAL TOPIC: RISK BALANCING						
GRI Management approach						
103-1	Explanation of the material topic and its Boundary	128-131	No			Yes
103-2	The management approach and its components	128-131	No			Yes
103-3	Evaluation of the management approach	128-131	No			Yes
DOF own disclosure						
DOF 3	Revenue per segment	156	No			Yes
DOF MATERIAL TOPIC: INNOVATION & CLIMATE RESILIENCE						
GRI Management approach						
103-1	Explanation of the material topic and its Boundary	124-126	No			Yes
103-2	The management approach and its components	124-126	No			Yes
103-3	Evaluation of the management approach	124-126	No			Yes
GRI 201- Economic performance						
201-2	Financial implications of climate change	127	Description of the risk or opportunity and its classification; description of the impact associated with the risk or opportunity; financial implications of the risk or opportunity before action is taken; the methods used to manage the risk or opportunity; the costs of actions taken to manage the risk or opportunity.	Information unavailable.	DOF plans to perform a TCFD-based workshop in 2021 to per- form thorough assessments.	Yes

Appendix B.2 - Materiality

DOF is a global organisation, operating in a complex environment. A strong business model has enabled us to capitalise on opportunities and manage material issues to create value for all our stakeholders. It is an evolving process, as our strategic direction leads us towards new technologies, markets and competencies we continue to manage existing or new material issues that may affect short, medium or long-term value creation.

Seven years reporting to The Global Reporting Initiative (GRI) benefits DOF and stakeholders:

- Understanding material issues is essential to shaping strategy and addressing the sustainability issues within our control. To do this DOF considers the views and concerns of a wide range of stakeholders.
- The GRI standard gives DOF a structured framework to ensure material issues – the issues that impact the business and are important to stakeholders are factored into strategy.
- Our materiality process gives stakeholders the opportunity to participate in identifying issues and helps us to prioritise, set targets and direct our actions towards sustainable development.
- Reporting to the GRI standard provides stakeholders with a view of organisational performance in more than financial terms alone.



Step one - Identifying material aspects and conducting a materiality assessment 102-42, 102-46

To deliver more sustainable operations, DOF must recognise and respond to the most significant aspects of its activities (also known as material aspects). The Group's material aspects were identified through an internal process which analysed internal reports, studies and customers' surveys to establish the most relevant economic, social and environmental topics on which to focus. As a result of the process, key stakeholders where identified through various analyses and consultations and a comprehensive list of material aspects captured. Stakeholder engagement is described later in this report.

Step 2 - Stakeholder engagement 102-43

Stakeholder engagement is a continuous and on-going process. Engagement has been conducted through key stakeholder group workshop sessions, as well as dialogue using existing channels and meeting places, for example, investor meetings, engagement surveys, processes with suppliers and customers). Other relevant opportunities for engagement have been used too, for example, advisory panels, public meetings, multi-stakeholder forums, focus groups, surveys, partnerships, etc.

Step 3 - Validation analysis of the materiality matrix

The initial materiality matrix for the Group was developed in 2015. Since then, there has been annual validation of the matrix, with adjustments as circumstances have changed. The analysis used a standardised 'Materiality Tool' which consists of predefined external and internal criteria, by which every topic can be measured. These include a broad set of considerations such as financial criteria, sustainability context, DOF's strategy, peer pressure, and alike. Each topic's relevance was tested, from low to strategic and where the topic could impact in the value chain, whether positive or negative.

DOF's key stakeholders were originally identified in 2015 as customers, employees, investors, suppliers and local communities. The stakeholder group's relevance has been reviewed and confirmed in various and annual strategic sessions. The following material issues have been identified as being the most relevant for DOF and its stakeholders. The material aspects are arranged according to the DOF values.

