

COSTAIN

Improving lives

with smart infrastructure solutions



Costain Group PLC
Responsible business report
2019

Costain is a smart infrastructure solutions company

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

We help our clients improve their business performance by increasing capacity, improving customer service, safeguarding security, enhancing resilience, decarbonising and delivering increased efficiency.



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To find out more about how Costain collaborates with clients on a wide range of contracts, please visit our website

www.costain.com



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Costain at a glance

- Underlying operating profit of £17.9m (2018: £52.5m), the reduction in the year reflecting previously announced contract delays, a contract cancellation and the impact of the A465 contract arbitration outcome
- Continued momentum in securing new work: £1.7bn of new contract awards and extensions to existing contracts secured during the year, with the order book at 31 December 2019 standing at £4.2bn (2018: £4.2bn including c £940m of revenue secured for 2020)
- New Leading Edge strategy in place: accelerating the Group's deployment of higher margin services through leveraging our strong client relationships and reputation for complex programme delivery
- Strong market opportunities: our markets have significant long-term underwritten investment programmes in place, with a focus on addressing the major macro trends affecting our nation
- Sustainable market growth driven by technological, demographic and environmental change
- Strategic, long-term relationships with blue-chip clients who trust us to deliver on our promises
- Investment in dedicated digital technology centre developing pioneering innovations.

Responsible business highlights

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

- Signed up to the Mental Health at Work commitment
- Industry leading accident frequency rate (AFR) of 0.05
- Recognised as a Times Top 50 Employer for Women 2019.

Create a greener future

- Environmental incident frequency rate (EIFR) is at its record lowest
- Lowest number of environmental incidents to date
- <95% waste diverted from landfill.

Enhance the value that Costain contributes to society

- 20,000 young people engaged through Costain science, technology, engineering and maths (STEM) initiatives
- £393,371 contributed to the community through charitable and employee volunteering
- 37% of our total spend with SMEs.



Chief Executive's Statement

Improving lives with leading edge solutions

Welcome to our 2019 responsible business report. We believe operating as a responsible and sustainable business enhances the value we provide to society while meeting the complex needs of our clients and stakeholders.



"I am delighted to report another outstanding safety performance in 2019."

Alex Vaughan
Chief Executive Officer

In 2019, we launched our 'leading edge' strategy focusing on the long-term growth and sustainability of our business in meeting essential national needs.

We have aligned our responsible business strategy with the United Nations Sustainable Development Goals (SDGs), recognising how we will contribute to supporting the achievement of their 2030 global goals. Our commitment to improve people's lives is set out in this strategy and will be achieved by proactively addressing the climate change emergency, ensuring we help our team be at their best, and in how we enhance the value we contribute to society.

I am pleased with our performance in 2019 and this report captures some of our responsible business highlights. I am proud that for the second consecutive year, we have been named in The Times Top 50 Employers for Women as well as achieving an industry leading safety performance (accident frequency rate (AFR)).

Looking forward, 2020 promises to be another positive year. We are going to address the global challenges head on as we launch our climate change action plan, setting out how we will achieve net zero by 2035 at the latest.



Our business model

Our distinct business model has been restructured to align with our core markets at a divisional and sector level.

Our markets



Energy



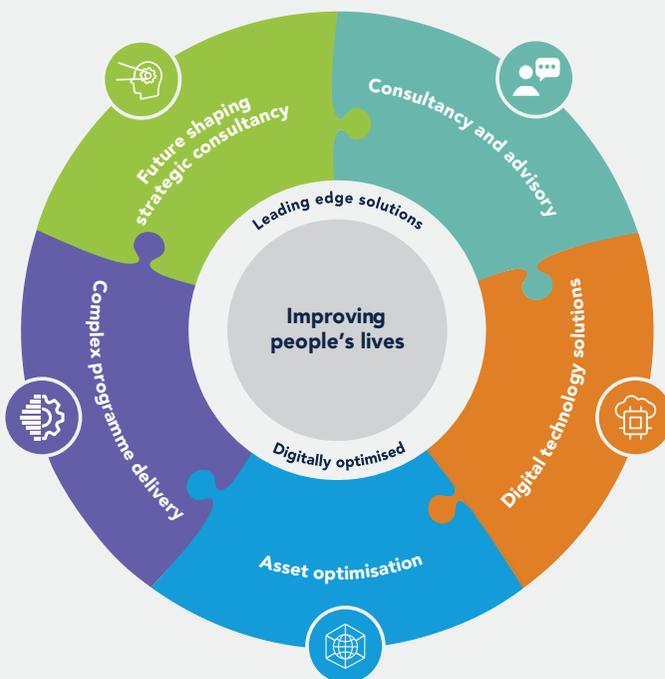
Water



Transportation



Defence



Our sources of competitive advantage

Long-term, strategic relationships and client insight

We develop long-term relationships with our clients, collaborating strategically at all levels and understanding their individual needs to deliver optimal solutions.

