



# COWI's climate transition plan

Our decarbonisation journey

2024

COWI

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# Message from the Executive Board

At COWI, we recognise that urgent action is needed to mitigate and adapt to the effects of climate change. As part of our climate ambitions, we are dedicated to driving more sustainable practices within our own operations and to support our customers' sustainability journey. We want to lead by example and drive positive impact by embedding environmental management, social responsibility and good governance into our business practices.

As a global engineering and consulting business, we support our customers to solve significant challenges of our time and transition to a more sustainable future. This is integral to our strategy, FUTURE-NOW. We offer solutions within three market priority sectors: Infrastructure, Buildings and industry, and Renewable energy.

Equally important to us is to ensure order in our own house. We want to significantly reduce our emissions and we have set validated science-based targets to be net-zero by 2050 for the entire Group. To achieve this, we are taking action to reduce our environmental footprint and strengthening our climate governance.

Our Climate Transition Plan consolidates all our climate-related activities into one comprehensive document, serving as our strategic action plan. It demonstrates our commitment to addressing climate change and enhancing transparency in our decarbonisation journey towards 2030 and net zero by 2050 in line with the Paris Agreement. Our progress made on our journey is disclosed annually as part of our integrated annual report.



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# Our climate targets

We commit to reducing our absolute Scope 1 and 2 greenhouse gas (GHG) emissions by 42% and our Scope 3 emissions by 25% by 2030, compared to 2022 levels. We also commit to reaching net-zero GHG emissions across all scopes by 2050. Our targets are validated by the Science Based Targets initiative (SBTi).

## Scope 1 and 2



**42%**

## Scope 3



**25%**

## Net zero



**>90%**

reduction by 2030

reduction by 2050



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# Governance

The Board of Directors is responsible for the overall management of the COWI Group. The Board of Directors holds overall responsibility for ESG matters, ensuring that environmental, social and governance principles are integrated into our strategy and operations, as well as having oversight of our climate ambitions and strategy and progress against targets. In addition, the Board of Directors provides the final approval of our double materiality assessment as shown in our annual report, including our climate related impacts, risks, and opportunities (IROs). Strategic sustainability considerations are discussed at the Board of Directors' annual strategy seminar, and sustainability performance is a standing item at regular Board of Directors meetings.

The Executive Board consists of our Group CEO, the Group CFO and the Group CBDO, who are responsible for the day-to-day operations of the COWI Group in line with our strategic focus. The Executive Board oversees target-setting and performance on several non-financial

KPIs, including greenhouse gas emissions from air travel. These are presented to the Board of Directors on a quarterly basis. Lastly, the Executive Board formally approves the ESG roadmap, resourcing and certain ESG deliverables, including this Climate Transition Plan.

The ESG Steering Committee defines operational conditions and oversees progress of the ESG Integration Programme, which includes climate strategy, carbon accounting and carbon reduction efforts. Each workstream is sponsored by a Steering Committee member at SVP level, accountable for policies, targets, action plans and resourcing.

This Climate Transition Plan has been reviewed and approved by the Executive Board. This plan will be supported by a detailed action plan to ensure implementation and evaluation of our initiatives under the management of SVP of Sustainable procurement and workplace services.



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# Our role in the green transition

At COWI, we recognise that urgent action is needed to enable the green transition. We are committed to offering our customers informed options through our consultancy services to drive change towards a more sustainable and liveable world. We are dedicated to addressing pressing environmental, social, and governance (ESG) issues, both through our services and the behaviour and actions we are taking as individuals and as a company.

Our commitment is grounded in our aspiration: We support our customers' transition towards increased sustainability. We strive to lead by example by embedding environmental management, social responsibility, and good governance into our business practices and the options we provide to our customers.

## Our customers' projects: leveraging expertise and co-creating more sustainable solutions

We focus on providing options and guidance to our customers in line with their sustainability ambitions. We have identified four focus areas to help improve our customers' environmental and social performance through our consultancy services: biodiversity, climate change adaptation and mitigation, circularity, and social value. We will collaborate with our customers and partners to find meaningful ways to disclose the potential impact of our services. We commit to:



Supporting the transition to renewable energy by deselection of fossil fuel projects.



