

# CORPORATE SOCIAL RESPONSIBILITY REPORT 2020

COMMUNICATION OF PROGRESS  
- OUR ACTIVITIES IN 2020  
- OUR FOCUS IN 2021

# Communication on Progress 2020

## 1. Leadership Commitment

### 1.1. Introduction

Sustainability is at the core of DHI. We focus our business on finding new ways to use, manage and live with water, and to protect water-related environments. We support the UN Sustainable Development Goals through our work with organisations all over the world.

In 2013 we joined the United Nations Global Compact. All our activities are aligned to meeting fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption.

The UN Global Compact is a guiding framework for us to:

- Carry out Corporate Social Responsibility (CSR) initiatives within DHI Group and ensure that our business partners support and are in line with the Compact's principles.
- Communicate effectively with the world around us – because upholding social responsibility and conveying its importance in the work that we do, matters.
- Maintain a meaningful dialogue with our staff, clients and external business partners.

This report describes the actions we have taken to implement the UN Global Compact principles. We are pleased to reaffirm this commitment from DHI. We endeavour to unceasingly improve the integration of the Global Compact and its principles into our business strategies, culture and daily operations.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Mette Vestergaard', written in a cursive style.

Mette Vestergaard  
Chief Executing Officer

## Communication on Progress 2020

### 2. Corporate Social Responsibility – in DHI Group

#### 2.1. About us

Our commitment to sustainability remains consistent across all DHI A/S businesses. In everything we do within sustainability, we work with these principles in mind:

- DHI A/S is committed to ensuring that our business practices are safe, responsible and transparent, in accordance with our core values and the principles of the UN Global Compact on human rights, labour rights, environment and anti-corruption.
- We define corporate sustainability as working systematically to reduce negative and enhance positive impacts on people, society and the environment, and as seeking to leverage these efforts for risk mitigation, competitive advantage and business growth.
- We further aim to unlock growth for society and DHI A/S by leveraging the core strengths of our businesses to address global challenges through innovation.

#### United Nations Global Compact

At DHI, we support the UN Global Compact – an initiative that encourages the adoption of sustainable and socially responsible policies. We subscribe to its ten principles in the areas of human rights, labour, the environment and anti-corruption.

[The principles on Human Rights and Labour](#) are supported by policies and specifications in our certified DHI Business Management System.

[The principles on Environment](#) are at the heart of our mission, vision and are directly a part of our quest.

[The principle on Anti-Corruption](#) is integrated with our business integrity policy and is a key CSR focus for us.

We subscribed to the UN Global Compact program in 2013 and have provided a yearly Communication on Progress (COP) since then.



## Communication on Progress 2020

### 2.2. Our business

#### Our fundamentals

Our fundamentals are our key values, our mission and our vision.

#### Our quest

We are on a quest – to solve the world’s toughest challenges in water environments.

#### Our profile

DHI are the first people you should call when you have a tough challenge to solve in a water environment – be it a river, a reservoir, an ocean, a coastline, or an aquifer.

Our knowledge of water environments is second-to-none. It represents more than 50 years of dedicated research and real-life experience from more than 140 countries. We strive to make this knowledge globally accessible to clients and partners by channeling it through our local teams and unique software.

Our world is water. So, whether you need to save water, share it fairly, improve its quality, quantify its impact or manage its flow, we can help. Our knowledge, combined with our team's expertise and the power of our technology, holds the key to unlocking the right solution.

#### Our values

##### **We are at the forefront of technical excellence**

Through research, development and innovation (RDI), we constantly strive to advance our knowledge and offer services and products which are at the forefront of technical excellence. We constantly invest in our scientifically backed solutions to solve the challenges of tomorrow. Our continuous RDI is the foundation of our organisation.

##### **We are an independent and trusted advisor**

We are an independent, private, not-for-profit, foundation-owned company with financial management subjected to third party audits. Our independence allows us to use our technical expertise to provide unbiased information, enabling our clients to make responsible choices and protect their water environments.