Benefits driven, leading edge services

We invest in research, innovation and technology to provide the leading edge solutions our clients need.

Outstanding reputation and diverse team

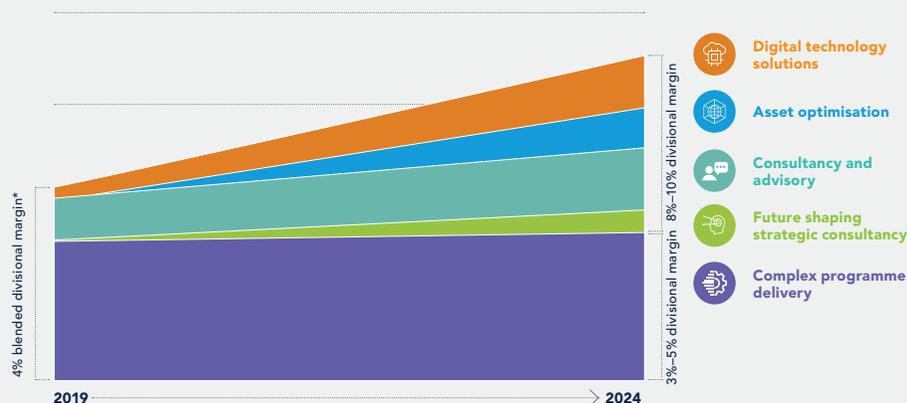
We are recognised for our outstanding delivery, technical excellence and our diverse, industry leading team.

Delivery pedigree

Our clients trust us to consistently deliver innovative solutions on time and on budget, delivering measurable outcomes which improve their business performance.

The future shape of Costain

Increasing profit from higher margin services



Broadening our services | Increasing profit | Increasing margins | Increasing revenue

Through our Leading Edge strategy, our ambition is to derive over half of our profit from higher margin services, targeting a blended divisional margin range of 6% to 7% over the medium term. In 2019 our business mix reflects approximately one third of operating profit from higher margin services and two thirds from complex programme delivery activities. Over the medium term we are targeting a shift in this mix to derive 55% of our profit from higher margin services.

* Excluding impact of A465 arbitration.

How we operate

Responsible working

We are focused on continuing to operate a sustainable business that creates economic, environmental and social value and delivers tangible benefits for our stakeholders.

Embedded values and culture

Our strong culture and embedded values underpin everything we do.

Robust corporate governance

We have rigorous policies and procedures and mandatory training to ensure we do things right first time.

Effective risk management

We have robust risk management processes which identify, manage and mitigate potential risks to protect the performance of the Group.

Aligning our business to the UN Sustainable Development Goals

Aligning our business

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



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 markets means we are only able to provide indirect contributions to their objectives:



Responsible business governance and ethics

Being a responsible business

Operating as a responsible business is integral to everything that we do. To be leading edge, we need to be resilient to change and we are committed to working with our employees, clients, supply chain and stakeholders to ensure that we are sustainable for the future.

The Board holds ultimate responsibility for Responsible Business (RB) management and the Executive Board of Costain is accountable for all aspects of RB delivery, including setting policy, and providing leadership to drive our responsible business commitments.

We have leadership groups that are responsible for reporting our responsible business performance to the Board and hold direct responsibility for implementing and delivering policy across the organisation. Catherine Warbrick, Group HR director holds executive responsibility for RB.

To implement the business change required by our 'leading edge' strategy, our executive board sponsor an implementation plan delivered by eight workstreams. Each workstream is led by a member of the executive board to ensure that our strategic priorities are met. We are broadening our capabilities, increasing our efficiency, investing in innovation and creating an environment where our team can be at their best every day. One of our 2019 strategic priorities is to be a responsible business and this is underpinned by our being at our best workstream, sponsored by our Group HR director.

The Company uses the Costain Way, its operational management system, to detail controls and procedures, including Group policy statements, procedure manuals and other written

instructions, which are reviewed and updated regularly.