Prioritising co-creation with customers and partners who share our foundation of values.



Focusing on biodiversity, climate change adaptation and mitigation, circularity and social value in the consultancy we provide for our customers.

## Our services

The COWI Group's strategy FUTURE-NOW defines the most significant service areas where we want to support our customers in making informed choices to support sustainability. Namely, our three priority sectors. For each of these sectors, we have appointed a sustainability director who drives the sustainability agenda in line with our customers' ambitions. They will act across geographies with a heightened focus on their specific sector. They will ensure relevant initiatives and innovation are implemented effectively throughout the entire organisation, resulting in a more substantial impact, as well as support the integration of sustainability into major tenders.

This change will help us significantly improve our sustainability performance while keeping our capture rate high.

To further strengthen our impact, our solutions and services revolve around supporting our customers in three market priority sectors:

- infrastructure
- buildings and industry
- renewable energy

Within these sectors, we have specific focus areas as listed below. These key areas align with our commitment to sustainability by promoting renewable energy, reducing carbon emissions and adapting to climate change.



### Infrastructure:



There is a growing demand for more sustainable infrastructure and transportation. In addition, customers request new materials, designs and digital solutions to the benefit of the users; sometimes by building less but better. We have a very strong position in this growing market.

We will particularly focus on:

- Roads, major crossings, airports, and mass transit
- Water treatment and management
- Marine port facilities and coastal protection
- Environment and biodiversity
- Digital solutions.



## Buildings and industry:



Buildings frame all parts of our lives. How buildings are shaped influences how we experience a home, a place of work or a public institution, like a hospital. The layout of urban areas affects how we live together and commute between important locations in our lives. The impact of buildings goes further as the design choices offer opportunities to reduce our carbon footprint, e.g. by transforming or renovating existing buildings. Customers are looking for such options, and we can support them in transforming their aspirations into realities. Based on our key strengths, we will have a strong focus on:

- Large-scale urban development
- Transportation hubs
- Health and pharma
- Industry and data centres
- Public institutions



## Renewable energy:



The world is experiencing a massive energy transition from fossil energy to green fuels. We will particularly focus on:

- Offshore renewable energy
- District energy
- Carbon capture, utilisation and storage
- Green fuels
- Transmission, grid, pipelines and storage
- Energy from waste and biomass
- Hydropower, solar, onshore wind

# Our climate-related impacts, risks and opportunities

In alignment with the Corporate Sustainability Reporting Directive (CSRD), we have carried out a double materiality assessment, assessing both impact materiality (COWI's ESG impacts on people and the environment) and financial materiality (the

ESG risks and opportunities impacting COWI as a business). The primary objective is to identify material ESG topics for COWI, which serves as a basis for our ESG performance and reporting efforts going forward.

The following climate-related impacts, risks and opportunities were found material to us:

Impacts, risks and opportunities	Value chain location
COWI has a negative environmental impact through its own carbon footprint	Own operations and upstream
COWI is at risk of being de-selected by customers if we do not adequately manage our carbon footprint	Own operations
Through the delivery of services and design of solutions, COWI might inadvertently facilitate a negative climate impact	Downstream
COWI has an opportunity to increase its revenue from services to customers related to climate change mitigation services	Downstream
COWI has an opportunity to increase its revenues from services to customers related to climate change adaptation services	Downstream
COWI has an opportunity to increase its revenues from services to customers related to energy consumption, efficiency and optimisation	Downstream



We have assessed our resilience to our IROs vis-à-vis our strategy and business model by looking into how our identified climate risk may affect us in different climate scenarios in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

It is assumed, that as we transition to a lower-carbon and more resilient economy it will drive higher demand for renewable energy and energy-efficient technologies, with renewable energy sources (solar, wind and hydro) becoming the dominant components of the energy mix. Key technological advancements are also assumed to drive the transition to more renewable energy, and the rapid deployment and scale of these grid technologies are critical to meeting our climate targets. Our decarbonisation levers, as outlined below, will contribute to increase demand for renewable energy.

