

COMMUNICATION
ON PROGRESS
UN GLOBAL COMPACT

COWI

2012



COWI



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COMMITMENT FROM OUR CEO

At COWI, we wish to make a positive difference for our stakeholders – customers, employees, investors, partners, suppliers, governments – and corporate social responsibility (CSR) is at the heart of our operations.

We continue to be committed to The United Nations' Global Compact and their Communication on Progress reporting. The 2012 Communication on Progress report is produced with reference to the ten principles of the Sustainability Reporting Guidelines, and it outlines our CSR initiatives in 2012, including our sustainable business operations.

With core competencies within engineering, economics and environmental science, we understand that our actions influence our stakeholders and the environment at large. For COWI, it is therefore essential that we continue to incorporate sustainability in even more of our operations around the world. We want to make sure that our solutions create value for years – even generations – to come. ▸

SUSTAINABILITY AND CSR IN COWI

Our main contribution to sustainable development lies in the services we provide to our customers.

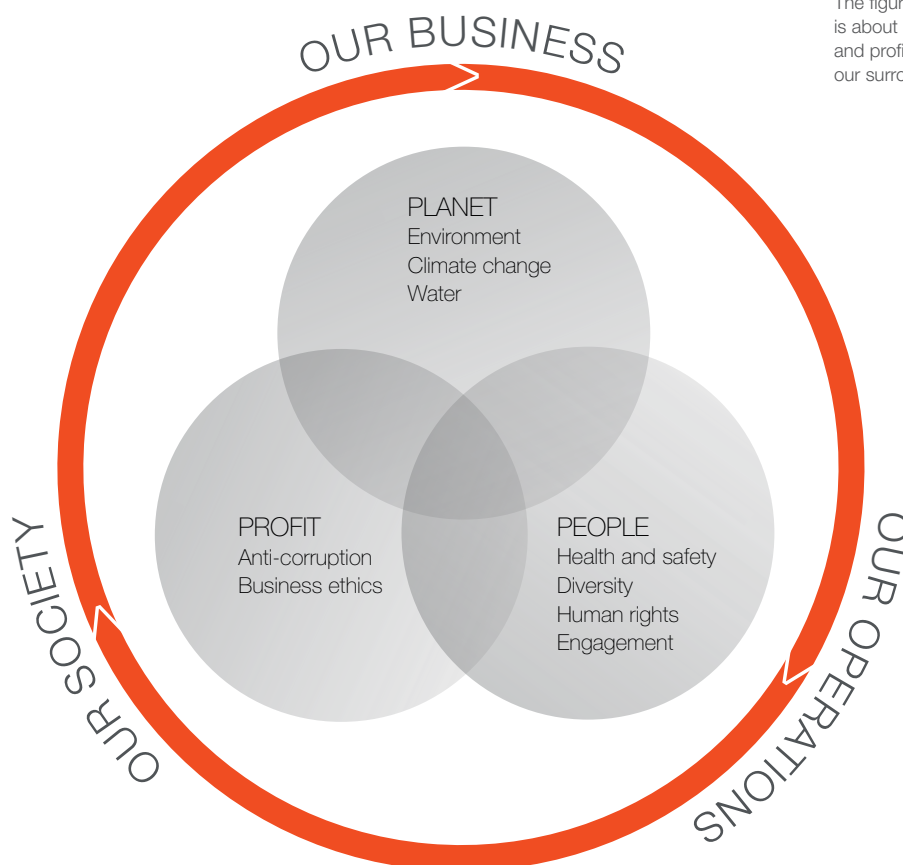
We therefore strive to integrate social, environmental, ethical and human rights concerns in our external projects as well as in our internal business processes. Through this approach, we aim to create shared value for our company, customers, key stakeholders and society at large.

This is an ongoing process and we continue learning new ways of dealing with the opportunities and dilemmas faced in this area. ▲

DEFINITIONS

We define CSR as 'the responsibility of enterprises for their impact on society', which is aligned with the EU definition.

We define sustainability as integrating social, environmental, ethical and human rights concerns in our business operations.



The figure shows that CSR and sustainability in COWI is about integrating concerns for the people, planet and profit in our business, our operations as well as our surrounding society.

KEY ACTIVITIES AND ACHIEVEMENTS IN 2012

CORPORATE SOCIAL RESPONSIBILITY*

Corporate social responsibility (CSR) and sustainability form integral parts of COWI's vision to create coherence in tomorrow's sustainable societies and of our mission to create value for customers, society and the environment.