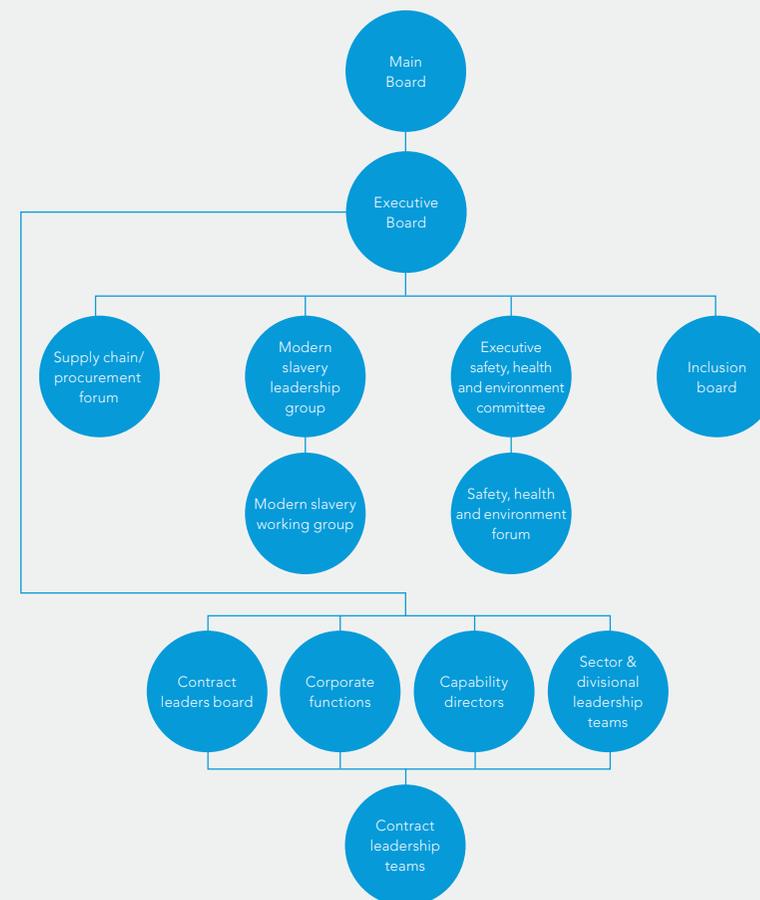
The objectives of the Costain Way are to provide assurance that:

- Company activities across the business are compliant with appropriate legislation and codes of practice
- Company systems, procedures and processes are effective at mitigating identified risks
- Communicated, effectively delivered and management controls are consistently applied across the group.

The Costain Way is certified by BSI as compliant to management standards including ISO 9001 (quality), ISO 14001 (environment), ISO 45001 (health and safety), ISO 22301 (business continuity), ISO 27001 (information security) and ISO 44001 (collaboration).

The Group also has an independent internal audit function to undertake a programme of risk based audits across all operations throughout year. All audit reports are shared with the relevant business owners to implement appropriate measures to address any risks or controls weaknesses.

The results of all internal audit activity are also shared with the chief executive, chief financial officer and scrutinised by the Executive Board and Audit Committee on a regular basis.



Engaging with stakeholders

Informing our approach

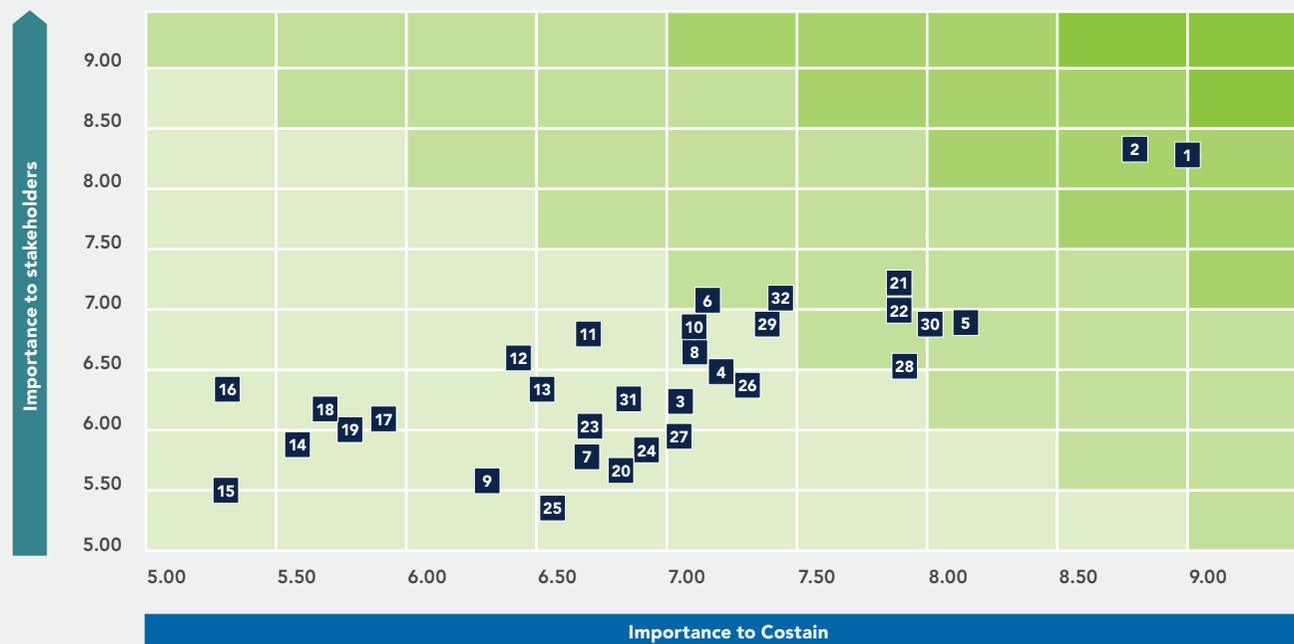
We are committed to identifying and addressing the material sustainability issues that affect Costain and our stakeholders.