We have conducted a high-level analysis, by taking outset from the material transitional risk identified in our DMA. Going forward, we will mature our approach and assess physical risks and climate hazards. The transitional risk relates to our own operations, i.e. being de-selected by customers if we do not adequately manage our carbon footprint. However, we acknowledge that climate change adaptation poses both physical and transitional risks to our customers, also reflected by the adaptation services we provide today and that we categorise as an opportunity.

In all three scenarios (1.5° C, 3.0° C and 5.0° C), it is assumed that as the world experience increase in global warming, and if we do not manage our carbon footprint while the remainder of the society does, it may impact our business as customers may de-select us, which would negatively impact our revenue. With increasing temperature, we anticipate increased scrutiny by our customers that we take on responsibility to manage our carbon footprint and thereby there is an increase in risk of being de-selected. We thus need to stay on top of these developments and implement various risk responses, which would in this case be carbon footprint management and increased focus on reputational and customer management.

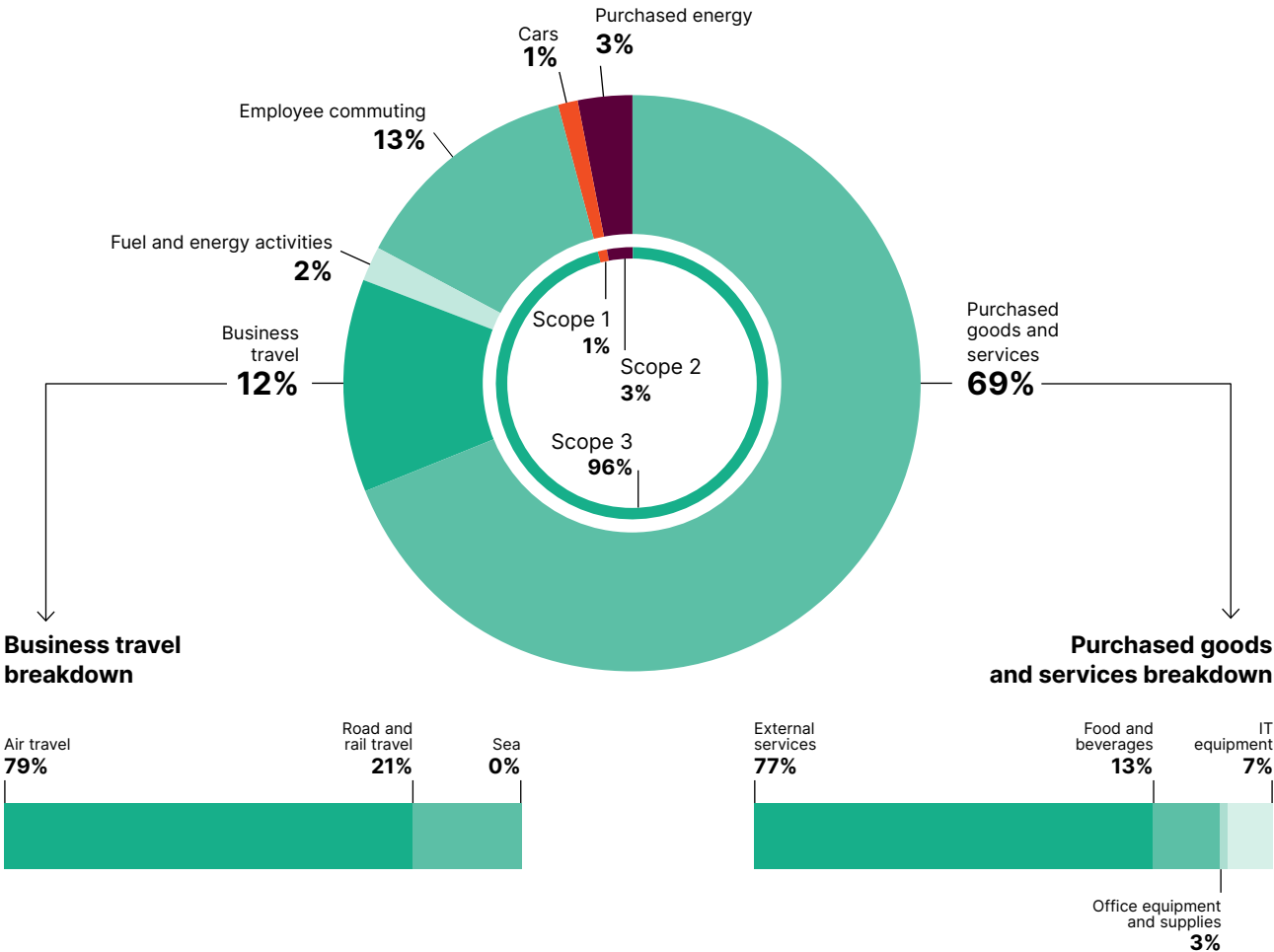
