

Template for reporting on the Danish
Recommendations on Corporate
Governance, December 2020

COWI Holding A/S

The report constitutes a part of the management commentary on the annual report concerning the financial year 2023.

Danish Recommendations on Corporate Governance

Recommendation	The company <u>complies</u>	The company <u>explains</u>	
		<i>why</i>	<i>how</i>
1. Interaction with the company's shareholders, investors and other stakeholders			
1.1. Communication with the company's shareholders, investors and other stakeholders			
<p>1.1.1. The Committee recommends that the management through ongoing dialogue and interaction ensures that shareholders, investors and other stakeholders gain the relevant insight into the company's affairs, and that the board of directors obtains the possibility of hearing and including their views in its work.</p>	<p>The management maintains an ongoing dialogue with the shareholders, investors and other stakeholders through various channels including the company's website, newsletters, interviews and social media.</p> <p>COWI's web-based shareholder universe is regularly updated with relevant information about the company's affairs, just as a quarterly newsletter is sent to the company's shareholders.</p>		
<p>1.1.2. The Committee recommends that the company adopts policies on the company's relationships with its shareholders, investors and if relevant other stakeholders in order to ensure that the various interests are included in the company's considerations and that such policies are made available on the company's website.</p>	<p>Among other things, the board of directors has adopted a corporate communication policy that sets the framework for COWI's communication and dialogue with its shareholders and other stakeholders.</p> <p>The policy is available on the company's website.</p>		

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<p>1.1.3. The Committee recommends that the company publishes quarterly reports.</p>		<p>COWI has assessed the need and decided that only half-yearly announcements will be published.</p>	<p>The half-yearly announcements are supplemented by the quarterly newsletters sent to all shareholders.</p>
<p>1.2. The general meeting</p>			
<p>1.2.1. The Committee recommends that the board of directors organises the company's general meeting in a manner that allows shareholders, who are unable to attend the meeting in person or are represented by proxy at the general meeting, to vote and raise questions to the management prior to or at the general meeting. The Committee recommends that the board of directors ensures that shareholders can observe the general meeting via webcast or other digital transmission.</p>	<p>The company appreciates the value of active ownership and seeks to support engagement and dialogue with the shareholders. The management and the board of directors continuously consider how access to the general meetings can be facilitated in the best possible way for shareholders in Denmark and shareholders abroad alike.</p> <p>Since 2021, all general meetings have been held as hybrid meetings with virtually access via webcast. Shareholders who are unable to attend the general meeting can choose to cast their votes and ask questions to management prior to the general meeting.</p>		

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<p>1.2.2. The Committee recommends that proxies and postal votes to be used at the general meeting enable the shareholders to consider each individual item on the agenda.</p>	<p>Both proxies and postal votes can be used at the general meeting, thus enabling shareholders to consider each individual item on the agenda.</p>		
1.3. Takeover bids			
<p>1.3.1. The Committee recommends that the company has a procedure in place in the event of takeover bids, containing a “road map” covering matters for the board of directors to consider in the event of a takeover bid, or if the board of directors obtains reasonable grounds to suspect that a takeover bid may be submitted. In addition, it is recommended that it appears from the procedure that the board of directors abstains from countering any takeover bids by taking actions that seek to prevent the shareholders from deciding on the takeover bid, without the approval of the general meeting.</p>	<p>Together with the COWI Foundation, the board of directors has established a procedure covering potential takeovers.</p>		
1.4. Corporate Social Responsibility			
<p>1.4.1. The Committee recommends that the board of directors adopts a policy for the company’s corporate social responsibility, including social responsibility and sustainability, and that the policy is available in the management commentary and/or on the company’s website. The Committee recommends that the board of directors ensures compliance with the policy.</p>	<p>COWI complies with the recommendation. All ESG policy are available on the company’s website and the company reports annually on ESG (Integrated reporting with limited assurance).</p>		

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	<p>Compliance is ensured through the implementation of various related policies and procedures as well as through communication about these policies and training of relevant employees.</p> <p>The board of directors oversees both compliance with the ESG policy and the basis and correctness of the information presented in the annual reporting on ESG.</p>		
1.4.2. The Committee recommends that the board of directors adopts a tax policy to be made available on the company’s website.	The board of directors has adopted a tax policy. The tax policy is available on the company’s website.		
2. The duties and responsibilities of the board of directors			
2.1. Overall tasks and responsibilities			
2.1.1. The Committee recommends that the board of directors in support of the company’s statutory objects according to its articles of association and the long-term value creation considers the company’s purpose and ensures and promotes a good culture and sound values in the company. The company should provide an account thereof in the management commentary and/or on the company’s website.	The company provides an account of the company’s purpose as well its values, strategy and culture in the annual report. Further, information can be found on the company’s website and in the annual report.		