Appendix B.2 (continued) - Materiality

STAKEHOLDER	MATERIALITY	KEY INTERESTS, CONCERNS, OR EXPECTATIONS
EMPLOYEES	DOF has approximately 3,100 employees. They are the backbone of our organisation and a natural choice as a key stakeholder group. Engagement with employees is conducted through studies of feedback from numerous employee committees, working environment surveys and separate dialogue with individuals. Ongoing dialogue through established channels; Town-hall meetings; Operational leadership teams; Safe the RITE Way; Managers/team dialogues; Employee engagement surveys; Focus groups; DOF Workbook; intranet and newsletters.	▪ Conditions of employment ▪ Wages and benefits ▪ ESG profile of organisation ▪ Health and Safety performance ▪ Strategic direction ▪ Social justice ▪ Ethical responsibilities
CLIENTS	The Group works with numerous clients globally. Some key clients are global, and others operate in local or regional areas. This makes engagement with all stakeholders challenging. Expectations of the Group are based on reviews of existing and upcoming contract requirements, client transfer of experience meetings, client supplier meetings with focus on future projects and new expectations, and reviews of client's external communication and public web pages. Press releases; Business Press Interviews; Annual Reports; Ongoing engagement through business development meetings, HIRA and Project meetings; feedback forms; website; site visits; industry associations.	▪ Reputation, capability, assets ▪ Safety performance offshore; ▪ Timely project delivery ▪ Efficiency and technology development ▪ Contracts and terms and conditions; ▪ Quality control and maintenance
INVESTORS	As a publicly listed company with many shareholders, the assessment to identify key stakeholders was determined to be most feasible through engagement with the members of the Board, representing the investors. Board Meetings; Investor conferences; Individual meetings; Website; Annual reports; Site visits; Results reporting presentations.	▪ IR ▪ Impact of coronavirus on sales, project backlog, forecasting; ▪ Management of costs and industry trends; ▪ Environmental, Social and Governance issues; ▪ Shareholder returns / dividends; ▪ Alignment with 3-year improvement plan;
SUPPLIERS	In 2019 the Group had almost 3,900 different suppliers. It is not practical to engage with all of them to ascertain their expectations. However, as a key stakeholder, suppliers to DOF are vital. To compensate for a lack of in-depth dialogue, studies and dialogue have been undertaken with key suppliers within global logistics, advanced subsea equipment providers, classification societies and shipbuilding yards as a fair representation of the stakeholder group. Supplier engagement through projects; Annual Reports; Shared worksites; Audits and pre-qualification processes.	▪ Opportunities to work with organisation; ▪ Contracts and terms and conditions; ▪ Procurement strategies; ▪ Safety performance offshore; ▪ Quality control and maintenance of hired equipment; ▪ Payment terms;
LOCAL COMMUNITIES	The Group has its main operations offshore and is as such not visible in the local community, aside from office buildings, a few warehouses and shore bases. However, in some communities DOF is a major employer. This means there are expectations for the Company as regards contributing to the local community. It has not been practical to maintain a dialogue with all local communities we operate in.	▪ Localised procurement; ▪ Employment opportunities; ▪ Community investment opportunities; ▪ Environmental performance and interactions of DOF operations; ▪ Provision of energy mix;

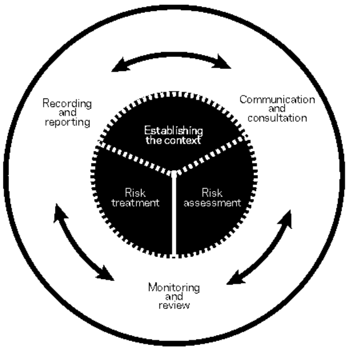
Appendix B.3 - Enterprise Risk Management (ERM)

Value creation uses the Enterprise Risk Management (ERM) process: identify, evaluate, control and mitigate the risk and opportunities across DOF.

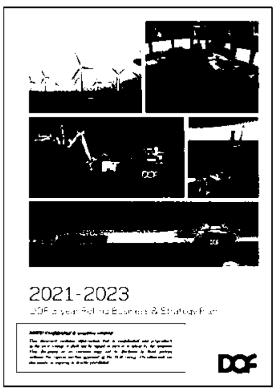
The ERM process

The ERM process involves the systematic application of policies, procedures and practices to manage risk and opportunities, establishing efficient barriers and controls across all phases of the business life cycle by undertaking these activities:

1. Communication and consultation;
2. Scope, context and criteria;
3. Risk assessment;
4. Risk treatment;
5. Monitoring and review; and
6. Recording and reporting



ERM principles and techniques are underpinned by:
- ISO 31000: Risk management – Principles and guidelines;
- ISO 31010: Risk management – Risk assessment techniques;
- ISO 17776: Guidelines on tools and techniques for hazard identification and risk assessment;
- DNV RP-H101: DNV Recommended Practice – RISK management in marine operations
- Value creation uses the ERM process: identify, evaluate, control and mitigate the risk and opportunities across DOF.



A newly deployed strategy plan
DOF's 3-year rolling business and strategy plan was developed in 2020 and follows the value creation principle in ERM.

