



COSTAIN

Responsible business commitments

Smart thinking,
improving people's lives

Supporting UK infrastructure to address global megatrends

Our purpose is to improve people's lives by delivering integrated leading edge smart infrastructure solutions to meet national needs across the UK's energy, water, transportation and defence markets.

We enable new solutions to meet the challenge of population growth, decaying infrastructure, interconnectivity, climate change, need for higher productivity and a fundamental demand for environmental, societal and political change.

In 2019 we launched our 'leading edge strategy' setting out how we will enhance the stakeholder value of our business by broadening our services to better meet our clients changing needs.

To successfully implement our strategy and deliver enhanced stakeholder value, we must operate responsibly and sustainably.

Aligning our business to the UN Sustainable Development Goals

In September 2015 the United Nations (UN) General Assembly adopted 17 global goals for 2030 that aim to end poverty, protect the planet and ensure prosperity for all as part of a new sustainable development agenda. These are known as the UN Sustainable Development Goals (SDGs). The SDGs create a common language for government, business and society to provide clarity in addressing the megatrends giving rise to urgent national needs.

We have mapped our business against the SDGs and believe through the delivery of our 'leading edge strategy' we make a significant contribution to the following five SDGs:



THE GLOBAL GOALS
For Sustainable Development



In addition to our business directly addressing the above goals, we can also make a positive contribution to the following goals if we operate responsibly and sustainably:



While the following goals are of significant global importance, Costain's focus on the UK's energy, water, transportation and defence infrastructure means we are only able to provide indirect contributions to their objectives:



Focussing on the issues that matter

We are committed to identifying and addressing the material sustainability issues that affect Costain and our stakeholders.

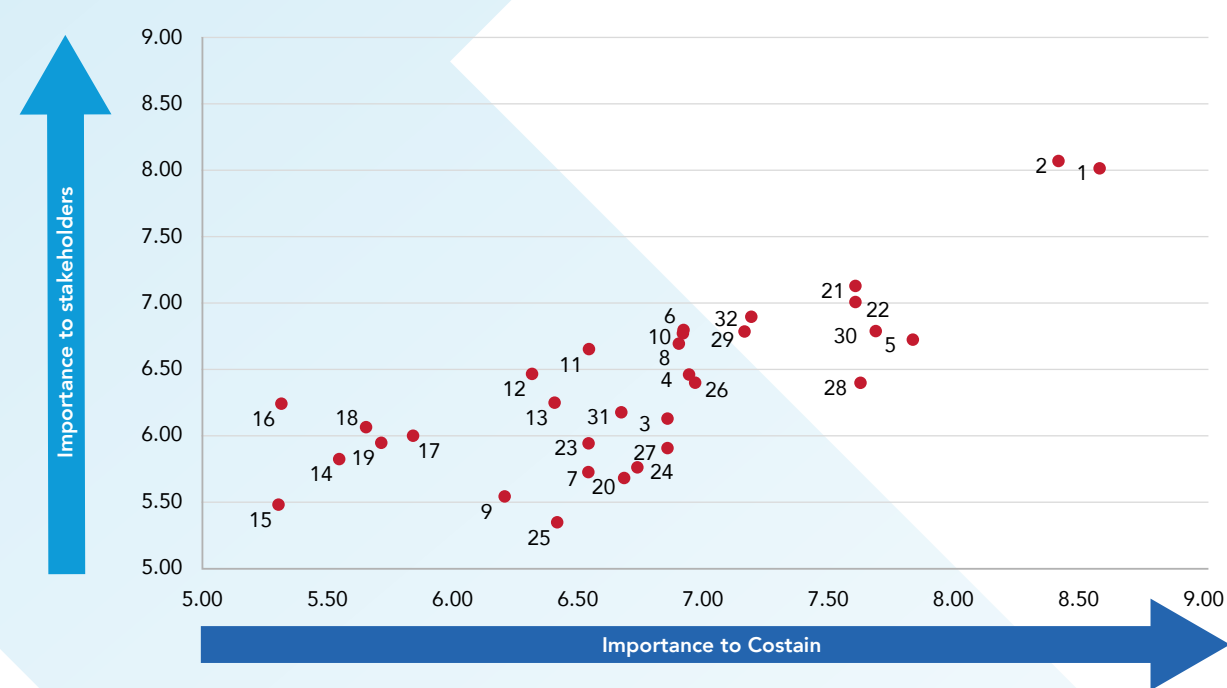
Our materiality assessment considers a wide range of issues that can be affected by our operations throughout our value chain. Many of these material issues align with the UN Sustainable Development Goals and all require Costain to be a responsible business.