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<p>2.1.2. The Committee recommends that the board of directors at least once a year discusses and on a regular basis follows up on the company's overall strategic targets in order to ensure the value creation in the company.</p>	<p>The board of directors discusses and follows up on the company's overall strategic targets, which are discussed and defined at an annual board seminar.</p>		
<p>2.1.3. The Committee recommends that the board of directors on a continuously basis takes steps to examine whether the company's share and capital structure supports the strategy and the long-term value creation in the interest of the company as well as the shareholders. The Committee recommends that the company gives an account thereof in the management commentary.</p>	<p>The board of directors assesses the company's capital and share structure annually and gives an account thereof in the management commentary.</p>		
<p>2.1.4. The Committee recommends that the board of directors prepares and on an annual basis reviews guidelines for the executive management, including requirements in respect of the reporting to the board of directors.</p>	<p>The board of directors has adopted guidelines for the executive management, which, among other things, establish a framework for reporting to the board of directors and for communication in general between the board of directors and the executive management.</p> <p>The guidelines for the executive management are an appendix to the rules of procedure of the board of directors. The board of directors reviews and approves the guidelines for the executive management annually as part of the rules of procedure of the board of directors.</p>		

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<p>2.2.1. The Committee recommends that the board of directors, in addition to a chairperson, appoints a vice chairperson, who can step in if the chairperson is absent and who can generally act as the chairperson’s close sparring partner.</p>	<p>In addition to a chairperson, the board of directors has a vice-chairperson who can step in if the chairperson is absent. The vicechair person also acts as a closer sparring partner for the chairperson. This is stated in the company's articles of association as well as in the rules of procedure of the board of directors.</p>		
<p>2.2.2. The Committee recommends that the chairperson in cooperation with the individual members of the board of directors ensures that the members up-date and supplement their knowledge of relevant matters, and that the members’ special knowledge and qualifications are applied in the best possible manner.</p>	<p>A provision to this effect is included in the rules of procedure of the board of directors.</p>		
<p>2.2.3. The Committee recommends that if the board of directors, in exceptional cases, requests a member of the board of directors to take on special duties for the company, for instance, for a short period to take part in the daily management of the company, the board of directors should approve this in order to ensure that the board of directors maintains its independent overall management and control function. It is recommended that the company publishes any decision on allowing a member of the board of directors to take part in the daily management, including the expected duration thereof.</p>	<p>The rules of procedure of the board of directors provides that neither the chairperson nor other members of the board of directors may take on special duties for the company or otherwise participate in the day-to-day management unless the board of directors exceptionally requests the chairperson or another member of the board of directors to do so.</p>		

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	In such a case, the board of directors shall at take the necessary precautions to ensure that the board of directors maintains its independent overall management and control function.		
3. The composition, organisation and evaluation of the board of directors			
3.1. Composition			
<p>3.1.1. The Committee recommends that the board of directors on an annual basis reviews and in the management commentary and/or on the company’s website states</p> <ul style="list-style-type: none"> • which qualifications the board of directors should possess, collectively and individually, in order to perform its duties in the best possible manner, and • the composition of and diversity on the board of directors. 	The board of directors annually reviews the competency profile for the board of directors including which qualifications the board of directors should possess collectively and individually. The competency profile is published on the company's website, and the recommendation to the general meeting on the composition and diversity of the board of directors is taking this into account. The management commentary includes information about the composition and diversity of the board of directors including the board members’ individual qualifications.		

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<p>3.1.2. The Committee recommends that the board of directors on an annual basis discusses the company’s activities in order to ensure relevant diversity at the different management levels of the company and adopts a diversity policy, which is included in the management commentary and/or available on the company's website.</p>	<p>The board of directors has adopted a Diversity and Inclusion Policy which can be found on the company’s website, and information about the diversity at each management level is included in the management commentary.</p>		
<p>3.1.3. The committee recommends that candidates for the board of directors are recruited based on a thorough process approved by the board of directors. The Committee recommends that in assessing candidates for the board of directors – in addition to individual competencies and qualifications – the need for continuity, renewal and diversity is also considered.</p>	<p>A competence profile for the board of directors has been prepared and published on the company's website, and the recommendation to the general meeting on the composition of the board of directors is prepared taking this profile into account.</p> <p>Both the company's articles of association and rules of procedure of the board of directors require a thorough and transparent process for the selection and nomination of candidates for the board of directors, which takes place in co-operation with the COWI Foundation.</p>		