COWI'S SUSTAINABILITY AND CSR POLICIES AND TOOLS

- › Business integrity
- › Diversity and inclusion
- › Health and safety
- › Sustainable development
- › Sustainable supply chain
- › Whistleblower hotline.

CSR is an integral part of the way we work at COWI. Among the highlights of COWI's sustainability efforts in 2012 were a 360° sustainability tool and sustainable urban development.

CSR INTEGRATED INTO MANY PROJECTS

Being a knowledge-based company, we can help create a more sustainable society in cooperation with our customers. Sustainability and CSR thus form integral parts of a large number of our projects. Moreover, COWI is a member of the UN Caring for Climate initiative and the UN Global Compact, whose ten principles constitute the foundation of our sustainability activities. Further information about our membership of Global Compact is available at www.cowi.com/sustainability.

SUSTAINABLE BUILDINGS

Throughout 2012, we had a strong focus on the development of new services within the field of sustainable buildings, e.g. sustainability certifications and screenings, green business models, cradle-to-cradle building design and COWI's web-based dialogue tool. In addition, we developed a model tool to calculate total carbon consumption for the erection of buildings, including carbon consumption for the manufacture of construction material.

The development work took place in close collaboration between COWI's different business units, ensuring an optimal, multidisciplinary approach to our projects. Today, all these services are natural elements of our projects in progress.

SUSTAINABILITY INITIATIVES IN 2012

In 2011, COWI developed a web-based dialogue tool to ensure that our customers give priority to the sustainable solutions that create the most value in relation to the customers' stakeholders and surroundings as well as in relation to their strategies and objectives. In 2012, this dialogue-based tool was used in connection with a series of construction and urban development projects.

INTERDISCIPLINARY SUSTAINABLE URBAN DEVELOPMENT

In 2012, COWI developed a new business network within COWI called 'Sustainable Urban Development'. The network combines the skills and competencies of a versatile mix of engineers, economists, biologists and architects

*The section is an extract from the 2012 annual report



COWI has developed the web-based tool known as the sustainability dialogue tool for opening dialogues about sustainability with customers. The objective is to integrate considerations for sustainability into projects as early as possible.

from COWI's different business units. The interdisciplinary team all share the same passion for innovation, and the network provides room for innovative solutions and sustainable development benefitting both present and future generations.

COWIFONDEN SUPPORTS SOCIETY

Every year, COWIfonden (the COWI Foundation) donates funds to promote research and development projects in COWI's fields of activity. In 2012, the foundation supported several projects within energy-efficient and environmentally sound construction, a joint Nordic meeting on remediation of contaminated sites and an international conference on the challenges of creating a sustainable world. The latter includes support to the International Worldwatch Symposium to be held in April 2013 in Copenhagen, Denmark.

RED CROSS

In 2012, we engaged in a two-year partnership agreement with Red Cross in Denmark where COWI donates knowhow and expertise. The partnership was developed in close cooperation with Red Cross to make sure that COWI's services are utilised in optimum fashion.

COWI's cooperation with Red Cross is a new way of practising CSR. The focus is on providing core competencies – specialised knowledge – to Red Cross to optimise its entire business. And this will make a positive difference for both employees and relief recipients as it will ensure a more efficient use of Red Cross' resources and thereby help more people around the globe. Our partnership with Red Cross is a valuable alternative to traditional cash donations. ▲

HUMAN RIGHTS

PRINCIPLE 1: Businesses should support and respect the protection of internationally proclaimed human rights

PRINCIPLE 2: Businesses should make sure that they are not complicit in human rights abuses

WORKING WITH HUMAN RIGHTS

The human rights principles in Global Compact are related to COWI's external activities, meaning the people that we impact in our project-related activities. We believe that respect and support for human rights is rooted in the company culture and reflected in one of our five guiding values, namely 'respect', which states:

“ WE RESPECT THOSE WE WORK WITH, NATURE AND SOCIETY. WE RESPECT EACH OTHER IN DECISION-MAKING AND IMPLEMENTATION. WE RESPECT FRIENDSHIP ACROSS THE ORGANISATION, INDEPENDENT OF THE HIERARCHY.

One of the ways we integrate respect for human rights in our business is through our policy on sustainable development. In the policy, we commit ourselves to taking social aspects into consideration when performing assignments, to enhance our employees' attention to and knowledge of social conditions in order to further the consideration for sustainable development in all our activities.

