

COMMUNICATION ON PROGRESS UN GLOBAL COMPACT

COWI

2011



COWI



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COMMITMENT FROM OUR CEO

The UN Global Compact with its ten principles is a natural framework for our commitment to sustainability and corporate social responsibility (CSR). As an international corporation, we value the global nature of the initiative and support the wide-ranging principles focusing on human rights, labour rights, environment and anti-corruption.

In 2011, we launched a number of internal policies on sustainability and CSR and we developed new tools to engage in a dialogue with our customers on how to further integrate sustainability in our project-related activities.

The Global Compact is of great value to COWI which is why we have supported it since 2006 and continue to support it in 2012, says CEO Lars-Peter Søbye. ▲

SUSTAINABILITY AND CSR IN COWI

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

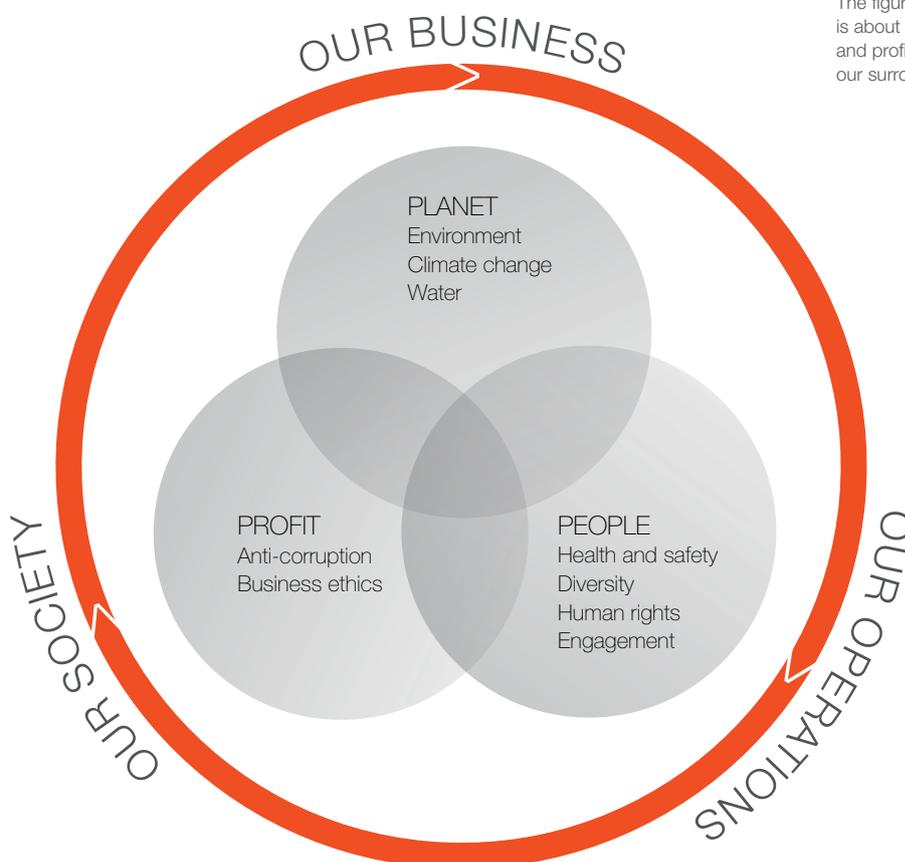
We therefore strive to integrate social, environmental, ethical and human rights concerns in our external projects as well as in our internal business processes. Through this approach, we aim to create shared value for our company, customers, key stakeholders and society at large.

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 2011

CORPORATE SOCIAL RESPONSIBILITY*

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



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.

*The section is an extract from the 2011 annual report



At COWI, CSR has been integrated into many parts of the company, for instance evidenced in 2011 by a new web-based dialogue tool and an overview of CSR policies in the Group.

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 an integral part 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.

SUSTAINABILITY IN THE BUSINESS

Sustainability is a driver of business and innovation, and in 2011 we developed a web-based tool for integrating sustainability into all our projects. Thanks to our new sustainability dialogue tool, we apply our 360° approach to sustainability in the context of economy, environment and social aspects. We use the tool in cooperation with our customers to identify the sustainability parameters that should be given priority in a project and to establish how ambitious the customers wish to be.