The world is changing fast and so is our business. To ensure that we remain focused on the issues that matter, we have reviewed our 2025 sustainability strategy and developed our new responsible business commitment. As part of the review, we carried out a stakeholder materiality assessment that considered a wide range of issues that can be affected by our operations throughout our value chain. Many of these issues align with the UN Sustainable Development Goals (SDGs) and all require Costain to be a responsible business.

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 that they currently face and the risks that they see in the future.

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

Our 2030 goals

Focusing on the issues that matter

Our responsible business commitments underpin our leading edge strategy setting long term 2030 goals.

To give us the 'leading edge', we focus on the issues that matter the most to our people, our clients and our partners. We've listened to our stakeholders and we've made three commitments that we believe will position Costain as a leading responsible business. Underpinning these commitments are ten actions that our people, partners and suppliers must factor into their decision making.



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

Commitment

- Always prioritising the safety of our colleagues and members of the public
- Inclusive and accessible to all
- Enabling people to be at their best every day.

By 2030

- 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.



Create a greener future

- Always a low or zero carbon solution
- Eliminating waste through circular thinking
- Enhancing biodiversity value and natural capital.

- 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.



Enhance the value that Costain contributes to society

- Work smart and efficiently
- Procure sustainable goods and services
- Community and customer focused
- Deliver value for our shareholders.

- 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.

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

We are committed to always prioritising the safety of our colleagues and members of the public, enabling our people to be at their best and being inclusive and accessible to all.



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Status:

- Achieved
- Partly achieved
- Unachieved

2019 targets

- Group Accident Frequency Rate (AFR) of 0.04
- Launch a new wellbeing module for the 'line manager toolkit' promoting the importance of physical, emotional, intellectual and social wellbeing
- At least 33% of our senior leadership positions filled by women by 2020 and at least one BAME Board director by 2024
- Costain to be accredited to a recognised inclusion standard

Delivering on our commitments

Our approach

We're making Costain a great place to work by creating a safe and inclusive working environment that allows everyone to be at their best every day.

Protecting our workforce and members of the public is a priority for us. Our 'eliminating harm' strategy focuses on our ambition to remove the risk of harm wherever possible, from all of our operations. We pride ourselves on meeting and exceeding the highest recognised standards and performance and continually seek to drive improvements. Certified in 2019, our compliance with ISO 45001, ensures we maintain an internationally respected management system and operational management take full ownership of the agenda. Risk is identified at the earliest stages of our processes and, wherever possible, eliminated through design, innovation driven by technological advances or alternative methodologies. This is the Costain Way.

Wellbeing is key to having a happy, effective and sustainable workforce that is always at its best. In 2019, we launched our Wellbeing, inclusion, innovation, Safety and Environment (WiiSE) strategy purposely headlining wellbeing as a focus for the business.

Creating an inclusive culture makes us more able to recruit, retain and progress a diverse workforce, increasing employee engagement and experiencing higher levels of wellbeing. We take a whole organisation approach to inclusion and focus on culture, behaviours and values.

We have the following people policies which every employee, supplier and partners must work to:

- Health and safety
- People (incorporating inclusion and wellbeing)
- Drugs and alcohol
- Responsible business
- Modern slavery and human trafficking.



Costain joined the Parliamentary Advisory Council for Transport Safety (PACTS) as part of its drive to make the UK's road network the safest in the world.