# Our decarbonisation journey

Our sources of emissions include Scope 1 emissions such as fuel combustion in vehicles and on-site energy production, Scope 2 emissions from purchased electricity, district heating and district cooling used across our facilities, and Scope 3 emissions encompassing

our broader value chain, including purchased goods and services, business travel and employee commuting.

Please find below an overview of our 2022 emissions, which is the baseline year for our carbon targets.

## Total 2022 emissions



# Decarbonisation levers

To address these emissions and meet our targets, we have identified the following decarbonisation levers:

## I Electrification

To achieve Scope 1 reductions, we must electrify our energy sources. This involves transitioning from fossil fuel-based energy sources to electricity for processes and activities that currently generate direct greenhouse gas emissions, such as cars and on-site energy production<sup>1</sup>.

## II Use of renewable energy

To address Scope 1 and 2 emissions, we must ensure that an increasing part of our energy consumption comes from renewable energy. We are committed to ensuring that 100% of our electricity consumption comes from renewable sources<sup>1</sup>.

## III Energy efficiency

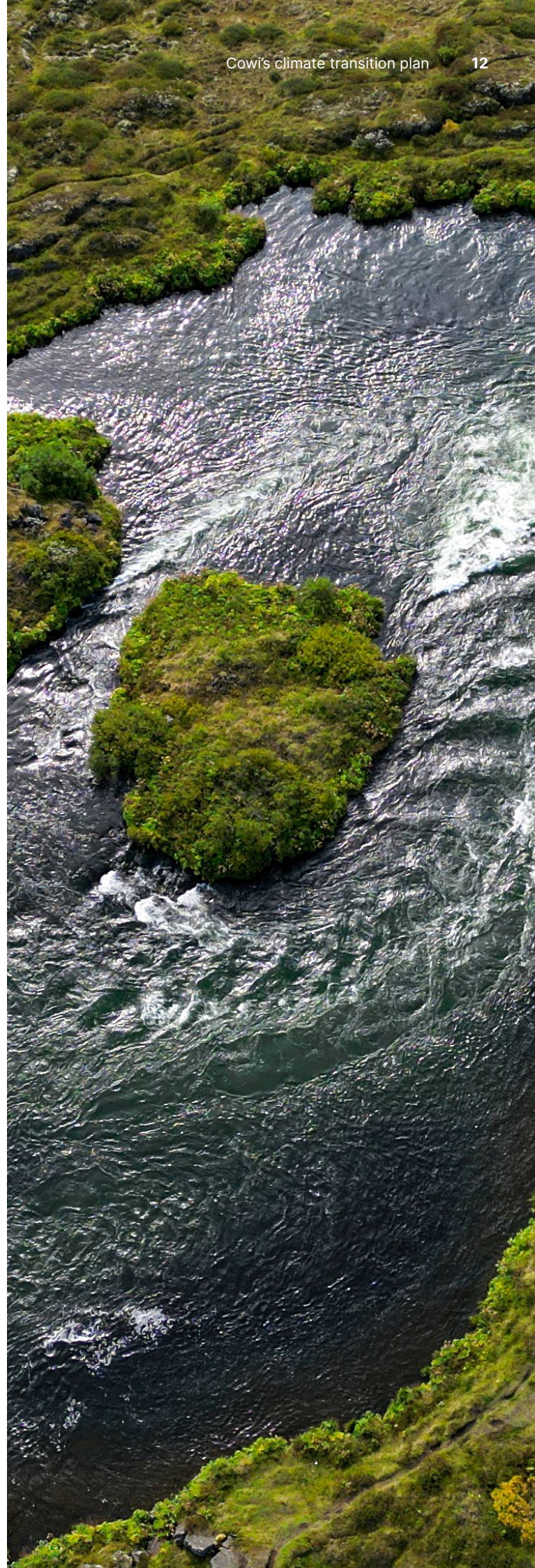
We must also enhance energy efficiency to address scope 1 and 2 emissions. This consists of reducing the energy consumption in our buildings and vehicle fleet, implementing energy savings and ensuring that our building and vehicle lease agreements align with our reduction journey<sup>1</sup>.