By incorporating this policy into our risk assessment systems and our training systems, we continue to make our employees aware of the relevance and importance of this theme in our external activities.

KEY ACTIVITIES IN 2012

Human rights are imperative to COWI, and in 2012, COWI started screening for human rights violations before tendering for projects. This screening involves a risks assessment, including assessment of any potential risks in regard to human rights violations in the supply chain. Not until a screening has been completed, will COWI decide whether or not to bid on a project. ▲



POLICY/GUIDELINE: DUE DILIGENCE

Employee conditions and compliance with human rights are important to COWI. To ensure that we detect any human rights violations on projects which we are involved in, we operate according to three procedures:

- › **Due diligence:** COWI performs a screening to identify human rights risks before entering into a project. The process helps identify potential violations of human rights on a specific project, allowing us to back out in time.
- › **Health and safety supervision:** COWI seeks to increase our influence on project sites by offering supervision of health and safety conditions. This allows us to ensure that internationally accepted standards are enforced on a project.
- › **Obligation to act:** Employees in COWI have the so-called obligation to act, which means that everyone is obligated to act if they see human rights being violated on a project.

All new COWI Denmark employees are introduced to these three procedures as part of COWI's onboarding programme. Furthermore, the procedures are included in our project management training.

POLICIES AND PRINCIPLES RELATING TO HUMAN RIGHTS

All policies are available at www.cowi.com/sustainability

- › COWI's value of respect
- › FIDIC Code of Ethics, adopted by COWI
- › Policy on health and safety (HSE)
- › Policy on sustainable development.

POLICIES: HEALTH AND SAFETY (HSE)

COWI strives for a safe and healthy working environment, both in our own operations and in our assignment-related activities.

To meet our objectives, we will:

- › ensure that a safe working environment is not compromised for economic or productivity reasons.
- › ensure that project managers instruct their staff on specific project-related health and safety risks and necessary preventive measures. This includes the use of personal protective equipment.
- › provide employees with an opportunity to influence their own working environment in dialogue with management.
- › comply with relevant health and safety legislation and standards.
- › inform our customers and business partners if we find violations of health and safety standards, labour rights, human rights or unnecessary or illegal environmental degradation on projects in which we are involved.



LABOUR RIGHTS

- PRINCIPLE 3:** Businesses should uphold the freedom of association and effective recognition of the right to collective bargaining
- PRINCIPLE 4:** Businesses should uphold the elimination of all forms of forced and compulsory labour
- PRINCIPLE 5:** Businesses should uphold the effective abolition of child labour
- PRINCIPLE 6:** Businesses should uphold the elimination of discrimination in respect of employment and occupation
-

WORKING WITH LABOUR RIGHTS

The labour rights principles in Global Compact are related to COWI's internal activities, meaning the over 6,000 people working in COWI. The most relevant principle in relation to labour rights is the principle on elimination of discrimination of employment and occupation. In COWI, we translate this as working with diversity and equal opportunities and our activities are described below.

The principles of freedom of association and the abolition of forced labour and child labour are less relevant in the COWI Group as our employees are already free to unionise and enter into collective bargaining with management across the COWI Group. They are also free to leave the company and seek other employment opportunities. Child labour is not a risk as our jobs require a certain level of education that children do not have.

DIVERSITY

COWI is an international company with projects all over the world. In our experience, our projects improve when we also have a diverse work force that can challenge each other and come up with competitive solutions based on a differentiated knowledge base and mindset. We believe that embracing diversity is one way of sustaining our position as a leader within our field.

COWI's objective remains to ensure that its pipeline of diverse leadership talents is improved so that the pool of successors reflects the staff composition of the individual business areas. A diverse and market-oriented workforce will make COWI's 360° strategy viable. Focused, concrete activities within employee branding, recruitment, career management and competency development will spur this development.



KEY ACTIVITIES IN 2012

INTRODUCTION DAY

COWI believes that it is important to engage and inform all employees about our organisation, values, strategy and work tasks. It is crucial for the employees' future commitment and satisfaction with COWI to introduce them to the organisation. Our formalized and structured introduction day is therefore mandatory to all newcomers.

The introduction day helps new employees become part of COWI. On the first day of employment, we develop a personal introduction plan for each new employee. This facilitates constant development for the employees and, in the end, their knowledge will be transformed into a COWI asset

WOMEN IN MANAGEMENT

COWI is part of the 'Charter for more women in management'. The charter continuously seeks to develop personal management skills for women through mentorships. COWI strives to develop all our employees at all levels and we believe that this network will inspire our employees' daily work and our management practice.