COMMON LANGUAGE IN CSR

In 2011, we created a joint overview of all the Group's CSR policies, thereby ensuring that all business units have the necessary CSR guidelines. This means that we now have a common language in sustainability and CSR, and in the course of 2012, we will be introducing a manual that supports and specifies the relevance of the guidelines to the individual employee.

COWI's Whistleblower hotline, which was used four times in 2011, ensures that employees and partners can report cases that they consider unethical. We constantly aim at ensuring that this hotline is known throughout the Group.

COWIFONDEN SUPPORTS SOCIETY

Every year, COWIfonden (the COWIfoundation) donates funds for promoting research and development projects in COWI's fields of activity. In 2011, we donated a rather large amount for an ambitious cradle-to-cradle pavilion, the initiative to which was taken by COWI. The vision is to create a pavilion that is not only 100 per cent sustainable, but also has a positive influence on its surroundings by creating more energy than it consumes. If final funding can be arranged, the pavilion will be in place in the course of 2012. ▲

COWI'S SUSTAINABILITY AND CSR POLICIES AND TOOLS

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

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 UN 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 of '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 ORGANIZATION, INDEPENDENT OF THE HIERARCHY.

One of the ways we integrate respect for human rights in our operations is through our policy on Sustainable Development. In the policy, we commit ourselves to taking social aspects into consideration when performing assignments for our customers. This includes human rights considerations. We also direct our employees' attention to and enhance their 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 human rights protection in our external activities.

KEY ACTIVITIES IN 2011

In 2011, we developed a group-wide policy on health and safety and an employee manual, which explicitly states that our employees have an obligation to act and inform their manager if they find human rights abuses on projects they are involved in.



This obligation covers both our own projects, as well as projects that we are only indirectly involved in as sub-consultants. The manager will then take due action in relation to the relevant customer or business partner.

If the employee experiences that the manager does not react to the problem, they can use the COWI Whistleblower.

NEW GROUP POLICY ON HEALTH AND SAFETY POLICY

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.

POLICIES AND PRINCIPLES RELATING TO HUMAN RIGHTS

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

- › COWI's value on Respect
- › Policy for Sustainable Development
- › Policy for Health and Safety (HSE)
- › FIDIC Code of Ethics, adopted by COWI.

KEY CHALLENGES IN 2011

The key challenge in relation to human rights is that the main risk of human rights abuses most often lies outside our sphere of influence. Within our industry, we see the main risk of human rights abuses 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 the project, we have a chance to influence the human and 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 of 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 the employees experience that the manager does not react to the problem they can use the COWI Whistleblower.
- › We have contacted the International Confederation of Consultant Engineers and suggested that they adopt a guideline that encourages everyone in the construction industry to comply with international ratified treaties. ↴



LABOUR RIGHTS

- PRINCIPLE 3:** Businesses should uphold the freedom of association and the 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
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WORKING WITH LABOUR RIGHTS

The labour rights principles in UN Global Compact are related to COWI's internal activities, meaning the 6,100 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, 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.

We see two main tools in our strive towards equal opportunities, the first being a transparent career system and the second striving for gender balance in our succession planning.

KEY ACTIVITIES IN 2011

TRANSPARENT CAREER SYSTEM

We believe that equal opportunities and diversity start with transparent employment practices and a transparent career system. In 2011, we finalized the implementation of the group-wide COWI career system that creates coherence and transparency across the COWI Group in relation to employment, career and promotion.



The system outlines four distinct career paths within project management, line management, professionals and specialists, and business development. Within each career track, it is clearly defined what is required at the different career steps ranging from assistant to chief executive officer. The roll-out of the system means that almost all our 6,100 employees now have a better understanding of what level they are at and what is required from them if they wish to step up to the next level.

To ensure the continuous development of our employees and to discuss the progress of their career, managers across the COWI Group are responsible for developing Personal Development Plans (PDPs) with their employees on a bi-annual basis. This is a transparent way of ensuring equal development and career opportunities for all employees.

WOMEN IN MANAGEMENT

In 2008, COWI joined the 'Charter for more women in management' developed by the Danish Ministry of Gender Equality. As part of our efforts to increase the number of women in management, COWI Denmark established a network for female managers. In 2011, the network organised a very well-attended event, focusing on typical differences in the rhetoric used by men and women as well as the flexibility required on the part of both men and women when it comes to understanding and appreciating the benefits of this. The network has also focused on mentoring programmes for leadership talents and will continue this work in 2012.