Process for identifying material issues

The Costain materiality assessment is aligned to GRI G4 guidelines. Our process involves a continual programme of stakeholder engagement (including clients, industry bodies, charities, suppliers, and employees) through face-to-face meetings, surveys and desktop studies to understand the issues they currently face and the risks they see in the future.

The intelligence we gathered through our 2019 engagements allowed us to rationalise a list of material issues, the commonly reported issues were ranked in respect of their importance to Costain and our stakeholders. Safety (public and workforce) remains the highest ranked material issue, both with stakeholders and for Costain. Customer experience, business resilience and productivity/efficiency were included in this assessment and reflect a change in how businesses try to enhance value.

Issues material to Costain and our stakeholders



- | | |
|--|---|
| 1 Workforce safety | 17 Water consumption |
| 2 Public safety | 18 Biodiversity net gain |
| 3 Workforce diversity and gender pay gap | 19 Biodiversity natural capital |
| 4 Inclusive culture | 20 Creating social value |
| 5 Employee health and wellbeing | 21 Positive community relations |
| 6 Public health | 22 Customer experience (the end user, not the client) |
| 7 Human rights (ethical labour/ modern slavery) | 23 Schools engagement |
| 8 Carbon emissions | 24 Creating skills and employment opportunities locally |
| 9 Embodied carbon in materials | 25 Investing in local suppliers and/or SMEs |
| 10 Construction pollution (air quality, noise, dust, vibration...) | 26 Responsible data handling |
| 11 Asset/operational pollution (e.g. air quality from highway) | 27 Sustainable procurement |
| 12 Construction waste | 28 Ethical conduct |
| 13 Sustainable materials (environmentally/ethically sourced) | 29 Business resilience (climate change/cyber attack...) |
| 14 Circular economy | 30 Productivity/efficiency |
| 15 Life cycle analysis of materials | 31 Supply chain health |
| 16 Flooding risk | 32 Asset optimisation |

Being a responsible business

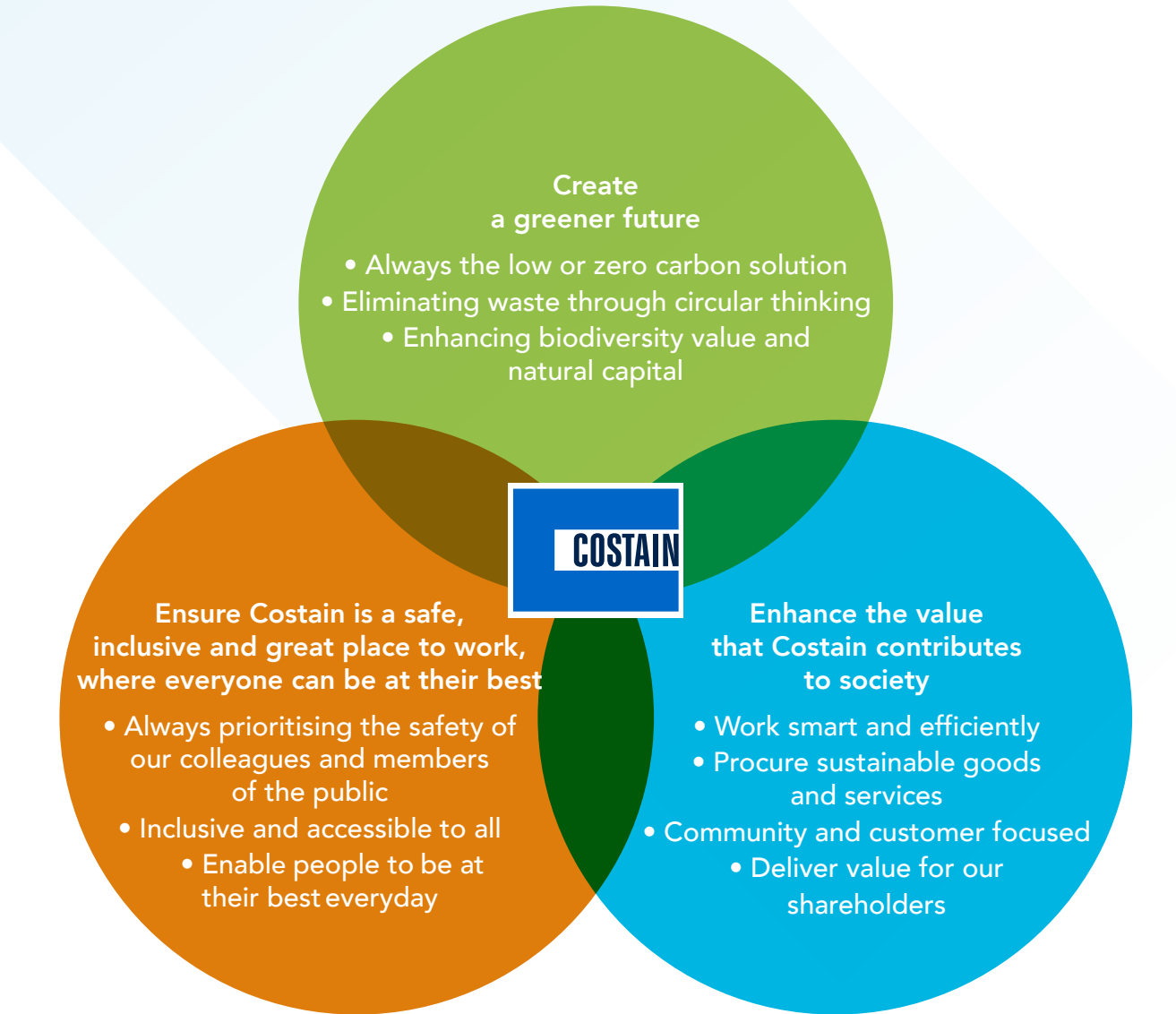
Costain, the smart infrastructure solutions company, helps to improve people’s lives by providing integrated leading edge, digitally optimised smart infrastructure solutions for clients in the UK’s energy, water, transportation and defence markets.