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	<p>When nominating new candidates, special emphasis is placed on experience from significant positions either within the group or from management or board work from the business community in the group's geographical field of activity.</p> <p>The aim is for half of the members elected by the general meeting to possess extensive experience from management or board work in the consultancy business or a similar knowledge-based industry. The competence profile can be found on the company's website.</p>		
<p>3.1.4. The Committee recommends that the notice convening general meetings, where election of members to the board of directors is on the agenda - in addition to the statutory items - also includes a description of the proposed candidates'</p> <ul style="list-style-type: none"> • qualifications, • other managerial duties in commercial undertakings, including board committees, • demanding organisational assignments and • independence. 	<p>Together with the notice convening the general meeting, a description of the nominated candidates' qualifications, other managerial positions, demanding organisational assignments and independence are provided.</p>		

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<p>3.1.5. The Committee recommends that members to the board of directors elected by the general meeting stand for election every year at the annual general meeting, and that the members are nominated and elected individually.</p>	<p>According to the company's articles of association members of the board of directors stands for election every year at the annual general meeting, just as candidates are nominated and elected individually.</p>		
<p>3.2. The board of director's independence</p>			
<p>3.2.1. The Committee recommends that at least half of the members of the board of directors elected in general meeting are independent in order for the board of directors to be able to act independently avoiding conflicts of interests.</p> <p>In order to be independent, the member in question may not:</p> <ul style="list-style-type: none"> • be or within the past five years have been a member of the executive management or an executive employee in the company, a subsidiary or a group company, • within the past five years have received large emoluments from the company/group, a subsidiary or a group company in another capacity than as member of the board of directors, • represent or be associated with a controlling shareholder, • within the past year have had a business relationship (e.g. personally or indirectly as a partner or an employee, shareholder, customer, supplier or member of a governing body in companies with similar relations) with the company, a subsidiary or a group company, which is significant for the company and/or the business relationship, 	<p>COWI complies with the recommendation, as six out of six board members elected by the general meeting are independent.</p>		

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<ul style="list-style-type: none"> • be or within the past three years have been employed with or a partner in the same company as the company’s auditor elected in general meeting, • be a CEO in a company with cross-memberships in the company’s management, • have been a member of the board of directors for more than twelve years, or • be closely related to persons, who are not independent, cf. the above-stated criteria. <p>Even if a member of the board of directors does not fall within the above-stated criteria, the board of directors may for other reasons decide that the member in question is not independent.</p>				
<p>3.2.2. The Committee recommends that members of the executive management are not members of the board of directors and that members retiring from the executive management does not join the board of directors immediately thereafter.</p>	COWI complies with the recommendation as members of the executive management are not members of the board of directors, just as members retiring from the executive management do not join the board of directors.			
<p>3.3. Members of the board of directors and the number of other managerial duties</p>				
<p>3.3.1. The Committee recommends that the board of directors and each of the members on the board of directors, in connection with the annual evaluation, cf. recommendation 3.5.1., assesses how much time is required to perform the board duties. The aim is for the individual member of the board of directors not to take on more managerial duties than the board member in question is able to perform in a satisfactory manner.</p>	Each member of the board of directors has undertaken not to take on more managerial duties than the duties as a member of COWI's board of directors can be performed in a satisfactory manner for the company.			

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	As part of the annual evaluation the board of directors - and each individual board member - assesses how much time is required to perform as a board member in a satisfactory manner.		
<p>3.3.2. The Committee recommends that the management commentary, in addition to the statutory requirements, contains the following information on the individual members of the board of directors:</p> <ul style="list-style-type: none"> • position, age and gender, • competencies and qualifications relevant to the company, • independence, • year of joining the board of directors, • year of expiry of the current election period, • participation in meetings of the board of directors and committee meetings, • managerial duties in other commercial undertakings, including board committees, and demanding organisational assignments, and • the number of shares, options, warrants, etc. that the member holds in the company and its group companies and any changes in such holdings during the financial year. 	The management commentary contains the recommended information about the members of the board of directors.		
3.4. Board committees			
<p>3.4.1. The Committee recommends that the management describes in the management commentary:</p> <ul style="list-style-type: none"> • the board committees’ most significant activities and number of meetings in the past year, and 	The management commentary contains the recommended information, and the Audit Committee Charter is published on the company’s website.		