POLICIES, PRINCIPLES AND TOOLS RELATING TO LABOUR RIGHTS

All policies are available at
www.cowi.com/sustainability

- › COWI's value of respect
- › COWI Whistleblower
- › FIDIC Code of Ethics, adopted by COWI
- › Policy on sustainable development
- › Policy on diversity and inclusion
- › Policy on health and safety (HSE).

LABOUR RIGHT PRACTICES

The key challenge in relation to labour rights is that the main risk of labour rights abuses most often lies outside of our sphere of influence. Within our industry, the main risk of human rights abuses exists in countries where migrant labour is used during construction. To avoid complicity in human rights abuses, we have the following practices:

- › If we are in charge of health and safety supervision during the construction phase of a project, we have the chance to influence labour rights conditions at the construction site and act if they are not aligned with national and international ratified legislation.
- › If we are not in charge of any supervision on the project, we do not necessarily have access to the building site and, as such, are not aware of the human rights or labour rights standards. We do, however, make our employees aware that they have an obligation to act and inform their manager if they see human rights violations on projects that we are only indirectly involved in as sub-consultant. If employees experience that the manager does not react to the problem, they can use the COWI Whistleblower. ▾

POLICY: DIVERSITY AND INCLUSION

COWI views diversity as a competitive advantage that helps us achieve the best results for our customers.

To meet our objectives, we will:

- › aim to have a diverse workforce that mirrors the diversity in our business and markets.
- › give equal opportunities to everyone, regardless of gender, age, race, religion, nationality, ethnic and social origin, disability, political and sexual orientation.
- › ensure that our employment and recruitment practices adhere to local legislation, wherever we work in the world.
- › continuously improve equal opportunities in our employment and recruitment practices.
- › work towards creating a culture of tolerance and appreciation of difference.



EMPLOYEES IN THE
COWI GROUP 2011-2012

	2011	2012
Employees	6,166	6,089
Average age, years	41.0	41.9
Women	30%	30%
Men	70%	70%

ENVIRONMENT

- PRINCIPLE 7:** Businesses should support a precautionary approach to environmental challenges
- PRINCIPLE 8:** Businesses should undertake initiatives to promote greater environmental responsibility
- PRINCIPLE 9:** Businesses should encourage the development and diffusion of environmentally friendly technologies
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WORKING WITH THE ENVIRONMENT

All the environmental principles in Global Compact are of paramount importance to COWI's activities. Through our business-related activities, we can make the biggest difference. We do, however, continuously strive to improve our own environmental footprint.

It is at the core of COWI's business to develop and diffuse environmentally friendly technologies. We continue to upgrade our skills in this area and suggest new and more environmentally friendly solutions to our customers.

From a risk mitigation point of view, COWI Denmark's screening procedure helps us take a precautionary approach to environmental challenges. In terms of environment, the screening procedure focuses on landscape, nature, culture and recreational areas, consumption of resources in the project period, environmental impact and emissions, and climate change.

To ensure high-level performance in the area of climate change, COWI is committed to the following strategic goals:

- › COWI will actively evaluate the potential for and contribute to optimum climate solutions in our projects in partnership with our customers.
- › COWI will reduce its in-house climate impact through carbon-conscious policies and potential carbon off-setting in respect of the efficiency needs of our organisation.
- › COWI will in partnership with our employees promote voluntary participation in our climate initiative and provide tools for improved individual climate behaviour.



Within the global climate change agenda, there is increasing consensus about the importance of fast interventions and innovative solutions. At COWI, we acknowledge and support this agenda as well as the expected demands of a low-carbon economy. Consequently, our climate strategy aims to make it easier for employees to reduce their impact on the climate. We also work closely together with our customers to develop the most climate friendly solutions possible through our sustainable dialogue tool and we are fully committed to UN's climate initiative "Caring for the Climate", which we signed in 2009.

At present, our green accounts only cover activities from COWI Denmark, and it is our goal to extend reporting to all regions. We wish to start out by incorporating tier 1 and tier 2 information, which primarily concerns energy consumption in accordance with the standards for greenhouse gas accounting.