Appendix B.3 (continued) - Enterprise Risk Management (ERM)

The ERM process (continued)

Strategic Risk

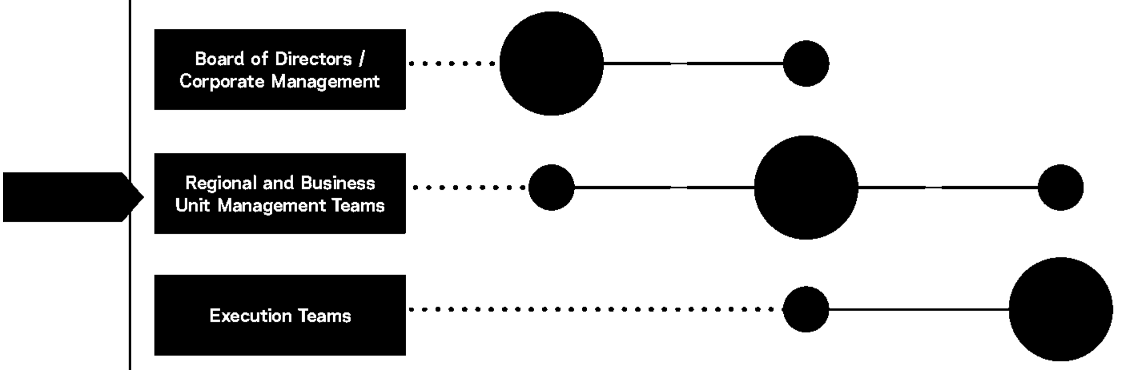
Risk associated with DOF's strategic direction; framing strategy; framing value creation; 3-yr improvement program

Business Risk

Risks associated with corporate culture; adapting global business model to regional business environment and customs; local legal issues; regional management

Operational Risk

Risks associated with operations, planning and executing marine and subsea activities.



BOD and Corporate levels of the management: To produce lasting value for stakeholders, and a long-term competitive return on the investment the BOD and Corporate Management regularly evaluate long-term risk and opportunity and potential impact on strategic decisions taken today.

Engaging key stakeholders; evaluating value creation; setting risk appetite; consider high-level organisational risk from other areas of the business; strategic risk management and governance mechanisms to respond to mega-trends and long-term macro level shifts in the external market; cascading governance principles into cultural and process risk management areas.

The Corporate Management team as the governing body for assurance of the ERM model by overseeing activities and efficacy ERM Framework - reporting to the BOD

Review material issues, including: problematic cultural and operational risk and opportunities with specific focus on delays, cost overruns, commercial disputes, margins, and other concerns.	Perform audits against global frameworks; communicate concerns raised by audit committees or stakeholders relevant to business unit actions.	Oversee activities of the external and internal audit functions, receive input on the adequacy of financial reporting and control mechanisms on material risk issues that could impact company integrity.	Cascading lessons learned across DOF regions and business units.

Appendix B.4 - Figures & tables

Overview of emergency incidents and exercises - **Figure 6**

	2020	2019	2018
Incident	28	9	18
Exercise	36	41	31

Global HSE targets - **Figure 7**

HSEQ INPUT/OUTPUTS	GLOBAL TARGETS 2020 METRICS
Number of Lost Time Injuries	0
Lost Time Injury Frequency Rate (LTIFR)	< 0.3 / 1 000 000 man-hours
Lost Recordable Case Frequency Rate (TRCF) Includes LTIs, Restricted Workday Cases, Medical Treatment Cases and fatalities.	<1.1 / 1 000 000 man-hours
First Aid Cases	< 7.5 / 1 000 000 man-hours
Safety Observation Rate	600 / 200 000 man-hours

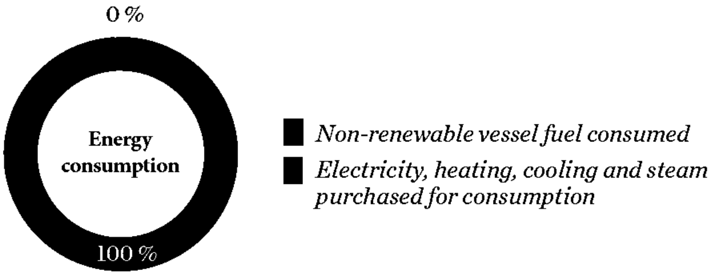
Appendix B.4 (continued) - Figures & tables