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<ul style="list-style-type: none"> the members on the individual board committees, including the chairperson and the independence of the members of the committee in question. <p>In addition, it is recommended that the board committees' terms of reference are published on the company's website.</p>				
<p>3.4.2. The Committee recommends that board committees solely consist of members of the board of directors and that the majority of the members of the board committees are independent.</p>	Only members of the board of directors are members of the board committees and all members are independent			
<p>3.4.3. The Committee recommends that the board of directors establishes an audit committee and appoints a chairperson of the audit committee, who is not the chairperson of the board of directors. The Committee recommends that the audit committee, in addition to its statutory duties, assists the board of directors in:</p> <ul style="list-style-type: none"> supervising the correctness of the published financial information, including accounting practices in significant areas, significant accounting estimates and related party transactions, reviewing internal control and risk areas in order to ensure management of significant risks, including in relation to the announced financial outlook, assessing the need for internal audit, performing the evaluation of the auditor elected by the general meeting, reviewing the auditor fee for the auditor elected by the general meeting, supervising the scope of the non-audit services performed by the auditor elected by the general meeting, and 	The board of directors has established an audit committee and appointed a chairperson who is not the chairperson of the board of directors. The duties of the audit committee include, among others, assistance to the board of directors in connection with the financial and sustainability reporting, internal controls, and risk management. The audit committee charter can be found on the company's website.			

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<ul style="list-style-type: none"> ensuring regular interaction between the auditor elected by the general meeting and the board of directors, for instance, that the board of directors and the audit committee at least once a year meet with the auditor without the executive management being present. <p>If the board of directors, based on a recommendation from the audit committee, decides to set up an internal audit function, the audit committee must:</p> <ul style="list-style-type: none"> prepare terms of reference and recommendations on the nomination, employment and dismissal of the head of the internal audit function and on the budget for the department, ensure that the internal audit function has sufficient resources and competencies to perform its role, and supervise the executive management’s follow-up on the conclusions and recommendations of the internal audit function. 			
<p>3.4.4. The Committee recommends that the board of directors establishes a nomination committee to perform at least the following preparatory tasks:</p> <ul style="list-style-type: none"> describing the required qualifications for a given member of the board of directors and the executive management, the estimated time required for performing the duties of this member of the board of directors and the competencies, knowledge and experience that is or should be represented in the two management bodies, on an annual basis evaluating the board of directors and the executive management’s structure, size, composition and results and preparing recommendations for the board of directors for any changes, 	<p>The board of directors has established a combined nomination and remuneration committee to, among others, perform the preparatory tasks in connection with describing the required qualifications for the members of the board directors and the executive management, the annual evaluation process, recruitments, succession planning and the diversity policy.</p>		

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<ul style="list-style-type: none"> • in cooperation with the chairperson handling the annual evaluation of the board of directors and assessing the individual management members' competencies, knowledge, experience and succession as well as reporting on it to the board of directors, • handling the recruitment of new members to the board of directors and the executive management and nominating candidates for the board of directors' approval, • ensuring that a succession plan for the executive management is in place, • supervising executive managements' policy for the engagement of executive employees, and • supervising the preparation of a diversity policy for the board of directors' approval. 			
<p>3.4.5. The Committee recommends that the board of directors establishes a remuneration committee to perform at least the following preparatory tasks:</p> <ul style="list-style-type: none"> • preparing a draft remuneration policy for the board of directors' approval prior to the presentation at the general meeting, • providing a proposal to the board of directors on the remuneration of the members of the executive management, • providing a proposal to the board of directors on the remuneration of the board of directors prior to the presentation at the general meeting, • ensuring that the management's actual remuneration complies with the company's remuneration policy and the evaluation of the individual member's performance, and 	<p>The board of directors has established a combined nomination and remuneration committee to, among others, perform the preparatory tasks in connection with the company's remuneration policy, ensure that the actual remuneration complies with the remuneration policy and that the actual remuneration is reported correctly in the annual accounts.</p>		

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<ul style="list-style-type: none"> • assisting in the preparation of the annual remuneration report for the board of directors' approval prior to the presentation for the general meeting's advisory vote. 				
3.5. Evaluation of the board of directors and the executive management				
<p>3.5.1. The Committee recommends that the board of directors once a year evaluates the board of directors and at least every three years engages external assistance in the evaluation. The Committee recommends that the evaluation focuses on the recommendations on the board of directors' work, efficiency, composition and organisation, cf. recommendations 3.1.-3.4. above, and that the evaluation as a minimum always includes the following topics:</p> <ul style="list-style-type: none"> • the composition of the board of directors with focus on competencies and diversity • the board of directors and the individual member's contribution and results, • the cooperation on the board of directors and between the board of directors and the executive management, • the chairperson's leadership of the board of directors, • the committee structure and the work in the committees, • the organisation of the work of the board of directors and the quality of the material provided to the board of directors, and • the board members' preparation for and active participation in the meetings of the board of directors. 		<p>The rules of procedure of the board of directors establishes the framework for an annual evaluation of the board of directors and members of the executive management as well as the co-operation between the two management bodies. The board of directors may decide to engage external assistance, however this is done at least every three years.</p>		