##### **We exhibit integrity in everything we do**

Integrity is a cornerstone of our work. To ensure the high-level of integrity for which we are known, we have integrated the International Federation of Consulting Engineers (FIDIC) Code of Ethics into our DHI Business Management System (DHibus).

##### **We share our knowledge and technology**

We strive to make our knowledge and technology available to clients worldwide through our local network of offices and partners. Our MIKE software products help our customers develop locally sustainable solutions, while courses from THE ACADEMY by DHI ensure the continued accessibility of our knowledge.

##### **We encourage freedom with responsibility**

Our flat structure and flexible working environment allow creativity to flourish. By delegating responsibility, we empower our staff to lead, decide and act. Giving our staff this freedom encourages initiative and innovation.

##### **We develop innovative solutions**

We understand the value of water and our people are passionate about our work. This passion attracts the best talent, ensuring the continued high quality of our solutions. Our employees think outside the box to develop innovative solutions for our clients.

##### **We use our global knowledge to develop local solutions**

Each and every person in our offices around the globe is part of one team working together to solve some of the world’s toughest water challenges. We use our accumulated global knowledge to develop locally relevant solutions, allowing our clients and colleagues to tap into our global experience and expertise.

##### **We help you build capacity**

By sharing our knowledge with our clients, we help them build capacity to overcome their unique water challenges.

## Communication on Progress 2020

### 2.3. Risk related to Corporate Social Responsibility

DHI operates in a highly competitive and rapidly changing global marketplace. In order to sustain profitable growth, DHI considers risk management a necessity and has adopted a structured approach to address this area. In DHI, risk management contains four elements: risk identification, risk assessment, identification of mitigating actions and risk reporting.

DHI identifies risk using a combination of a bottom-up and a top-down approach. Key risks are initially identified within each business unit using a SWOT analysis and reported to Group Management together with information on what has been done and what is intended to be done. High risks are aggregated, and a broad list presented in an annual risk report and challenged by Group Management and finally the Board of Directors.

The main risks related to CSR are presented below:

Risk Category	Risk Mitigation
<p><b>Human Rights</b></p> <ul style="list-style-type: none"> <li>• Gender equality</li> <li>• Wages and benefits</li> <li>• Fair compensation</li> <li>• Non-discrimination</li> <li>• Harassment</li> </ul>	<p>DHI has corporate policies for human rights that support and respect the protection of internationally proclaimed human rights.</p> <p>We work actively with equality and inclusion throughout our business.</p> <p>We promote gender equality and has set targets for top management.</p> <p>Our compensation packages are externally benchmarked to ensure that we comply with market levels.</p> <p>DHI has a whistle-blower policy to promote non-discrimination and avoid any kind of harassment.</p>
<p><b>Labour</b></p> <ul style="list-style-type: none"> <li>• Freedom of association and collective bargaining</li> <li>• Forced labour</li> <li>• Child labour and young workers</li> <li>• Non-discrimination</li> <li>• Staff health &amp; safety</li> <li>• Staff security</li> </ul>	<p>DHI has corporate policies that address labour rights and health &amp; safety.</p> <p>We uphold the freedom of association and abandon any form of forced labour and child labour.</p> <p>We do not practise any form of discrimination in hiring and employment practices.</p> <p>We work actively with health and safety at all organisational levels in the organisation, and we comply with all applicable health and safety legislation as a minimum.</p> <p>We have processes in place to ensure that our staff stay protected while travelling.</p> <p>Proactive measures are taken to protect staff against pandemic outbreaks etc. through committed leadership, digital tools and flexible planning of work.</p>
<p><b>Environment</b></p> <ul style="list-style-type: none"> <li>• CO<sub>2</sub> and pollution prevention</li> <li>• Chemical substances</li> <li>• Waste management</li> </ul>	<p>We conduct our operations in an environmentally sound manner and apply risk and impact assessments.</p> <p>We actively seek to avoid or reduce any waste and minimise our CO<sub>2</sub> footprint. We strive to use resources such as water and energy in the most efficient way.</p>