Occupational Health and Safety Indicators - **Figure 8**

OHS INPUTS / OUTPUTS	UNIT OF MEASUREMENT	2020 Target	2020	2019	2018
Man-hours	Number		7 558 323	9 104 679	8 882 567
High consequence injuries	Number		2	0	2
High consequence injury rate	Injuries per million man-hour		0.26	0	0.23
Fatalities	Number	0	0	0	0
Number of Lost Time Incidents (LTI)	Number	0	6	5	7
Lost Time Injury Frequency Rate	LTIs per million man-hour	< 0.3	0.79	0.55	0.79
Total Recordable Cases	Number		19	20	16
Total Recordable Case Frequency Rate	TRC per million man-hour	< 1.1	2.51	2.2	1.80
First Aid Cases	Number		57	53	73
First Aid Case Frequency Rate	FACs per million man-hour	< 7.5	7.54	5.82	8.22
Safety Observation Rate	SOB per 200.000 man-hour	> 600	656	598	584
Lost Day Rate	% lost days of scheduled days		0.03%	0.02%	0.05%
Absentee rate	% absent days of scheduled days		3.28%	2.45%	2.69%

Appendix B.4 (continued) - Figures & tables

Energy consumption - **Figure 9**



Total energy consumption within the organisation in joules (see below for conversion factors)

ENERGY CONSUMPTION	GJ
Nonrenewable fuel consumed (fuel oil and LNG, scope 1 vessels)	6 334 898
Renewable fuel consumed	0
Electricity, heating, cooling and steam purchased for consumption	35 655
Self-generated electricity, heating, cooling and steam	0
Electricity, heating, cooling and steam sold	0
Total energy consumption within the organisation	**6 370 553**

Electricity consumption per country - **Figure 10**

ELECTRICITY CONSUMPTION PER REGION	MWH
Brazil	412.5
UK	179.5
Australia	231.0
Canada	149.0
Norway	8 469.1
Singapore	82.1
USA	381.0
Total	**9 904.2**

Conversion factors - **Figure 11**

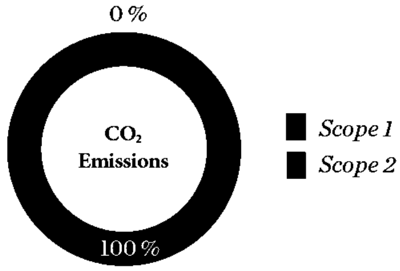
ITEM	SOURCE
Marine gas oil	Quantification of emissions from ships - Part 3 - European Commission
LNG	MEPC.281(70)
Waste (incinerated)	DEFRA 2013
Onshore electricity	DEFRA 2013
Marine gas oil energy (kWh/kg) (gross CV)	DEFRA 2013
LNG energy (kWh/kg) (gross CV)	DEFRA 2013

Appendix B.4 (continued) - Figures & tables

CO_2 Emissions - **Figure 12**

Scope 1	99.8%
Scope 2	0.2%

Direct greenhouse gas (GHG) emissions (Scope 1) and Energy indirect greenhouse gas (GHG) emissions (Scope 2)
Note: Scope 2 emissions are location based.

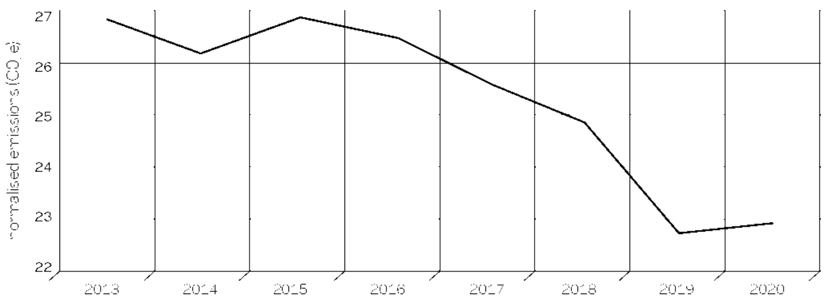


CO_2 EMISSIONS	UNIT OF MEASURE	2020	2019	2018
Scope 1	ton (CO_2e)	462 683	481 649	504 471
Scope 2	ton (CO_2e)	719	927	1 008
Total *	**ton (CO_2e)**	**463 402**	**482 576**	**505 479**

Methodology used: The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition).
Notes:
1) Although DOF started to report to the CDP in 2010 the base year chosen was 2011, since the data for 2010 was quite weak. Emissions in base year (tons CO2e) was 593,745 (Scope 1) and 700 (Scope 2).
2) As vessel fuel consumption has an element of inaccuracy due to the methods in which fuel consumption are recorded onboard vessels, there is a level of uncertainty associated with the final Scope 1 and Scope 2 emissions.
3) The chosen consolidation approach for emissions is Operational control.
4) GWP source: CO_2 (IPCC Fourth Assessment Report (AR4 - 100 year).
5) CO_2e (CO_2 equivalent) includes all major greenhouse gases; carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O)

* The table identifying factors can be found in Figure 5.