## IV Supply chain decarbonisation

Our major emission hotspot in scope 3 is centred around our purchased goods and services, especially the external services that we procure. Reducing these emissions involves engaging and setting requirements with suppliers to jointly reduce emissions while also taking internal action on conscious consumption of goods and services.

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<sup>1</sup> This will also impact our indirect Scope 3 emissions as we account for the upstream emissions from these energy sources.





## V Business travel management

We monitor our business travel since it is a significant scope 3 emission hotspot for us. These emissions are directly related to employee behaviour, which allows for direct management.

## VI Enabling lower CO<sub>2</sub> employee commuting options

This key scope 3 decarbonisation lever involves encouraging and enabling employees to adopt lower CO<sub>2</sub> commuting options, such as public transportation or cycling.

## Reaching net-zero




To ensure we reach our net-zero target by 2050, we will further implement our decarbonisation levers. In addition, as the wider society transitions to a lower carbon economy, it is assumed to drive higher demand for renewable energy sources, causing these to be the dominant components in the energy mix. After reducing emissions to the greatest extent possible, we expect to meet our net-zero target by acquiring high-quality carbon removal credits to neutralise up to 10% of our total baseline emissions, in line with the SBTi framework. As part of continuously updating our climate transition plan, we will closely monitor the development of carbon removal frameworks and technologies to guide our future decisions, and we will make use of our expertise in the area of carbon removal projects.



## Reduction initiatives



We have identified multiple reduction initiatives within each lever to ensure reaching our carbon targets. In the planning of our emissions reduction initiatives, we considered our expectations for organic growth in the Group, as this – all other things being equal – will lead to an increase in our absolute emissions over time.





The following table shows our identified reduction initiatives:

## COWI's carbon reduction initiatives

Decarbonisation Lever	Status	Next steps	Timeline
 <b>Scope 1</b> Cars			
I	<p><b>Electrification</b> After updating our company car policy in January 2024, all new company cars are to be electric vehicles.</p> <p>Our revised company car policy applies to supervision cars as well, and we only expect exceptions to the rule when it is practically infeasible to transition to an electric vehicle.</p>	<p>We expect a gradual transition from combustion engine company vehicles during the next few years as the current leasing agreements expire.</p>	By 2030.
 <b>Scope 1</b> Onsite energy			
II	<p><b>Use of renewable energy</b> COWI's office in India, was a major source of Scope 1 emissions related to an on-site diesel electricity generator.</p>	<p>After a relocation of the office in 2024, more renewable energy sources were available. However, the office still rely partially on diesel generators and we will explore the possibility of using a greener fuel alternative such as HVO100.</p>	By 2030.
 <b>Scope 2</b> Purchased electricity			
II	<p><b>Use of renewable energy</b> For existing lease agreements, we are encouraging landlords to install solar panels on the premises we rent, and several of our offices benefit from solar panels. Renewable electricity generation is also part of the list of requirements for potential leases.</p> <p>We have entered into two Power Purchase Agreements in Denmark to increase our share of renewable electricity while contributing to more renewable energy in the grid.</p> <p>We have also defined our ambition and roadmap to purchase market-based instruments to cover 100% of our electricity consumption.</p>	<p>Continue purchasing market-based instruments to cover 100% of our electricity consumption.</p>	By 2030.

