



Active and Engaged Ownership

COWI
fonden

Content

Introduction 3

Background to COWIfonden 4

The Charter 5

The role of the Foundation and its Strategic Goals 6

Owner's Affairs. 7

COWI Employees and a good place to work 9

Business and Reputational Risks 9

Long term Value Creation 10

Reporting. 11

Table of Appendices

Appendix Collaboration between the Foundation and the Holding
 Board of Directors 12





Introduction

This document has been prepared to provide a clear set of guidelines on how COWIfonden acts as the engaged and active owner of COWI Holding. It presents guidance on how COWIfonden and COWI Holding interact in terms of the relationship between an owner/major shareholder and its operating entity.

Background to COWIfonden

History

COWI was founded in 1930 by Christen Ostenfeld, with Wriberg Jønson becoming an equal partner in 1946. Subsequently named Ostenfeld & Jønson, their goal was to build a technically advanced company delivering high quality engineering services while contributing to societal well-being. In 1973, upon Ostenfeld's retirement, the partners, including Jønson, established a foundation to own COWI in perpetuity and uphold the founders' values. This purpose remains the driving force behind COWIfonden, the majority owner of the COWI Group.

Commercial Foundations

A commercial foundation meets the criteria of foundation law and engages in commercial activities. It has no owners or members, and its assets must remain irrevocably separate from those of the founder. The foundation must pursue one or more long-term objectives, according to its Charter. The foundation is managed by a board of directors responsible for the activities performed by the foundation, and the foundation is subject to supervision by the foundation authority, in Denmark the Danish Business Authority.



Foundations rest on two key principles: altruism and longtermism. These principles drive company owners to establish foundations that are strongly committed to ensure their company takes a long-term perspective with respect to its growth and development while also contributing positively to society. It is a very strong business model in terms of setting values and has been shown to be highly effective.

Governance

COWIfonden follows the Danish Business Authority's recommendations on Foundation Governance (Anbefalinger for god fondsledelse) in a "comply or explain" model. COWI Holding is expected to follow the Danish Government recommendations on Corporate Governance (Anbefalinger for god selskabsledelse) in a "comply or explain" model.

The Charter

The Charter for COWIfonden was drawn up in 1973 at the foundation's inception. This legally required document outlines the Foundation's scope and guiding principles, reflecting the founders' intentions for the business's operation. Charters are difficult to amend because they embody the founders' express wishes. Minor changes require a two-thirds majority vote from the Board of Directors of COWIfonden, all major amendments must be approved by the Danish Business Authority and/or Department of Civil Affairs. Although operational methods may evolve over time, the core values enshrined in the Charter must remain intact.

The Charter may be read on the website at COWIfonden Governance.

The two key requirements of the Charter are as stated in Article 2:

Sub-article 1

The Foundation shall support and expand COWI Holding A/S and its subsidiaries (hereafter collectively called "the COWI Group").

Sub-article 2

The Foundation shall operate with a view to strengthening the reputation of Danish engineering activities.

The Charter also provides further guidance as to how it should operate and how it seeks to interact with COWI Holding which is elaborated further in this document. Central to the operation of COWIfonden is Article 8 of the Charter which sets down the requirements for the Board of Directors.

This Active Ownership document sets down how these requirements are executed by COWIfonden in the following sections.

Article 8 Sub-article 1

Through its Board, the Foundation shall contribute to the greatest possible stability and continuity of the principles and guidelines that have formed the basis for the activities and development of the COWI Group, thereby ensuring the COWI Group optimum conditions to remain among the leading Danish businesses providing consultancy services in future. In this connection, efforts shall be made to ensure that the accumulation of the Foundation's assets keeps pace with the financial development in the COWI Group, including with a view to meeting the obligations in relation to employee shares.

Sub-article 2

While maintaining the principles and guidelines, efforts shall be made to ensure that the company is abreast of developments at all times and participates actively by launching new initiatives. Accordingly, the Board of the Foundation shall, by exercising its voting rights at COWI Holding A/S' general meeting and by electing members to COWI Holding A/S' Board of Directors, seek to ensure in the best possible way the continuation of the COWI Group in accordance with the above guidelines. Likewise, within the framework of the Charter, the Foundation shall work to promote the interests of the COWI Group and maintain it as a good place to work for the employees by exerting influence through its shareholding in COWI Holding A/S.