KEY ACTIVITIES IN 2012

PROCUREMENT IN COWI

In June 2012, we launched a sustainable procurement system in COWI Denmark that will help us in approving suppliers. The new procurement system is built on a web-based approval process for suppliers and business partners based on our commercial, quality and CSR requirements. Any supplier who delivers goods and services (including travel services) in excess of EUR 15,000 per year to the COWI Group must be approved and listed on the COWI Approved Supplier List. The supplier is given a supplier qualification questionnaire (SQQ), and the supplier can only be approved if the information complies with COWI's requirements and expectations. The SQQ contains questions regarding labour and human rights, ethical standards, social and environmental policies, health and safety, diversity and anti-corruption policies. The SQQ is evaluated manually from case to case to make sure that poorly performing suppliers are spotted and excluded.

POLICIES, PRINCIPLES AND TOOLS RELATING TO ENVIRONMENTAL PROTECTION

All policies are available at www.cowi.com/sustainability

- › COWI's value of respect
- › COWI Whistleblower.
- › FIDIC Code of Ethics, adopted by COWI
- › Policy on sustainable development
- › Policy on sustainable supply chain.

GUIDELINE: SUSTAINABLE SUPPLY CHAIN

COWI procures goods and services at the best terms, assessing total costs, quality and sustainability.

To meet our objective, we will:

- › integrate sustainability requirements in our supplier and sub-consultant approval process.
- › give preference to water and energy-efficient products to reduce consumption rates.
- › give preference to environmentally friendly products and products that can be recycled.
- › avoid products with hazardous substances.
- › consider the emissions of CO₂ when booking business trips.
- › consider if the business trip can be replaced by a videoconference or other information and communication technology.



Our supplier list system allows us to change the status of suppliers. Depending on their information level and results in the SQQ, they are designated as “approved”, “watched” or “blacklisted”. Additionally, we store all information concerning every supplier in our system, meaning that the entire organisation has access to all supplier information.

In 2013, we expect to include all Swedish and Norwegian suppliers in this new sustainable procurement system.

2012 GREEN ACCOUNTS

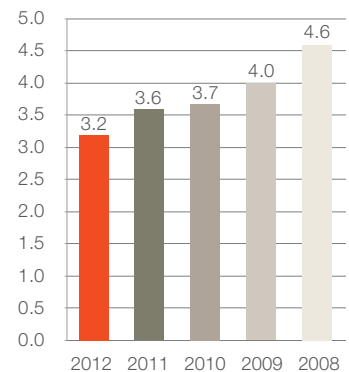
Every year, COWI Denmark publishes the green accounts covering our environmental footprint as part of our Communication on Progress report and this year is no exception.

The figure to the right shows the development in CO₂ emissions per employee in Denmark from 2008 and onwards. As the figure illustrates, we have achieved a decrease from 4.6 tonnes of CO₂ in 2008 to 3.2 tonnes in 2012.

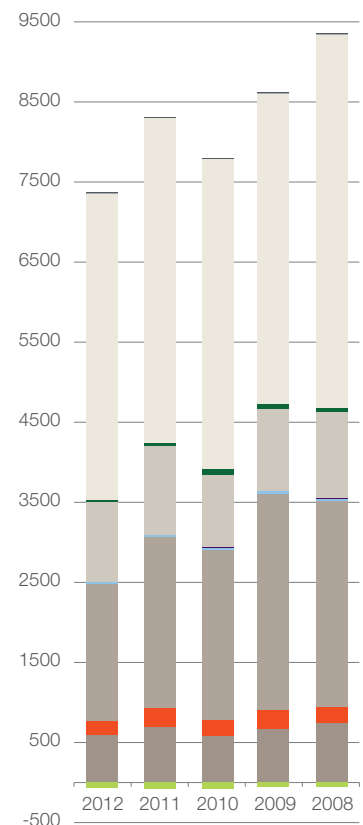
Air travel still accounts for the largest part of COWI Denmark’s carbon footprint (52 per cent), since it is an integral part of our business model to work closely with customers around the world. However, we have succeeded in reducing our overall air travel emissions from 2.3 tonnes in 2007 to 1.7 tonnes in 2012. This is primarily due to fewer domestic flights as a result of our policy that COWI employees should always consider replacing a business trip with a video conference or another form of information and communication technology.