POLICIES, PRINCIPLES AND TOOLS RELATING TO LABOUR RIGHTS

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

- › COWI's value on respect
- › Policy for Sustainable Development
- › Policy on Health & Safety (HSE)
- › Policy on Diversity & Inclusion
- › FIDIC Code of Ethics, adopted by COWI
- › COWI Whistleblower.



NEW POLICY ON DIVERSITY AND INCLUSION

In 2011, COWI developed a new group policy on diversity and inclusion to ensure similar standards across the entire organisation.

POLICY

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.



KEY CHALLENGES IN 2011

One of our key diversity challenges is that the engineering sector has traditionally attracted more men than women. The proportion of female to male COWI employees remained the same in 2011 as in 2010, while the proportion of female successors increased slightly in 2011. COWI's objective remains to ensure that its pipeline of leadership talents is improved so that the gender balance of the pool of successors reflects the staff composition of the individual business areas. ▾

EMPLOYEES AND SUCCESSORS IN THE COWI GROUP 2010-2011

EMPLOYEES IN PER CENT

	2011	2010
Men	66	66
Women	34	34

SUCCESSORS IN PER CENT

	2011	2010
Men	71	72
Women	29	28

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 UN Global Compact are of paramount importance to COWI's activities. Through our business-related activities, we can make the biggest difference. We do, however, strive to also continuously 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 potential for and contribute to optimum climate solutions in our projects in partnership with our customers.
- › COWI will reduce its in-house climate effects through carbon-conscious policies and potential carbon off-setting in respect of the efficiency needs of our organization.
- › COWI will in partnership with our employees promote voluntary participation in our climate initiative and provide tools for improved individual climate behaviour.

KEY ACTIVITIES IN 2011

SUSTAINABILITY DIALOGUE TOOL

The main activity in 2011 was the development of a web-based tool for opening dialogues about sustainability with customers. The objective is to integrate consideration for sustainability into projects as early as possible. Through the tool, we hope to encourage customers to integrate sustainability in their projects.

GUIDELINE ON SUSTAINABLE SUPPLY CHAIN

In 2011, we developed a guideline on sustainable supply chain to ensure that we leverage our influence down the supply chain. The guideline states:

POLICIES, PRINCIPLES AND TOOLS RELATING TO ENVIRONMENTAL PROTECTION

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

- › COWI's value on Respect
- › Policy for Sustainable Development
- › Policy on Sustainable Supply Chain
- › FIDIC Code of Ethics, adopted by COWI
- › COWI Whistleblower.

GUIDELINE

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

To meet our objectives, we will:

- › Integrate sustainability requirements in our supplier and sub-consultants 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 emission of CO₂ when booking business trips.
- › Consider if the business trip can be replaced by a videoconference or other information and communication technology.



SUSTAINABILITY IN INFRASTRUCTURE

In 2011, COWI enhanced its focus on infrastructure and sustainability and launched two initiatives to detect the most relevant sustainability techniques and tools within infrastructure. We look forward to applying the lessons learned on up-coming projects in the coming year.

NEW ENVIRONMENTALLY FRIENDLY TECHNIQUES

In 2011, COWI helped develop a number of new, environmentally friendly technologies within the two focus areas, climate change and cradle-to-cradle. It is worth highlighting the storm water mapping tool and the heat mapping tool as well as the design of a cradle-to-cradle building. Many more examples can be found on www.cowi.com

2011 GREEN ACCOUNTS

Every year, COWI Denmark publishes green accounts covering its environmental footprint. The figure to the right shows how the CO₂ emissions per employee in Denmark decreased from 4.6 tonnes CO₂ in 2008 to 3.6 tonnes CO₂ in 2011. The CO₂ emissions did, however, increase by 0.1 tonnes from 2010 to 2011.

The slight increase in 2011 is due to more international air travel in Scandinavia as a result of our expansion in Sweden and the acquisition of a large Swedish company in 2009.