The role of the Foundation and its Strategic Goals

COWIfonden's role is to act as the responsible and engaged owner of the COWI Group in accordance with the terms of the Charter. In order to facilitate this role, COWI Holding has been set up to provide the overall strategic control and guidance of all COWI Group companies. Recommendations for candidates for Board positions in COWI Holding A/S will be made in close cooperation with the Chair of the Board of COWI Holding A/S in accordance with the procedure laid down in the rules of procedure for recommending and selecting members of the Board of COWI Holding A/S.

Day to day management and execution of strategy of the COWI Group is determined by the Executive Board (EB), which are appointed by COWI Holding.

Through the appointment of the Board of Directors of COWI Holding, COWIfonden gives COWI Holding operational control of the COWI Group. COWIfonden does not interfere with this operational control but this document sets down those items, referred to as Owner's Affairs, where engagement by COWI Holding with COWIfonden is required. The collaboration between COWIfonden and COWI Holding is primarily through dialogue between the two Chairs and in the quarterly Board Meetings of COWIfonden where the Chair of COWI Holding and senior members of the Executive Leadership Team are invited. The details of the collaboration between the Chairs, as given in the Rules of Procedure, are contained in the Appendix.

By virtue of its Charter, COWIfonden provides support for the continued growth of COWI and support to Danish engineering activities through its donations.

¹ Note that the Charter refers to COWI Holding A/S and its subsidiaries as the COWI Group. This terminology has been used when referring to matters related to the entirety of the COWI Group and not specifically COWI Holding A/S.

By virtue of its Charter, COWIfonden provides support for the continued growth of COWI and support to Danish engineering activities through its donations. The methods for achieving this are outlined in the following sections. The impact of this on the long-term value of COWI is reviewed in the section Long term value creation.

Support of COWI's growth

COWIfonden supports the continued growth of the COWI Group¹ allowing it to remain among the leading Danish businesses providing engineering consultancy services, in accordance with the Charter (Article 8, Sub-article 2). At the time of writing of the Charter in 1973, COWI was very much a Danish-centric business. By virtue of maintaining its leading position, COWI has become recognised as a leading international consultancy, and therefore COWIfonden expects the COWI Group to be a leading international business providing engineering consultancy services.

The word "growth" shall be read as both growth in financial development and in technical capability.

The word "leading" is taken to mean that COWI is expected to be at the forefront of those core market areas where it works and is actively involved in the development of associated knowledge and technology. The measure of what constitutes

"leading" is recognised as being difficult to assess owing to its subjective nature. Nevertheless, it is important that COWI Holding seeks to address this on an annual basis.

COWIfonden is further able to give financial support to COWI Holding.

In accordance with its Charter, COWIfonden must retain the majority of the vote at all times within its shareholding of COWI Holding. It is expected that at least 20% of COWI employees will be shareholders in COWI Holding by 2030.

Support to research and development

The provision of funding to research and development is vital for the success of the Danish and associated international engineering communities. Although COWIfonden's contribution can only ever be a fraction of the overall effort, it is vital that COWIfonden continues to provide the support to the engineering industry at large and helps to set the direction of travel of research and development. This support also assists the COWI Group in maintaining thought leadership and promoting the growth of the business as COWI stays at the forefront of engineering, architecture, energy and environment.

COWIfonden has approved a proactive donation policy in 2024 that sets out those areas of research and development considered to be important for the future of engineering practice. This list of key research areas is dynamic and COWIfonden seeks to engage regularly with COWI Group's technical leadership and relevant external parties such as leading universities and similar research institutions to ensure alignment of areas of research and development.

Owner's Affairs

COWIfonden is the ultimate owner of COWI Holding. However, it is not an operational entity, but is appointing the members of the Board of Directors of COWI Holding to be responsible for the overall direction and strategy of the company. The day-to-day operation is controlled by the Executive Leadership Team, led by the Group CEO, who reports to COWI Holding directly and indirectly to COWIfonden through attending the quarterly Board Meetings with the Chair of COWI Holding. The Board of COWI Holding reports to COWIfonden through the quarterly meetings between the two Chairs, as set down in the Appendix. Ad-hoc meetings may be arranged to consider extraordinary items as determined by the Chair of the Board or when requested by a member of the Board.

It is requirements of the Charter that COWI remains an "independent consulting company" in a contemporary interpretation of this profession. This is in keeping with the Charter. It is a requirement for COWI to remain among the leading Danish and International businesses providing consultancy services.