## Communication on Progress 2020

Risk Category	Risk Mitigation
<p><b>Business Ethics</b></p> <ul style="list-style-type: none"> <li>• Business ethics and Code of Conduct</li> <li>• Tax and legal compliance</li> <li>• Anti-corruption</li> <li>• Data and IP protection</li> <li>• Cyber security</li> </ul>	<p>DHI conducts business in compliance with legal requirements.</p> <p>Our business practices are transparent and in accordance with the International Federation of Consulting Engineers (FIDIC) Code of Ethics.</p> <p>Our responsible business practices and Code of Conduct is up to date and communicated to all employees.</p> <p>Our whistle-blower policy and reporting tool is publicly available from the DHI website enabling employees and other stakeholders to ‘blow the whistle’ if they become aware of or suspect that unlawful activity is taking place in the company.</p> <p>We protect data and privacy in compliance with the EU regulation: General Data Protection Regulation (GDPR) in all our business unit – inside and outside the EU.</p> <p>We are working actively to prevent cyber-crime and to protect our intellectual property.</p>

The main drivers for DHI’s actions on CSR are business related. Employee recruitment and retention issues are important focus areas. Thus, failing to implement and preserve sound social responsibility may impact our attractiveness as an employer and consequently put our business at risk if we are not fully equipped to meet our customers’ demands.

As such, the main risks identified in relation to CSR are related to company brand and reputation.

### 2.4. Due diligence processes and the use of non-financial KPIs

The overall business risks are monitored on a continuous basis. Quarterly reviews are held with all local subsidiaries, where business risks and mitigation actions are reviewed. All new staff are introduced to DHI’s core values and CSR policies, and policies and any incidents are also discussed with employee representatives on a quarterly basis.

An independent Audit Committee has been established by the external Board of Directors, overlooking the overall policies and risk management for the DHI Group. This is closely coordinated with the external audit of the annual accounts by the Group Auditors.

Several KPIs have been established to monitor progress on the implementation of the CSR policies. This includes reporting on health and safety, gender equality, fair compensation, tax & legal compliance and DHI’s environmental exposure.

# Communication on Progress 2020

## 3. Human Rights

### Principles of the UN Global Compact

- 1: Businesses should support and respect the protection of internationally proclaimed human rights.
- 2: Make sure that they are not complicit in human rights abuses.

### 3.1. Policy and Commitment

The human rights and well-being of DHI employees is a focus area in all work processes. DHI acknowledges the requirements of The Universal Declaration of Human Rights and The United Nations Convention against Corruption, and we ask of all our employees that they work actively to ensure continued compliance in all their work.

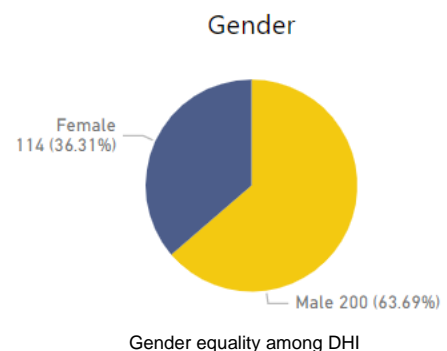
In all aspects, DHI respects and acknowledges cultural difference and disassociates itself with discrimination based on race, religion, gender, age, nationality or sexual orientation.

DHI places high priority on a sound and healthy work environment, as it is a precondition for flexibility, adaptability and personal development.

### 3.2. Diversity – Board members and other Management Levels

DHI wants to attract the best employees within our field, irrespective of gender, religion, or ethnical background. DHI aims to create an international work environment, and the share of international employees in Denmark is 24%.

Our aim is that the gender equality in the Executive Board and external Board of Directors should reflect the gender equality among staff. Women account for 36% of all staff in Denmark and for 44% of the Executive Board and external Board of Directors.