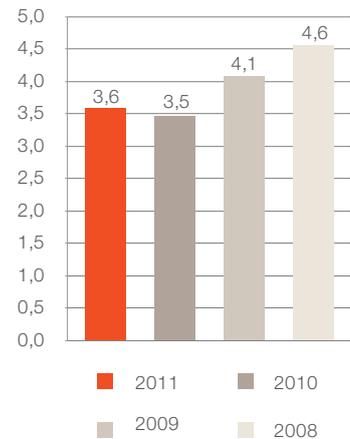
From an environmental point of view, air travel continues to be our biggest challenge. It is difficult to make a drastic cut in air travel as it is an integral part of our business model to work closely with our customers, wherever they are in the world. In 2011, we did, however, adopt the Guideline on Sustainable Supply Chain that highlights that employees should always consider if the business trip can be replaced by a videoconference or other information and communication technology. At the same time, we continue to invest in information and communication technology and thereby hope to reduce our travelling in the future.

KEY CHALLENGES IN 2011

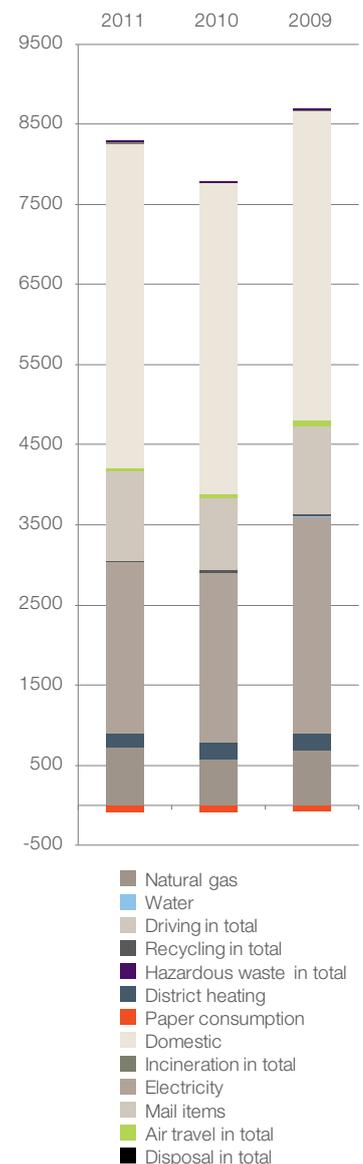
The main environmental challenge is that the best environmental solutions may be more expensive in the short run. This can make it more difficult for customers, especially during a global economic crisis, to invest in environmentally friendly solutions.

We hope that the sustainability dialogue tool can help our customers understand the relevance of environmentally friendly solutions and help them acknowledge the long-term benefits of these more sustainable solutions. ▲

CLIMATE IMPACT PER EMPLOYEE* IN DENMARK, TONNES CO₂



CLIMATE IMPACT DISTRIBUTED ON CATEGORIES, TONNE CO₂-EQ



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 five 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 the internal policies and guidelines on anti-corruption. Anti-corruption is furthermore integrated in COWI's quality 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.

KEY ACTIVITIES IN 2011

WHISTLEBLOWER GUIDELINE

In 2011 we developed a whistleblower guideline, which reads as follows:



GUIDELINE

COWI wishes to maintain a high standard of business ethics and encourages anyone to talk to their line manager on concerns regarding business ethics. If they feel uncomfortable doing so, they can use the COWI Hotline on anti-corruption and business ethics also called the 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
 - Misbehaviour with regard to accounting and auditing
 - Fraud, theft and conflict of interest
 - Improper giving or receiving 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.

POLICIES, PRINCIPLES AND TOOLS RELATING TO PRINCIPLE 10

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

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

The Whistleblower was used on four occasions and all notifications were found relevant and investigated. The cases focused on wrongful dismissals and regional compliance with internal COWI policies and practices.



KEY CHALLENGES IN 2011

One of the challenges in COWI is to reach all 6,100 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 Whistleblower.

To enhance awareness of internal policies and tools, COWI plans to expand internal training on anti-corruption and relaunch the Whistleblower through an internal campaign in 2012.

We recognise that internal communication on our policies and procedures is an on-going process and we constantly have to train and educate our staff to ensure compliance. ▾





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 assist 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 environment and corruption issues. ▲





ADDRESS Parallevej 2
DK 2800 Kongens Lyngby
Denmark

PHONE +45 56 40 00 00

MAIL cowi@cowi.com

WWW www.cowi.com