Decarbonisation Lever	Status	Next steps	Timeline
 <b>Scope 2</b> Purchased energy			
 Energy efficiency	<p>We are working to reduce and optimise our energy consumption in the buildings we operate in by installing LED lights and motion sensors, monitoring and adjusting temperature and ventilation, circulating air rather than cooling, and collaborating with landlords to find ways to reduce energy consumption. Several of our leased offices are LEED (Gold or Platinum) or BREEAM certified, which typically indicate high standards of energy efficiency.</p> <p>In our real estate decisions and operations, we aim to prioritise energy-efficient options and use space optimally to avoid wasting energy, for example, through flexible seating arrangements.</p> <p>For other energy consuming operations, we are monitoring internal servers and reducing hardware in server rooms. By setting requirements for eco-rated equipment and exchanging inefficient appliances, we expect to achieve marginal energy reductions.</p>	<p>We can see the need for improved and smarter energy management through submeters and CTS systems in some locations where we do not have direct control of data, to better track patterns and identify improvement areas.</p>	<p>Ongoing efforts with no end-date.</p>

Decarbonisation Lever	Status	Next steps	Timeline
 <b>Scope 3</b> Purchased goods and services			
<b>IV</b> Supply chain decarbonisation	<p>We are improving our procurement practices by defining requirements to improve the sustainability performance of what we are procuring (e.g. ecolabels, energy rated equipment, extended lifespans).</p> <p>We have updated and extended the scope of our procurement policy, emphasising the role of environmental, social, and governance (ESG) considerations.</p> <p>Moreover, our code of conduct towards business relationships reflects our aim to achieve higher levels of responsible business practices.</p>	<p>We want to strengthen procurement requirements by standardising our selection criteria and requirements in key procurement categories.</p> <p>The external services we rely on represent COWI's biggest emission hotspot. This is an area that will need closer attention and exploration for improved data foundation and collaboration opportunities with our suppliers.</p> <p>We have assessed our top 50 suppliers from a CO<sub>2</sub>e emissions point of view on ESG risk and performance. We will integrate ESG assessments into our procurement process and will continue the process of assessing our most significant suppliers in 2025. As we believe we can achieve a bigger impact through collaboration, the results of these assessments will serve as a basis for further dialogue and improvement activities together with selected high-impact suppliers.</p>	Ongoing efforts.
 <b>Scope 3</b> Fuel and energy related activities			
<b>I</b> Electrification	By moving towards renewable fuel sources for cars and purchased electricity, we can consequently decrease the emissions in this category.	Continue focusing on the related scope 1 and 2 decarbonisation levers that will consequently impact this category.	By 2030.
<b>II</b> Use of renewable energy			

Decarbonisation Lever	Status	Next steps	Timeline
 <b>Scope 3</b> Business travel			
 Business travel management	<p>Our travel policy reflects environmental impact as a strong factor in travel choices. We have CO<sub>2</sub>e travel quotas to ensure that we travel in line with our reduction targets.</p> <p>Through regular monitoring of air travel emissions, we keep track of progress at various levels across COWI and can take mitigating diversions or negative trends if necessary. Furthermore, a flight dashboard is available for managers for easier tracking on team or department level.</p> <p>Furthermore, business travel emissions also constitute one of our KPIs towards our sustainability credit facility agreements.</p>	<p>Continue to closely monitor our internal CO<sub>2</sub>e travel quotas and adherence to the travel policy.</p>	Ongoing efforts.
 <b>Scope 3</b> Employee commuting			
 Enabling lower CO <sub>2</sub> e commuting options	<p>We have EV chargers at some of our office locations to enable commuting with electric vehicles.</p> <p>In case of relocation projects, one of our core principles is choosing offices closer to public transportation.</p>	<p>We will focus on incentivising and encouraging employee commuting options that have a smaller CO<sub>2</sub> footprint.</p> <p>We will also review to what extent we can continue rolling out EV chargers in our office locations.</p>	Ongoing efforts.



## Financing the transition

We have invested in our current actions to reduce our emissions. We expect our future actions above to require larger investments. We do not foresee any implications in our ability to implement our actions due to the availability and allocation of resources.

## Going forward

We will review the climate transition plan on an annual basis, to ensure it stays up to date. Annual progress on our carbon emissions targets and carbon reduction actions is published in the our annual report available at [COWI.com](https://www.cowi.com). In parallel, our internal action plan will be assessed and updated on an annual basis.

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