PACTS is a registered charity that supports the all-Party Parliamentary Group for Transport Safety. Its objective is to protect human life through the promotion of transport safety for the public benefit. Its aim is to advise and inform members of the House of Commons and of the House of Lords on air, rail and road safety issues. By bringing leading-edge data-driven technology solutions to the UK's road network, we are supporting PACTS in helping to shape the safest possible future infrastructure and making our roads even safer for all those who use and work on them. Costain is an industry leader in road technology and we are proud to be part of the efforts to achieve zero deaths and serious injuries on the network."

The council brings together safety professionals and legislators to identify research-based solutions to transport safety problems having regard to cost, effectiveness, achievability and acceptability.

Delivering on our commitments

Always prioritising the safety of our colleagues and members of the public

Over the past five years, our all accident injury frequency rate has reduced by 63% while our total operational workforce size (including suppliers) has increased.

The protection of our people, stakeholders and all those affected by what we do is at the heart of our business.

In 2019, we launched our 'eliminating harm' strategy to focus on the removal of harm from all our operations wherever possible and ensure that our people are healthy and happy.

We will achieve this by building on our strong principles, embracing diverse thinking through inclusion and with technology inspired by innovation.

Our indicators show that injury rates remain at an all-time low, building on our previous record-breaking years. This is testament to our ongoing commitment to drive a step change in performance.

The end result is an industry leading AFR (Accident Frequency Rate) of 0.05 for 2019 achieved from more than 41 million hours of work.

We drive the use of leading indicators, giving us enhanced foresight in the form of predicting trends and early warnings for opportunities to improve, rather than focusing on events once they have taken place.

We recognise the importance of leadership and behaviours in creating a positive safety, health and environment (SHE) culture. In 2019, we rolled out innovative, interactive leadership training to senior leaders. The training aimed to build in the principles of "mindful organisations" to all senior leader's thinking. We introduced a more diverse but equally powerful version, accredited by the Institution for Occupational Safety and Health (IOSH) for middle managers, supporting the key messages delivered to leadership.

We've invested in the development of a bespoke incident investigation training course in partnership with Cranfield University, world leaders in transportation related accident investigation and understanding. The initial 46 lead investigators who attended in 2019 were SHE staff.

In 2020, this three-day course will be offered to other disciplines and external organisations.

In 2019, we developed 'WiiSE by Design'; a programme aimed at designers. This interactive two-day course reviews the key principles and actions required to eliminate wellbeing, safety and environment related hazards within the design process to the benefit of all future stakeholders.

The design community is a fundamental element to the future de-risking of our business and our outputs, so we now also gather the best eliminating harm examples and present them through a digital showcase for all to see and implement as appropriate.

Industry leading accident frequency rate

0.05

Reduction in all accidents

63%
in past five years

Design reviews specifically developed for:

Eliminating harm

Hours worked in 2019

41 million

Delivering on our commitments

Enable people to be at their best everyday

Being at our best means creating a happy and healthy work environment where everyone is treated with respect.

Across the UK, we have over 3,700 employees and a further 15,000 working in our supply chain delivering leading edge infrastructure solutions to meet national needs. To do this successfully, we need to ensure that our people are fulfilling their potential and working at their very best both physically and mentally, every day.

Our WISE strategy deliberately places wellbeing centre-stage in our work. Our dedicated 'BeWell' plans incorporate occupational health and wellbeing into one combined drive at the heart of all we do from design through to operation.

Our network of over 270 trained mental health first aiders and our additional wellbeing champions ensure that those offering help and support to others are also supported themselves and integrated into a wider Group-wide approach increasing engagement and self-worth.

In 2019, we signed the 'Mental Health at Work commitment' to improve standards of mental health care among the

workforce and now seek support from and to our supply chain.

We have launched a new e-learning wellbeing module within our line manager's toolkit that helps managers recognise the value of early intervention when managing and supporting employees.

A key focus area has been sickness absence and enhanced engagement with the providers of our Employee Assistance Programme, which is also available to our supply chain. Throughout 2019, the link between staff need, their sense of wellbeing and absence has been reviewed by all levels of management. This has helped us to identify focus areas and reiterate the importance for line managers to have effective return to work conversations.