Intensity reduction targets - **Figure 13**

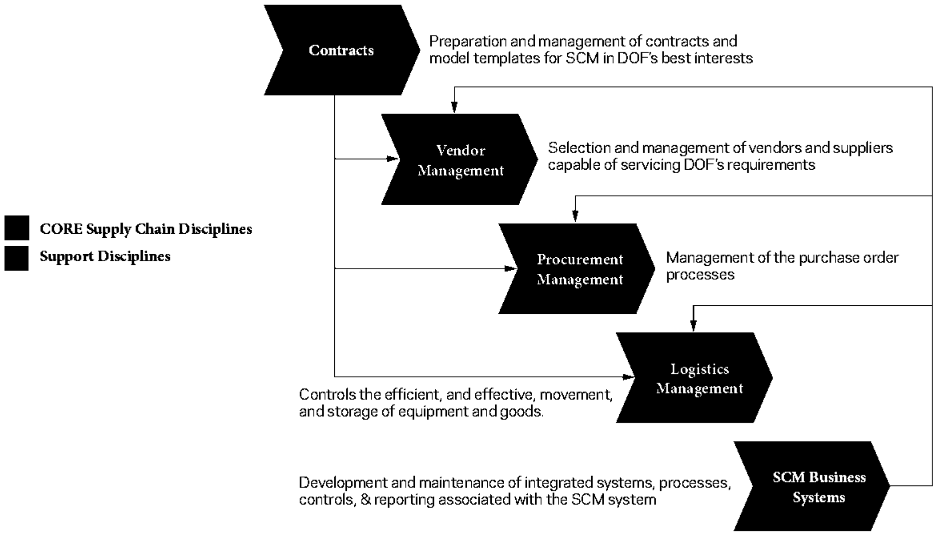


	YEAR	EMISSION PER OPERATIONAL DAYS	% REDUCTION
Verified	2020	22.8*	-0.4*
Verified	2019	22.7	8.8
Verified	2018	24.9	3.0
Verified	2017	25.7	2.7
Verified	2016	26.4	1.9
Verified	2015	26.9	0
Verified	2014	26.1	3.0
Verified	2013	26.9	

The above table shows the verified emission per operational day from 2013-2020.
* See "Revision note" on page 169 regarding post-publication revision of this result.

Appendix B.4 (continued) - Figures & tables

Supply Chain Management (SCM) - **Figure 14**



General information regarding our Supply Chain Management is also given on page 143 under the Business Overview chapter.

DOF 3 - Revenue per segment (DOF Subsea) - **Figure 15**

	2020	2019	2018
Subsea projects	61%	63%	71%
Chartering of vessels	39%	37%	29%
Total revenue (NOK Million)	5 337	5 147	4 607

Distribution of projects per project level (DOF Subsea) - **Figure 16**

Level 0: Budget Pricing	2%
Level 1: Manpower or Equipment Hire	16%
Level 2: Working on Clients Vessel or PM&E Contracts	0%
Level 3: Vessel Charters or Minor IMR Campaign	64%
Level 4: Light Construction or IMR	15%
Level 5: Major Construction/Intervention Projects	2%

Appendix B.4 (continued) - Figures & tables

Employment statistics as of 31.12.2020 - **Figure 17**

	TOTAL	MEN	WOMEN	ATLANTIC	ASIA-PACIFIC	NORTH AMERICA	SOUTH AMERICA
Permanent Contract (Full-time)	2 547	2 183	364	831	200	238	1 278
Temporary Contract (Full-time)	84	73	11	27	10	12	35
Permanent Contract (Part-time)	27	10	17	21	5	0	1
Temporary Contract (Part-time)	104	87	17	12	79	0	13
Self-employed workers	364	357	7	306	55	0	3
Total	3 126	2 710	416	1197	349	250	1 330

Overview of performance reviews by gender and employee category - **Figure 18**

BY GENDER	PERFORMANCE REVIEWS	TOTAL HEADCOUNT	% OF EMPLOYEES RECEIVED REVIEWS
Female	134	366	36.61%
Male	945	2 505	37.72%
Total	1 079	2 871	37.58%

BY EMPLOYEE CATEGORY	PERFORMANCE REVIEWS	TOTAL HEADCOUNT	% OF EMPLOYEES RECEIVED REVIEWS
Senior managers	85	246	34.55%
Managers	218	404	53.96%
Staff	776	2 221	34.94%
Total	1 079	2 871	37.58%