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		<i>why</i>	<i>how</i>
<p>3.5.2. The Committee recommends that the entire board of directors discusses the result of the evaluation of the board of directors and that the procedure for the evaluation and the general conclusions of the evaluation are described in the management commentary, on the company’s website and at the company’s general meeting.</p>	<p>The results of evaluations are discussed by the entire board, and the evaluation process and overall conclusions are described in the management commentary. In addition, the chairperson will report on the board evaluation at the general meeting prior to election of members to the board of directors.</p>		
<p>3.5.3. The Committee recommends that the board of directors at least once a year evaluates the work and results of the executive management according to pre-established criteria, and that the chairperson reviews the evaluation together with the executive management. In addition, the board of directors should on a continuous basis assess the need for changes in the structure and composition of the executive management, including in respect of diversity, succession planning and risks, in light of the company’s strategy.</p>	<p>At least once a year, the board of directors evaluates the work and results of the executive management based on pre-defined criteria. In this connection the board of directors also discusses the composition and performance of the executive management as well as risks and succession plans.</p>		

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		<i>why</i>	<i>how</i>
4. Remuneration of management			
4.1. Remuneration of the board of directors and the executive management			
4.1.1. The Committee recommends that the remuneration for the board of directors and the executive management and the other terms of employment/service is considered competitive and consistent with the company's long-term shareholder interests.	The remuneration policy for the company's board of directors and executive management is clear and transparent and is designed to optimise long-term value creation at group level. The remuneration policy has been adopted by the general meeting and can be found on the company's website.		
4.1.2. The Committee recommends that share-based incentive schemes are revolving, i.e. that they are periodically granted, and that they primarily consist of long-term schemes with a vesting or maturity period of at least three years.	The share-based incentive programme complies with the recommendations.		
4.1.3. The Committee recommends that the variable part of the remuneration has a cap at the time of grant, and that there is transparency in respect of the potential value at the time of exercise under pessimistic, expected and optimistic scenarios.	The remuneration policy has been prepared and adopted in accordance with the recommendation.		

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<p>4.1.4. The Committee recommends that the overall value of the remuneration for the notice period, including severance payment, in connection with a member of the executive management’s departure, does not exceed two years’ remuneration including all remuneration elements.</p>	<p>The overall value of the remuneration for the notice period, including severance payment, does not exceed two years’ remuneration.</p>		
<p>4.1.5. The Committee recommends that members of the board of directors are not remunerated with share options and warrants.</p>	<p>Members of the board of directors are not remunerated with share options or warrants.</p>		
<p>4.1.6. The Committee recommends that the company has the option to reclaim, in whole or in part, variable remuneration from the board of directors and the executive management if the remuneration granted, earned or paid was based on information, which subsequently proves to be incorrect, or if the recipient acted in bad faith in respect of other matters, which implied payment of a too large variable remuneration.</p>	<p>The remuneration policy has been prepared and adopted in accordance with the recommendation. The board of directors may decide to lay down specific terms governing the termination of variable remuneration and may also, under certain circumstances, decide to recover or 'claw back' already granted, earned, or paid variable remuneration.</p>		

Recommendation

The company complies

The company explains

why

how

5. Risk management

5.1. Identification of risks and openness in respect of additional information

<p>5.1.1. The Committee recommends that the board of directors based on the company's strategy and business model considers, for instance, the most significant strategic, business, accounting and liquidity risks. The company should in the management commentary give an account of these risks and the company's risk management.</p>	<p>The company's most significant strategic, financial and operational risks are identified and discussed on an ongoing basis. In addition, the board of directors defines the company's risk policy and decides on the company's risk appetite. The management commentary gives an account of these risks as well as the company's risk management.</p>		
<p>5.1.2. The Committee recommends that the board of directors establishes a whistleblower scheme, giving the employees and other stakeholders the opportunity to report serious violations or suspicion thereof in an expedient and confidential manner, and that a procedure is in place for handling such whistleblower cases.</p>	<p>Since 2009 COWI has had a whistleblower scheme in the form of a web-based hotline giving the employees and other relevant stakeholders the opportunity to report serious violations or suspicions. The hotline can be accessed via the following link: Whistleblower.</p>		