The charter also stipulates that efforts shall be made to ensure that the company remains abreast of technical developments at all times and participates actively by launching new initiatives.

COWIfonden is required, by exercising its voting rights at COWI Holding A/S' general meeting and by electing members to COWI Holding's Board of Directors, to ensure in the best possible way the development of the COWI Group in accordance with the above guidelines. Likewise, within the framework of the Charter, the Foundation shall promote the interests of the COWI Group and maintain it as a good place to work for employees by exerting influence through its shareholding in COWI Holding A/S.

COWIfonden expects that wherever COWI Holding operates it must remain compliant with COWI Group's values, and is required to deliver sustainable and high-quality engineering solutions.

In the preparation of the COWI Holding strategy the Foundation expects to be adequately informed and consulted during the process to secure compliance with values and vision.

In order to act in accordance with the will of the founders, as expressed in the Charter, the Foundation has defined in this document those matters that are considered as Owner's Affairs, meaning those decisions implementing a change, with an expected significant material impact, on the COWI employees, the enterprise value, business ethics or branding of the Group. This provides a clear statement to the Board of COWI Holding when engagement is required with the owners. These are drawn from the Rules of Procedure for both COWIfonden and COWI Holding

COWIfonden expects that wherever COWI Holding operates it must remain compliant with COWI Group's values, and is required to deliver sustainable and high-quality engineering solutions.

Changes requiring prior approval

In order to act as a responsible owner, COWIfonden shall be informed in a timely manner when decisions regarding Owner's Affairs are considered by COWI Holding. For major material changes, COWIfonden must be consulted prior to any changes and shall take place in a timely manner enabling COWIfonden to comment on and influence on the decisions being made. The following circumstances are examples of major material Owner's Affairs requiring prior approval by the Foundation:

- Changes to the business strategy and any other changes such as material changes in the business model, client base, and service portfolio, as it affects COWI remaining among the leading Danish and international businesses providing selected services such as engineering, architecture, energy and environment consultancy services.
- Financial covenants addressing the dividend policy of the owner
- Changes to the management of the risk profile of the company
- Mergers and acquisitions, of a material size that affects the direction of the company
- Changes of the Executive Board.
- Major organisational changes that will affect a significant number of employees
- Use of COWI shares in incentive programmes and acquisitions
- Remuneration of the COWI Holding Board

When a decision requires endorsement by the Foundation, the Foundation must be informed in a timely manner that allows the Foundation to enter a dialogue with COWI Holding to be able to adjust, where necessary, and validate the decision.

Changes requiring prior notification

The following circumstances are examples (non-exhaustive) of Owner's Affairs, where the Foundation should be informed in a timely manner but does not necessarily require endorsement of the Foundation:

- Actions proposed in response to employee satisfaction
- Material changes in internal guidelines and policies related to people strategy, business ethics and company values
- Material cases regarding business ethics and company values, even when not of material consequence for the entire company
- Material increases in business risks (e.g., financial, ethical, reputational, compliance risks)



COWI Employees and a good place to work

In Article 8, the Charter stipulates that COWIfonden shall secure that COWI is a good workplace. COWIfonden considers this by setting a strategy for investment in R&D which supports COWI's aspirations to continue being a leading consultancy that offers a professionally inspiring workplace. This will assist support for staff to help COWI develop its vision and provide engagement for staff.

Accordingly, COWIfonden expects to be apprised of the results of engagement surveys and other data that explain employees' engagement level. It also expects to be informed of any material actions taken to improve COWI's position as a good place to work

COWIfonden wishes to share the ownership of COWI with all its employees and is extending the employee share programme to increase the availability of the shares.

COWIfonden wishes to share the ownership of COWI with its employees and has established an employee share programme. It is expected that all employees will be able to purchase shares in those countries where such schemes are permissible within the legal jurisdiction.

In support of this, COWIfonden has set a requirement to maintain its overall capitalisation to meet shareholder requirements. This is considered to provide ample coverage to protect the employee shareholder value should shareholders wish to sell their shares. The amount is reviewed annually.



Business and Reputational Risks

COWIfonden expects the COWI Holding Board of Directors to ensure that all material risks are assessed, managed and mitigated at an acceptable level. It expects that adequate training is provided to assist staff in understanding the ethical requirements for fair business practice. COWI Holding shall at all time work to protect the reputation of the brand, and demonstrate how it educates its staff on business ethics, ensuring that COWI employees are fully aware of their obligations to uphold COWI's values.