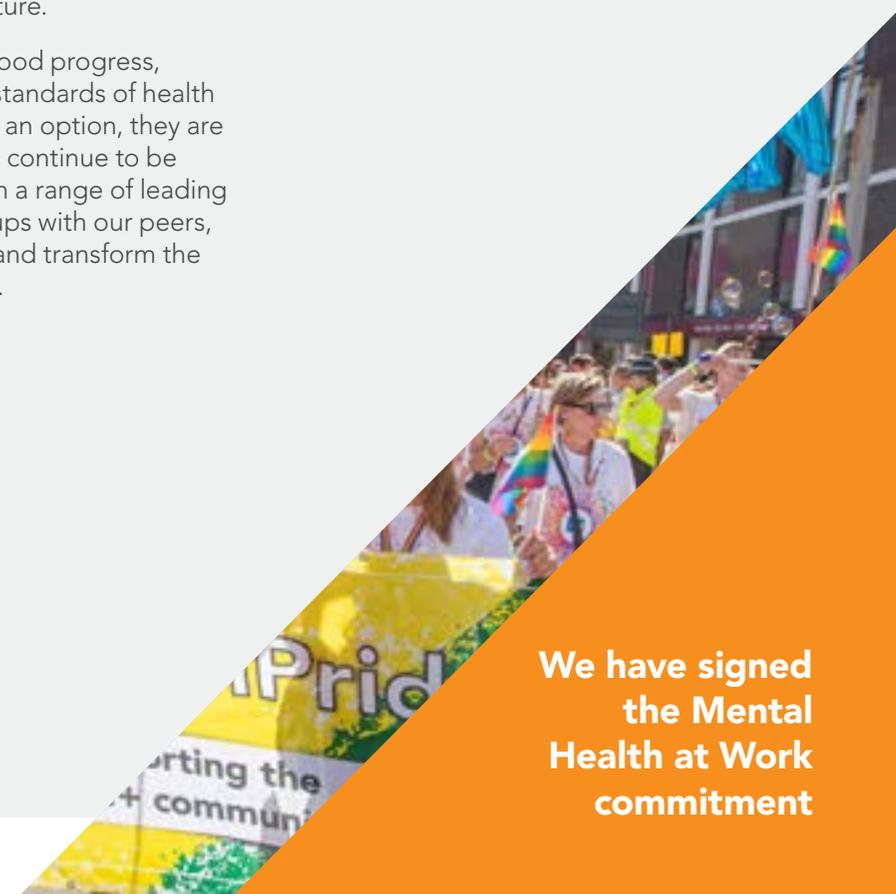
In 2019 we were 'Highly Commended' by Business in the Community (BITC) in their Health at Work awards, listed alongside clients and leading organisations from across the UK.

We have shared our learning and approach with other organisations, keen to make the same advances in health and wellbeing. Primarily of interest to these businesses is our approach to wellbeing management, health and safety management system and organisational culture.

Despite making good progress, maintaining high standards of health and safety are not an option, they are an imperative. We continue to be actively involved in a range of leading best practice groups with our peers, helping to shape and transform the future for industry.

Trained mental health first aiders

1:14
ratio of trained mental health first aiders to every employee



We have signed the Mental Health at Work commitment

Delivering on our commitments

Closing our gender pay gap

For the third consecutive year, we are pleased to report that our median gender pay gap has reduced.

The median pay gap in hourly pay between men and women in Costain Group companies on 5 April 2019 was 23.65%, a reduction of 0.60% from 2018. Women in Costain account for 25% of our total employees, which despite increasing over the last three years, means we still have an unequal employee population.

In 2019, we increased the number of women in the upper and middle pay quartiles, however these were small increases. Our 2024 inclusion strategy focuses in increasing female representation at senior levels to help improve our current gender pay gap.

Our gender pay gap

The difference in hourly pay between men and women:

Overall pay gap	2018	2019
% median	24.25	23.65
% mean	22.05	20.46

The difference in annual bonus between men and women:

Bonus gap	2019
% median	51.30
% mean	45.78

Our 2019 highlights at a glance



Named in The Times Top 50 Employers for Women 2019 for a second consecutive year



Named as a Gender Game Changer in the BITC Awards 2019

43%

of our PLC board are female, exceeding the 2020 Hampton-Alexander target for female board representation



Our female senior leadership population has grown to **25%**

47%

of our Emerging Leaders cohort was female



Gender balance on our executive board **3 females out of 10 members**

What's included in our hourly pay?

Hourly pay includes basic pay, car allowances, shift pay, on-call and stand-by allowances. Excluded are payments for overtime, redundancy and benefits-in-kind along with employees on family or sick leave.

What is the mean?