### 3.3. Implementation and Performance

DHI fulfils the responsibility of securing the rights of our employees. We ensure this by taking various measures:

- We offer all our employees a health insurance package.
- We have established a DHI corporate whistle-blower portal (link) giving employees and other DHI stakeholders the opportunity to submit anonymous or non-anonymous reports related to serious concerns like bribery, embezzlement, violation of human rights and labour principles, accounting fraud or other circumstances which have resulted in substantial injury or environmental damage.

DHI has not been subject to any investigations, legal cases or incidents involving human rights violations in 2020.

### 3.4. Progress in 2020

In 2020, we have improved the awareness of the human rights throughout the DHI Group by:

- Promoted our whistle-blower scheme towards all staff.
- Conducted equal pay gap analysis in our large business units.
- Establishing target-setting of gender representation at management levels.

## Communication on Progress 2020

### 3.5. Focus in 2021

In 2021, we will continue our focus to increase awareness of human rights throughout the DHI Group by:

- Secure that equal gender representation is always considered when hiring staff.
- Using gender-neutral terms and avoid discrimination against race, age, culture and people with disabilities and medical conditions in our communication.
- Continue to update all Group policies with gender-neutral language and continue to focus on using non-discriminatory language in job advertisements and job interviews.

## 4. Labour

### Principles of the UN Global Compact

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

### 4.1. Policy and Commitment

DHI supports and protects human and labour rights both in the workplace and more broadly in all our business activities. All employees and workers are to be treated fairly, with dignity and respect.

DHI acknowledges the requirements of the International Labour Organization's conventions and declarations, including the Rio Declaration on Environment and Development, convention no. 155, as well as the Declaration of Fundamental Principles and Rights at Work.

#### Freedom of association and collective bargaining

DHI recognises and respects the rights of employees to freely associate, organise and bargain collectively. In situations where the right to freedom of association and collective bargaining is restricted under law, DHI allows workers to freely elect their own representatives.

#### Forced labour

DHI prohibits any use of forced, bonded, indentured labour, or involuntary prison labour. All work, including overtime work, shall be voluntary and workers shall be free to leave work or terminate their employment with reasonable notice. DHI will not mandate that workers hand over government-issued identification, passports, or work permits as a condition of employment.

#### Child labour and young workers

DHI works against all forms of child labour. DHI does not employ children below the minimum age of employment or the age for completing compulsory education in that country, whichever is higher. DHI does not employ any young workers under the age of 18 to perform any work that is likely to be hazardous or harmful to their health and safety.

#### Non-discrimination

DHI does not practise any form of discrimination in hiring and employment practices including access to training, promotions and rewards on the grounds of race, colour, religion, gender, sexual orientation, age, physical ability, health condition, political opinion, nationality, social or ethnic origin, union membership or marital status.



## Communication on Progress 2020

### Health and safety

DHI ensures a safe and healthy workplace or any other location where production or work is undertaken. Appropriate health and safety information, training and equipment is provided to all workers.

### Wages and benefits

DHI pays all workers at least the minimum wage required by applicable laws and regulations and provide all legally mandated benefits. All employment conditions, including compensations, working hours, vacation time, leave periods and holidays must be consistent with applicable laws and regulations, especially mandatory industry standards.

## 4.2. Implementation and Performance

DHI's Code of Conduct for partners and subcontractors form the basis for diligent and proper conduct of business co-operation. DHI expects all suppliers and subcontractors to share the fundamental principles of DHI's responsible sourcing standards and that they meet and comply with the requirements of UN Global Compact.

As part of the documented DHI business management system, we have developed a Health & Safety process that covers all activities that are required to ensure a healthy and safe working environment, e.g. optimal work conditions for employees, prevent workplace accidents, job risk assessments.

DHI employs more than 1,000 people located in three different geographical areas (Asia-Pacific, Europe and North & South America) with offices in more than 25 countries.

Since the implementation of our Health & Safety process in 2012, no serious incidents have occurred (defines as life threatening personal injury/illness and/or major damage to property or the environment).