COWI Holding is expected to provide COWIfonden with details of its overall risk assessment of the state of the business so that COWIfonden can meet its obligations to employee shareholders. It is also required to be apprised of changes to specific major risks, including litigation and liquidity.

Long term Value Creation

The Charter articulates the obligation for COWIfonden supporting the growth of COWI. This includes the development of the value of COWI as set down below.

Technical Excellence

The Foundation expects COWI to maintain its position as a leading consultancy of high technical excellence. In support of this, COWIfonden provides funding to open science research and development within selected areas of engineering in accordance with its Charter. To foster this long term value development COWIfonden and COWI Holding shall engage in defining those priority areas of research and development that provide the opportunity for technical growth.

Contributing to Society

The Foundation expects COWI Holding and the COWI Group companies to be viewed as a good corporate citizen in all countries of operation, and their conduct and transactions must comply with good corporate governance.

COWI Holding is expected to adhere to relevant international best practice in this respect, including active membership of UN Global Compact and similar initiatives, as well as taking the lead in environmental and social reporting.

Long-term financial value

The Foundation expects COWI Holding to prioritise long-term economic value creation by:

- strong annual cash flow, strategic growth, and healthy return on invested capital
- steady operating margins, among the best compared with relevant peers
- setting conservative gearing targets for our financial exposure, understood as the inner book value

The Foundation is prepared to accept short-term shortfalls in profitability, for example because of extraordinary market downturns or organisational or skills development activities – if justified by resulting in long-term employee, strategic or financial benefits.

The Foundation is also prepared to discuss shorter-term shortfalls in equity ratio levels, for example regarding large acquisitions or development of innovative services – if justified by the resulting long-term strategic or financial benefits. This includes increasing the diversity of minority shareholders.

Acceptance of short-term shortfall in equity ratio levels requires a plan for restoring the level to the normal required levels. The plan shall be approved by COWIfonden prior to implementation.



Distribution of the profit and its use within COWI

The share dividend shall be agreed annually between COWI Holding and COWIfonden. It is expected to increase year over year, based on increasing shareholder value and EBIT, and a target of 50% of the net profit has been set by COWI Holding in its 2024 Annual Report.

COWI Holding is requested to inform COWIfonden about how it is using its retained profit.



Reporting

Group Interim Reports, Group Annual reports and Foundation Annual Reports serve as formal elements in the reporting among the Governance levels.

COWifonden expects COWI Holding to inform COWifonden through formal reporting about the status within the following areas:

- Compliance with the Charter
- Planned and completed acquisitions and divestments
- Development of the Employee Share Programme
- Partner update to shareholders
- Results of engagement surveys
- Compliance with COWI Holding's published strategy
- Peer review analysis
- Annual budgets for research and development activities
- Prioritised areas for research and development activities

Appendix

Collaboration between the Foundation and the Holding Board of Directors

This is an extract from the Rules of Procedure for both COWIfonden and COWI Holding.

Collaboration between the Boards of COWIfonden and COWI Holding is primarily arranged through the quarterly meetings between the respective Chairs prior to the COWIfonden Board Meetings. An additional Board to Board meeting is held on an annual basis to help foster a common understanding of each boards' activities and interests. Members of the COWI Holding Board are encouraged to attend the COWIfonden Board of Directors Meetings on a rotational basis with the Chair.

The Chair-to-Chair meetings follow a standard agenda as defined in the Rules of Procedure of both Boards:

1. Dividend for the latest financial year, and any extraordinary dividend during the course of a year
2. Candidates for the Board of COWI Holding A/S, with reference to the work of COWIfonden's nomination committee.
3. Changes in the articles of association, including the remuneration policy for executive management and the implementation of this
4. Remuneration of the Board of COWI Holding A/S
5. Changes in the overall legal structure, strategy, or organisation of the undertaking
6. Major acquisitions or unusual measures, e.g., involving amounts that could commit more than half of the company's equity
7. Purchase of class B shares by COWIfonden
8. Plans for strategic donations from COWIfonden
9. New legislation or changes of practice of material significance

Other business relating to the requirements of an engaged owner are reviewed at the meeting. The Chairs exchange a note to summarise the content of the meetings as an aide memoire and a record for both Boards of Directors.



COWIfonden
Parallelvej 2
DK-2800 Kongens Lyngby
Denmark

CVR No. 50 49 78 28

cowifonden@cowifonden.com
cowifonden.com

COWI
fonden