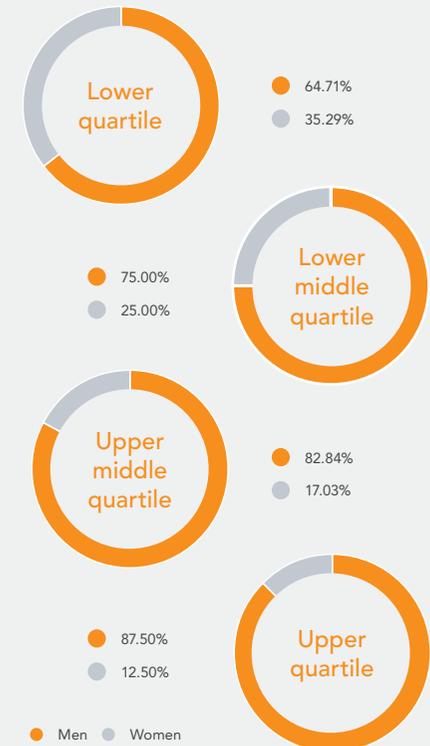
The mean average involves adding up all the numbers and dividing the result by the number of values in the list. We calculate the mean average for both men's and women's hourly pay and report the percentage difference.

What is the median?

The median involves listing all the numbers in numerical order. The median is the middle number. We calculate the median for both men's and women's hourly pay and report the percentage difference.

Our pay quartiles

The graphic above illustrates the gender distribution at Costain across four equally sized quartiles from lowest to highest.



● Men ● Women

Delivering on our commitments

Inclusive and accessible to all

All people think differently and that's why we are creating an inclusive culture where everyone feels valued, respected and able to contribute.

Our ultimate goal is to have a workforce that is truly representative of society. This will provide diversity of thought, make us more innovative and will help us to be a better business.

In 2019, we launched our 'Inclusion at Costain' strategy that sets out the actions we need to take to meet our goal.

Inclusion was incorporated into our safety, health and environment strategy, rebranded to become our WiISE (Wellbeing, inclusion, innovation, Safety and Environment) strategy. Putting inclusion at the centre of wellbeing and safety considerations is crucial to addressing cultural and behavioural issues.

In 2019, we became members of Working Families, the UK's work life balance charity, in order to help us to build a flexible working environment and support people to balance their responsibilities.

We want to ensure that we offer opportunities and remove barriers for all talented and skilled people and reflect the diversity of our clients and customers. We have signed up to the Disability Confident scheme as a committed employer, pledging to provide work experience to disabled people within our business.

We are proud to be a Stonewall Diversity champion. The Costain team, led by chief executive officer, Alex Vaughan and other senior leaders participated in Pride parades around the UK, including London and Manchester.



Giving our people a voice

Our employee networks continue to grow and are key to supporting and delivering our 'Inclusion at Costain' strategy.

We have four employee networks: Women's, LGBT+ and Allies, Parenting and Carer's and REACH (Religion, Ethnicity and Cultural Heritage). They offer peer support and give underrepresented groups a voice and an opportunity to consult on issues that matter the most.

In 2019, we were proud to launch our REACH network. The network hosted a celebratory event for clients, colleagues and partners to mark Black History month.

Since launching, the group have developed a REACH mentoring programme, celebrated world culture day and are striving to meet the targets set for BAME by 2024.

In 2020, we will establish a disability and wellbeing network to focus on making Costain accessible to all.

Create a greener future

We have made a commitment to ensure that we are creating a greener future. To achieve this we will eliminate waste through circular thinking, always provide a low carbon or zero carbon solution and enhance biodiversity value and natural capital.



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2019 targets

Status:

- Achieved
- Partly achieved
- Unachieved

- All relevant projects to measure biodiversity impact and where possible achieve net gain
- All relevant projects to achieve silver or above in the 'Resource Efficiency Matrix' or bronze if within six months of starting on site (matrix includes measuring and effectively managing carbon, materials, waste and water).
- 5% reduction in non-operational carbon to achieve a 35% reduction by 2020 against our 2013 baseline
- Environmental incident frequency rate of 0.11 or below

Delivering on our commitments

Our approach

We work with our clients and supply chain to deliver innovative, sustainable solutions that enhance the environment and provide an improvement in wellbeing.

Our environmental management system is certified to ISO 14001:2015. This defines, measures and controls business processes and activities to ensure continuous improvement.

Creating a greener future is not an ambition for us, it is something that we must do to address the environmental challenges affecting the planet. With our green thinking we take a whole life approach. We focus on removing or reducing the impact on the natural environment in our innovative designs and delivered solutions and identify opportunities to optimise our clients existing assets.

We are committed to eliminating direct harm to the environment and to lead the way in low carbon project delivery and minimising the whole life carbon impacts.