Individual development plans and performance & development dialogues have been carried out for all employees in all offices.

DHI is monitoring absence related to sickness on a monthly basis to be able to react if a negative trend is discovered.

## 4.3. Progress in 2020

In 2020, we have:

- Implemented requirements for assessing health and safety risks in the tender phase (bid/no-bid decision) and in the project execution phase.
- Ensured that all subcontractors and critical suppliers undergo an approval process to ensure they meet DHI's safety and quality requirements as well as our business standards.
- Conducted workplace assessment related to DHI's new place in Denmark and made remedy action plan related to issues related to the physical and psychological workplace of our staff.

Due to the Coronavirus (COVID-19) outbreak, we have:

- Set up a crisis team that defines corporate safety rules and ensures compliance with local and corporate safety rules.
- Established a DHI Coronavirus Portal to communicate updates and guidelines at group and country/business unit level to all staff.
- Established a media to share best practices on remote work/collaboration and how to keep everyone safe.

## Communication on Progress 2020

### 4.4. Focus in 2021

In 2021, we will:

- Implement remedy actions to improve the physical and psychological workplace in Denmark.
- Implement a health & safety policy.
- Continue to evaluate the potential health & safety risks that may be present at our workplaces, projected activities or undertakings. For those that may cause harm, particularly to people, a documented risk assessment will be completed to describe the measures that must be in place to effectively eliminate or control the harm from happening.
- Implement the health & safety risk management system in all business units having field work.

## 5. Environment

### Principles of the UN Global Compact

- 7: Businesses should support a precautionary approach to environmental challenges.
- 8: Undertake initiatives to promote greater environmental responsibility.
- 9: Encourage the development and diffusion of environmentally friendly technologies.

### 5.1. Policy and Commitment

DHI's business activities mainly comprise of consultancy services, software development and training, including general office activities and business travel, primarily in connection with servicing clients. Although these services and business activities do not directly affect the environment, the associated energy consumption, first and foremost, and business travel do have an impact. While such activities are necessary when working in a global business, DHI continuously aims to reduce the use of resources and the environmental impact of our business activities. The company thus maintains focus on how to reduce energy and water consumption in all business areas.

#### Environmental legislation

DHI is obtaining and maintaining all required permits and licenses and will ensure that we comply with the operational and reporting requirements of such permits and licenses.

#### Waste management and pollution prevention

DHI endeavours to avoid or reduce any waste or emissions as a result of our business activities. DHI strives to use efficient technologies that aim to reduce the environmental impact as much as reasonably practicable.

#### Environmental management systems

DHI has a structured and systematic approach to take environmental aspects into account when engaging in activities with an environmental impact. This includes our implemented environmental management system and documented processes for environmental protection, setting targets and performing follow-ups.

### 5.2. Implementation and Performance

Wherever possible, we make use of technology solutions, including virtual meetings via the Internet, to reduce the need for travel. Furthermore, DHI promotes the use of sustainable and low-energy devices.

## Communication on Progress 2020

### 5.3. Progress in 2020

In 2020, we have:

- Significantly reduced CO<sub>2</sub> emissions from air travels by 79% compared with 2019 due to the travel bans related from COVID-19 (1% reduction from 2018 to 2019)
- Optimized the use of online video conferencing tools and internal video calls for meetings, seminars and employee training.
- Reduced the impact from DHI's own operations in the following areas:
  - Lower energy consumption.
  - Increase CO<sub>2</sub> neutral energy supply.
  - Sorting of waste.
  - Phasing out the use of unwanted chemicals/products.

### 5.4. Focus in 2021

In 2021, we will:

- Establish an environmental management policy.
- Implement a system for reporting and evaluation of consumed water, energy, heat and other resources at each of our offices.
- Initiate actions to eliminate or replace hazardous chemicals in processes with less hazardous or non-hazardous substances. If possible, use non-chemical alternatives, other materials, new techniques or other processes.