The CO₂ emission from our energy consumption has also gone down from 2.3 tonnes in 2008 to 1.6 tonnes in 2012 in COWI Denmark. This is partly due to a decrease in emission per unit as a result of an increasing use of sustainable fuels. The installation of LED and other low-energy equipment in all our offices in Lyngby has also reduced our electricity consumption in the past two years. ▲

CLIMATE IMPACT PER EMPLOYEE* IN DENMARK, TONNES CO₂



CLIMATE IMPACT DISTRIBUTED ON CATEGORIES, TONNES CO_{2-EQ}



- Hazardous waste in total
- Disposal in total
- Incineration in total
- Air travel in total
- Domestic train travel
- Driving in total
- Mail items
- Paper consumption
- Water
- Electricity
- District heating
- Natural gas
- Recycling in total

A full version of COWI Denmark’s green accounts can be found at www.cowi.com/sustainability.

ANTI-CORRUPTION

PRINCIPLE 10: Businesses should work against corruption in all its forms, including extortion and bribery

WORKING WITH ANTI-CORRUPTION

The principle of anti-corruption is very relevant in a COWI context as a large number of our customers are in the public sector.

Anti-corruption is an integral part of our culture, and business integrity is one of our guiding values saying: "We act with credibility and integrity in all aspects".

Our policy on business integrity states that:

“ WE WILL NOT IN OUR SERVICES OR IN ANY OTHER ACTIVITY, DIRECTLY OR INDIRECTLY, ACCEPT BRIBERY, EXTORTION, FRAUD, COLLUSION OR ANY OTHER UNDUE BUSINESS ACTIVITY.

Anti-corruption training is included in COWI's on-boarding programme, which means that all employees will be trained in our internal policies and guidelines on anti-corruption. Anti-corruption is furthermore integrated in COWI's quality management system and we ask sub-contractors to comply with our policy on business integrity.

COWI has established a whistleblower system, which employees and external stakeholders can use to report any violations of our principles on business integrity and sustainable development.

An ongoing challenge in COWI is to reach all 6,000 employees working in more than 30 countries. It is important that our employees have a common understanding of our business integrity policy and are familiar with the COWI Whistleblower.

We recognise that internal communication on our policies and procedures is an ongoing process and we constantly have to train and educate our employees to ensure compliance.



KEY ACTIVITIES IN 2012

WHISTLEBLOWER PROGRAMME

COWI's Whistleblower programme enables employees, suppliers and partners to anonymously report illegal or unethical behaviour in COWI around the globe. In 2012, we changed the name from "COWI Hotline for anticorruption and business ethics" to "COWI Whistleblower", and we initiated a campaign to reinforce the programme to our employees. ▲

POLICIES, PRINCIPLES AND TOOLS RELATING TO PRINCIPLE 10

All policies are available at
www.cowi.com/sustainability

- › Business Integrity Policy
- › COWI's value of integrity
- › COWI Whistleblower Guideline
- › FIDIC Code of Ethics, adopted by COWI.

POLICY: BUSINESS INTEGRITY

COWI wishes to maintain its impartiality and independence and contribute globally to a fair conduct of business, avoiding extraneous influence on selection, execution or compensation procedures.

We will not in our services or in any other activities, directly or indirectly, accept bribery, extortion, fraud, collusion or any other undue business activity.

To meet our objectives, we will:

- › continuously train our employees in the area of business integrity.
- › continuously develop and maintain proper tools to help and guide the employees.



GUIDELINE: COWI WHISTLEBLOWER

COWI wishes to maintain a high standard of business ethics and encourages anyone to talk to their line manager about concerns regarding business ethics. If they feel uncomfortable doing so, they can use the COWI Whistleblower.

To meet our objectives, we will:

- › ensure that any concerns raised through the Whistleblower are investigated and appropriate action taken.
- › allow everyone, including employees, former employees, sub-contractors, agency staff and business partners to use the Whistleblower.
- › allow Whistleblower notifications within:
 - violations of law, regulations and internal policies.
 - misbehaviours with regard to accounting and auditing.
 - fraud, theft and conflict of interest.
 - improper giving or receiving of gifts.
 - discrimination and harassment.
 - violation of environmental protection, health and safety law.
- › make the Whistleblower publicly available.
- › continuously train our employees in maintaining our culture of integrity and honesty and inform them of the Whistleblower.



ABOUT GLOBAL COMPACT

Global Compact is an initiative launched by former UN Secretary-General Kofi Annan in January 1999. It is a call to businesses worldwide to help build social and environmental frameworks that ensure open and free markets and help people everywhere secure a chance to share the benefits of the new global economy.

The Global Compact encompasses ten principles spanning everything from international declarations on human rights and labour rights to environmental and corruption issues. ▲



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