Appendix B.4 (continued) - Figures & tables

Summary of pension schemes - **Figure 19**

ATLANTIC	**Norway (DOF Management / DOF ASA)** ▪ Pension liability in DOF ASA amounts to NOK 2,642,835 as of 31.12.2020. External actuarial pension calculation is as of 31.12.2020 (calculated in January 2020 with the latest changes to assumptions). ▪ Plan is covered. ▪ The defined benefit plan ensures covered persons 70% of salary. ▪ There are no longer defined benefit pension plans in DOF Management. ▪ The employee gets the value of the fund paid in monthly payments when the employee reaches the age of pension. ▪ All pension costs are covered by the employer. ▪ Employees not part of the defined benefit plans have a defined contribution pension plan. A percentage of salary is paid to an insurance company in line with the earnings of wages. ▪ All employees not part of the defined benefit plan are part of the pension scheme. ▪ Pension fund is handled by the insurance company. ▪ The company has no liabilities or obligation after payments to the insurance company on behalf of the individual employee. ▪ The individual employee's fund is based on actual payment done by the company and actual returns on funds. ▪ The employee gets the value of the fund paid in monthly payments when the employee reaches the age of pension. **Norway (DOF Subsea)** ▪ The defined benefit plans in DOF Subsea Norway have been closed. ▪ DOF Subsea AS and DOF Subsea Norway AS have a defined contribution pension plan for employees. A percentage of salary is paid to an insurance company in line with the earnings of wages. The companies have no pension liability. ▪ All employees are part of the pension scheme. ▪ Pension fund is handled by the insurance company. ▪ The company has no liabilities or obligation after payments to the insurance company on behalf of the individual employee. ▪ The individual employee's fund is based on actual payment done by the company and actual returns on funds. ▪ The employee gets the value of the fund paid in monthly payments when the employee reaches the age of pension. **UK** ▪ There is no liability for the company. ▪ In UK there are no defined benefit plans.
SOUTH AMERICA	**Brazil** ▪ There is no liability for the company. ▪ In UK there are no defined benefit plans. ▪ There is no liability for the company. ▪ In Brazil the company holds a private pension plan on a private bank. ▪ Pension Plan is based on salary percentage contribution from both employee and the company. Department manager and above positions may contribute with up to 7.5% while for other employees the limit will be 3%. ▪ Scheme is voluntary and it is estimated that 40% of all employees are participating.

Appendix B.4 (continued) - Figures & tables

Summary of pension schemes - **Figure 19** (continued)

NORTH AMERICA	**USA** ▪ There is no liability for the company. ▪ In the USA, the 401(k) plan is fully vested under the Safe Harbor Act. ▪ Pension Plan and there is no liability for the company. ▪ The plan matches the first 6% of contributions dollar for dollar. Note: This 6% match was suspended in 2020, but is planned to be reinstated in the future. ▪ The company portion is immediately vested at 100% as soon as the money leaves the company for each paying period. ▪ Scheme is voluntary and it is estimated that 70% of employees are participating. **Canada** ▪ There is no liability for the company. ▪ Canada operates Employer/Employee funded Registered Retirement Savings Plan (RRSP). ▪ Maximum employer contribution is 5% for employees with 5+years of services or 4% for those with less than 5 years; employees have option to contribute based on individual RRSP contribution maximums. ▪ Scheme is voluntary and it is estimated that 86% of employees are participating.
ASIA-PACIFIC	**Australia** ▪ There is no liability for the company. ▪ Australia operates compulsory superannuation schemes based on employer defined contributions. ▪ Employees have the right to choose which superannuation fund (external funds they are a member of). ▪ External superannuation funds in Australia are monitored by Australian Securities and Investment Commission as well as other Governmental agencies. ▪ 9.5% contribution by employer. Voluntary contributions can be made by the employee, but limits are imposed. **Singapore** ▪ There is no liability for the company. ▪ In Singapore the company is required to pay monthly contributions to the Central Provident Fund with variable rates depending on the employees' age. **Philippines** ▪ In Philippines, the company is required to pay monthly contributions to the Social Security fund based on progressive rates depending on the employees' salary. **Indonesia** ▪ In Indonesia, the company is required to pay monthly contributions to the Workers Social Security fund based on fixed rates.