## 6. Business Ethics

### Principles of the UN Global Compact

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

### 6.1. Policy and Commitment

DHI's policy on business ethics considers corruption and bribery wrong and illegal, and not acceptable. The company's business ethics and code of conduct clearly lay forward the consequences of engaging in such unlawfulness.

DHI's Responsible Business Practices (publicly available from the DHI website) and Code of Conduct form the basis of DHI's business in its entire operations. They provide guidance and outline the responsibilities of the employees and management to protect DHI from any malpractice that may undermine the company's business integrity and impact its long-term business success.

#### Legal compliance

DHI complies with all applicable laws, rules and regulations in the countries in which they carry out their business activities.

#### Anti-corruption

DHI is familiar with and in strict compliance with the United States Foreign Corrupt Practices Act, the Bribery Act of England and Wales, the United Nations Convention against Corruption, and any similar local legislation, statutes and regulations relating to anti-bribery and anti-corruption, its prohibitions and purposes, and will not undertake any actions that may violate these rules. Accordingly, DHI will not agree to (1) engage in or tolerate any form of corruption, bribery, extortion or embezzlement, and (2) not to offer or accept any benefits or other

## Communication on Progress 2020

means to obtain any undue or improper advantage. Such improper benefits may comprise cash, non-monetary gifts, pleasure trips, or services and amenities of any other nature.

### Whistle-blower scheme

DHI's whistle-blower scheme is an anonymous or non-anonymous avenue for employees and other stakeholders to 'blow the whistle' if they become aware of or suspect that unlawful activity is taking place in the company. Our whistle-blower policy and reporting tool is publicly available from the DHI website.

## 6.2. Implementation and Performance

DHI has integrated the International Federation of Consulting Engineers (FIDIC) Code of Ethics in our business processes and practices. Our all-electronic Business Management System – DHIbus – ensures that we deliver the highest standards of service to our clients, in accordance with our exemplary quality management system. We are firm about implementing responsible business practices that promote quality, effectiveness and competitiveness.

Driven by the new EU General Data Protection Regulations (GDPR) and cyber risk globally, we have put extensive efforts into improving data protection in 2020. These efforts will continue in 2021.

We have also enhanced the global process for evaluation, due diligence and monitoring of suppliers and sub-contractors.

DHI has not been subject to any investigations, legal cases or incidents involving anti-corruption violations in 2020.

In 2020, no whistle-blower cases and compliance concerns were reported through DHI's whistle-blower system and compliance organisation.

## 6.3. Progress in 2020

In 2020, we have:

- Updated the DHI business ethics and Code of Conduct, including rules for gifts, hospitality and entertainment, has been updated and communicated to all employees.
- Put extensive efforts into improving cyber security and data protection, as well as
  - enhanced integration of data protection requirements (including GDPR) into our workflows and IT systems.
  - improved cyber security and data protection awareness for all employees.
  - implemented Double Authentication tools for all access to DHI's IT environment from non-DHI controlled devices.
  - implemented limited administrator access for all DHI controlled IT devices.

## 6.4. Focus for 2021

In 2021, we will:

- Implement new best practice procedures related to DHI's global Consultancy activities.
- Update DHI's governance and evaluation of use of 3<sup>rd</sup> party software components.

# THE EXPERT IN WATER ENVIRONMENTS

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## DHI OFFICES WORLDWIDE

- |           |                |             |                 |                |
|-----------|----------------|-------------|-----------------|----------------|
| Australia | Czech-Republic | India       | Norway          | Spain          |
| Austria   | Denmark (HQ)   | Indonesia   | Peru            | Sweden         |
| Brunei    | France         | Italy       | Poland          | United Kingdom |
| Canada    | Germany        | Malaysia    | Romania         | USA            |
| China     | Hungary        | New Zealand | Singapore       | Vietnam        |
|           |                |             | Slovak-Republic |                |

For more information, visit: [www.dhigroup.com](http://www.dhigroup.com)



The expert in **WATER ENVIRONMENTS**