To give us the 'leading edge', we focus on the issues that matter the most to our people, our clients and our partners.

We have listened to our stakeholders and we've made three commitments that we believe will position Costain as a leading responsible business.

- Ensure Costain is a safe, inclusive and great place to work, where everyone can be at their best
- Create a greener future
- Enhance the value that Costain contributes to society

Underpinning these commitments are ten actions that our people, partners and suppliers must factor into their decision making; helping us to achieve our long-term ambitions and positively contribute to the UN Sustainable Development Goals.



Our responsible business commitments

In addition to providing 'leading edge' solutions, operating responsibly and sustainably is a business imperative for Costain. Underpinning our commitments to responsible business are ten actions that all of our people, partners and suppliers must factor into their decision making; helping us to achieve our 2030 ambitions and positively contribute to the UN Sustainable Development Goals. Our commitment is supported by Costain policies, procedures and enabling strategies and plans (WiiSE, Climate change, Wellbeing and Inclusion).



Commitment

Action

In 2020

2030 Goals

Improving lives and contributing to the UN Sustainable Development Goals:

Enabling tools and strategies:

Creating a greener future

1 Always a low or zero carbon solution
2 Eliminate waste through circular thinking
3 Enhance biodiversity value and natural capital

• Implement Pas2080 framework requiring all contracts to target CO2 reductions
• All relevant contracts to achieve 'Silver' or 'Gold' status against our resource efficiency matrix
• All contracts to measure biodiversity impact and target no-net loss.

• Carbon net zero on or before 2035, for all operations
• Eliminate waste through an active role in the circular economy
• Net positive biodiversity impact and increased natural capital value



- Climate change action plan
- WiiSE strategy

Ensure Costain is a safe, inclusive and great place to work, where everyone can be at their best

4 Always prioritising the safety of our colleagues and members of the public
5 Inclusive and accessible to all
6 Enable people to be at their best everyday

• Complete the implementation of the Learning Organisation Model
• Achieve Disability Confident level 2
• Year on year reduction in sickness absence rates

• Eliminating all harm
• Our gender pay gap is <5% and our BAME pay gap has reduced by 50%
• Demonstrable improvement in employee wellbeing as a result of being at work



- Inclusion strategy
- Wellbeing strategy
- WiiSE strategy

Enhance the value that Costain contributes to society

7 Work smart and efficiently
8 Procure sustainable goods and services
9 Customer focused
10 Deliver value for our shareholders

• Launch the next phase of the Costain Operational Excellence Model (OEM) and provide tailored support to our complex delivery contracts to embed OEM as standard
• Spend £100m with small businesses or voluntary, community and social enterprises (VCSE)
• Average Considerate Constructors Scheme score of ≥42
• Increase our profit and margin

• 40% reduction in time on site and 30% reduction in the cost of project delivery contracts
• Spend £1bn with small businesses or voluntary, community and social enterprises (VCSE)
• Recognised as a champion for Human Rights
• Exceeding all relevant industry regulatory customer satisfaction measures
• By aligning Costain to the UN Sustainable Development Goals, we have delivered enhanced shareholder value



- Operational Excellence Matrix (OEM)
- Customer service policy
- Sustainable procurement policy
- Legacy action plans