Appendix B.4 (continued) - Figures & tables

Benefits provided to full-time employees that are not provided to temporary or part-time employees - **Figure 20**

BRAZIL	▪ Life insurance (employee and spouse/husband) ▪ Funeral Insurance (employee and spouse/husband) ▪ Health and Dental Insurance (employee and direct dependents – spouse/wife and kids) ▪ Pension Plan (employee) company do a deposit of the same amount than employee ▪ Supermarket Coupon (monthly basis) ▪ Restaurant Coupon (monthly basis only for onshore employee)
AUSTRALIA	All employees, whether full-time or part-time / fixed term have the same benefits, though if part-time some benefits are pro-rated e.g leave accruals. With the exception of 9 Day Fortnight (flexibility) Scheme for permanent onshore full-time employees only (or maximum duration >12 months).
NORWAY	Employees who are younger than 20 years old or work less than 20% are entitled to most of the benefits except: ▪ Life insurance ▪ Pension ▪ Disability and invalidity coverage ▪ Paid parental leave Full time employees will be provided with company phones. This is normally not provided for part-time employees.
SINGAPORE	All employees, whether full-time or part-time have the same benefits. If fixed term or casual, benefits reduce. Different benefits may be offered to employees based on their Singapore residency status (e.g. health insurance, flights) or a car park bay based on their role seniority. Currently there are nil part time employees in Singapore.
PHILIPPINES	All employees, whether full-time or part-time /fixed term, have the same benefits with the exception of: Service Incentive Leave entitlement: After one year of service, an employee becomes entitled to a yearly service is provided with incentive leave of 5 days with pay (there are preclusions so must check always as to who this applies to, for example does not apply to Managers or those employed in establishments regularly employing less than 10 employees). Leave can be used in ill health or for general holidays and the balance must be paid out at the end of the year. TOWP (Time Off With Pay) sick - days not used at the end of each calendar year will be converted into money equivalent and paid to the employee. Not available to casual employees.

Appendix B.4 (continued) - Figures & tables

Benefits provided to full-time employees that are not provided to temporary or part-time employees - **Figure 20** (continued)

US	Benefits provided to full-time employees that are not provided to temporary or part-time employees: ▪ Health and Dental Programs to include medical, dental, and vision ▪ Flexible Spending Accounts (FSA and HSA) ▪ Life Insurance – Company Paid ▪ Voluntary Life Insurance – Employee Paid ▪ Short term and long term disability ▪ Employee Assistance Program (EAP) ▪ Vacation ▪ Statutory Holidays ▪ Sick Leave ▪ COVID Sick Leave ▪ Family Medical Leave (FMLA) ▪ Time off to Vote ▪ Jury/Witness Leave ▪ 401(k) retirement (no company match currently)
CANADA	The benefits below are provided to full-time employees and not provided to temporary / casual employees. Part-time employees may have some or all of the benefits based on hours worked. ▪ Health and Dental Programs ▪ Life Insurance ▪ Critical Illness ▪ Short term and Long term disability ▪ Employee and Family Assistance Program (EAFP) ▪ Vacation - Statutory Holidays ▪ Registered Retirement Savings Program ▪ Family Violence Leave - Personal Leave ▪ Parental Leave ▪ Adoptive Leave ▪ Bereavement Leave ▪ Compassionate Leave ▪ Reserve Leave ▪ Sick Leave ▪ Time off to Vote ▪ Jury/Witness Leave Duty

Appendix B.5 - Document figure overview

Appendix B.6 - Independent Assurance Report issues for DOF Integrated Annual Report 2020 - EY

EY
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To the Board of Directors of DOF ASA

Independent assurance report on DOF ASAs Sustainability reporting for 2020

We have undertaken a limited assurance engagement of DOF ASA's sustainability reporting for the period from 1 January 2020 to 31 December 2020. This comprise a review of DOF ASA's material sustainability aspects, presented in the annual report on page 128 and as is shown in the company's overview of reporting on GRI Indicators ("GRI Content Index" on page 158) (the "Sustainability reporting").

Criteria applied by DOF ASA

In preparing the Sustainability reporting, DOF ASA applied relevant criteria from the Global Reporting Initiative (GRI Standards) sustainability reporting standards "Core" option and The Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard. The Criteria can be accessed at globalreporting.org and ghgprotocol.org and are available to the public. Such Criteria were specifically designed for companies and other organizations that want to report their sustainability impacts in a consistent and credible way. As a result, the subject matter information may not be suitable for other purposes. We consider these reporting criteria to be relevant and appropriate to review the Sustainability Reporting.

DOF ASA's responsibility

The Board of Directors and Chief Executive Officer (management) are responsible for selecting the Criteria, and for presenting the Sustainability reporting in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Sustainability reporting, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the Sustainability reporting based on the evidence we have obtained.

Our engagement was conducted in accordance with the *International Standard for Assurance Engagements on Assurance Engagements Other than Audits or Reviews of Historical Financial Information ('ISAE 3000')*. This standard requires that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Sustainability reporting is presented in accordance with the Criteria, and to issue a limited assurance report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Our Independence and Quality Control

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board

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for Accountants. EY also applies *International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, 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.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. 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. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

The engagement consists of making enquiries, primarily of persons responsible for preparing the Reporting on sustainability and related information and applying analytical and other relevant procedures.

Our procedures included:

- Review of DOF ASA's process for preparation and presentation of the Sustainability reporting to develop an understanding of how sustainability is ensured in practice within the business
- Interviewed those in charge of DOF ASA's Sustainability Reporting to develop an understanding of the process for the preparation of the Sustainability reporting
- Verified on a sample basis the information in the Sustainability reporting against source data and other information prepared by DOF ASA
- Assessed the overall presentation of Sustainability reporting against the criteria in the GRI Standards and Greenhouse Gas Protocol Corporate Accounting and Reporting Standard including a review of the consistency of information against the GRI index

We believe that our procedures provide us with an adequate basis for our conclusion.

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Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Sustainability reporting for 2020, in order for the Sustainability reporting to be in accordance with the Criteria.

Bergen, 07 April 2021
ERNST & YOUNG AS

Eirik Moe
State Authorised Public Accountant

Glossary

AUV:	Autonomous Underwater Vehicle
CAPEX:	Capital Expenditure
CDP	Carbon Disclosure Project
CSV/Subsea	Construction Support Vessels and Subsea vessels
DNV-GL:	Det Norske Veritas. Classification company. Controlling and approving the vessels technical condition, security and quality according to the company's own rules and the national laws
DP:	Dynamic Positioning
E&P:	Exploration & Production
EPIC:	Engineering, Procurement, Installation & Commissioning
ERM	Emergency Risk Management
ESG	Environmental, Social, and Corporate Governance
FPSO:	Floating Production Storage and Offloading
GHG:	Greenhouse Gasses
GOM:	Gulf of Mexico
GRI:	Global Reporting Initiative
HR:	Human Resources
HSEQ:	Health, Safety, Environment and Quality
IFRS:	International Financial Reporting Standards
IMCA:	International Marine Contractors Association
IMO:	International Maritime Organisation
IMR:	Inspection, Maintenance, and Repair
IOC:	International Offshore Company
ISM:	International Safety Management Code
ISO:	International Standards Organisation
ISPS:	International Ship and Port Facility Security Code. International framework to detect/ assess security threats and take preventive measures against security incidents affecting ships or port facilities used in international trade
LNG:	Liquefied Natural Gas
MLC:	Maritime Labour Convention
NIBOR:	Norwegian Interbank Offered Rate
NIS:	Norwegian International Ship Register
NOR:	Norwegian Ordinary Ship Register
OHSAS:	Occupational Health & Safety Advisory Services
OSCV:	Offshore Subsea Construction Vessel
PLSV:	Pipelaying Support Vessel
ROV:	Remote Operated Vehicle
SDGs:	United Nations Sustainable Development Goals
SEMS:	Safety and Environmental Management Systems
STCW:	Standards of Training, Certification and Watch keeping
SURF:	Subsea, Umbilicals, Risers & Flowlines
T&I:	Transportation & Installation
Time Charter Party (TC):	Contract for Chartering a Vessel
UDW:	Ultra Deep Water
VAE:	Value Adjusted Equity

A dedication & thank you:

**Thank you to all our hard working
and dedicated colleagues.
It is you that makes DOF
the preferred OSV manager and
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Cover image
Skandi Skansen as viewed from Skandi Iceman during a DOF Group work scope executed in Northern Norway.

Production team
The DOF Subsea Integrated Annual Report 2020 is produced with great care and would not be possible without the contribution of many of the DOF team across the globe. We thank everyone for their considerable efforts. Special thanks go to the project team who helped make this year's report come together. Committed to continuous improvement, we welcome and appreciate your feedback. If you would like to send us your views, please contact: stig.clementsen@dof.com

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Revision note
This report has been revised after its initial distribution due to a significant error in the calculation of intensity targets (see pages 125, 127, and 155). The revision has been qualified by relevant stakeholders and will be included in report version 1.03 and higher (report version is noted on the last page the report).

Distribution
The report is distributed digitally via the DOF Subsea websites, as well as in printed format from May 2021, is delivered to key stakeholders and presented in all DOF Subsea offices around the globe. Quick link to latest report: www.dofsubsea.com/

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