In 2019, we developed our climate change action plan which builds on our previous carbon reduction work and extends our commitment towards one longer term goal of achieving net zero by 2035. This target is very ambitious but we are confident that we can achieve it.

We have reduced our own emissions (41% since 2015) but will re-baseline our footprint in 2020 to include our supply chain emissions and materials. Our Board is committed to this target and we will build strong partnerships with our clients, supply chain and the wider industry in order to develop low carbon solutions and innovation which will transform UK infrastructure.

In 2019, we received several awards in recognition of our sustainable commitments including five CEEQUAL Exceptional Achievement Awards for London Power Tunnels, London Bridge Station, and Crossrail Anglia, and an IEMA Sustainability Impact award for Tideway Tunnel East.



Tideway East goes for gold

In 2018, we launched our Resource Efficiency Matrix (REM) to measure and manage carbon, materials, waste and water to improve our environmental performance. The REM challenges teams to consider new initiatives to minimise our impacts and those of our supply chain. All contracts are verified against a bronze, silver and gold standard.

In 2019, the first REM gold award was awarded to the joint venture team Costain, VINCI Construction Grands Projets and Bachy Soletanche working on the east section of the Thames Tideway Tunnel.

The team has focused on the elimination of environmental harm and particularly carbon reduction from the bid phase and the following successes are testament to the focus across all disciplines:

- Numerous carbon saving opportunities were identified and delivered within the design. For example, a redesign of the drop shaft reduced the steel required by 99 tonnes, resulting in a carbon emission saving of 145 tCO₂eq
- At the Deptford Church Street site changes to the design, along with a reduction in steel reinforcement, delivered carbon savings of 385 tCO₂eq
- A detailed and accurate carbon baseline was established as benchmark and measure the contracts performance. This informed carbon reducing decisions and assisted Tideway in gaining and maintaining access to the first UK public green bonds for the industry which has the potential to revolutionise infrastructure funding and financing
- A dedicated programme, funded by Tideway, was created to monitor and measure the effect of behaviour on fuel consumption and the benefit of driver training
- Reusable bottles successfully cut single-use plastic waste across the project
- The world's very first electric hydrofraise (a rotary trench cutting machine used to dig the shaft for the main tunnel) was developed by Bachy Soletanche, which has resulted in significant reductions in carbon emissions and noise and air pollution
- The electric hydrofraise was highly commended at the 2019 IEMA Sustainability Impact Awards in the new product, service or infrastructure category.

Delivering on our commitments

Eliminate waste through circular thinking

We deliver sustainable solutions by adopting circular economy principles to help increase our resource efficiency.

With a growing population and depletion of the planet’s natural resources, we are committed to minimising some of the pressure by identifying opportunities to eliminate waste from our operations.

We work with our design partners to design out waste and our supply chain to identify opportunities to use materials in a circular fashion; such as packaging and protection that can be hired and reused rather than purchased. This is aligned to our climate change action plan and the objectives of PAS2080 (Carbon Management Infrastructure), whereby our ultimate objective is to deliver solutions which result in ‘building-less or building nothing’.

In 2019, we introduced ‘WiiSE by Design’ training for our designers. The course covers the circular economy and carbon reduction, enabling them to identify opportunities at a point in the processes where the greatest environmental benefit can be unlocked.

By planning for the management of potential wastes and employing circular techniques we have diverted over 95% of our waste from landfill for the last four years. We also measure the amount of construction waste produced, normalised by turnover which is a good indication of avoidable waste. This indicator has also been positive showing over 50% reduction since 2014.

Our Resource Efficiency Matrix (REM) is a sustainability maturity matrix that has helped our people to think differently and consider waste as a resource. All contracts were required to meet silver standard in 2019 and demonstrate how they have applied circular economy thinking to temporary and permanent works. The tool has been recognised across the industry and was recently shortlisted in the Business Green Leaders Awards 2019, IEMA Sustainability Impact Awards 2019 and 2019 Energy Institute awards.

In 2020, we will continue to focus on developing circular models within our solutions to cut waste & carbon.

	2015	2016	2017	2018	2019
Total waste removed from site (T)	673,329	580,304	519,292	279,117	344,362
Tonnes construction waste/ £100,000 turnover	2.4	2.7	1.9	1.8	1.1
Total waste diverted from landfill	93%	96%	95%	96%	95%



Spoil sharing delivers environmental benefits

We are working on the Highways England A19 Testos and Downhill Lane junction improvement scheme in South Tyneside. The project will see the A19 raised above the existing Testo’s roundabout and new slip roads built to connect it to the A184.

The scheme required a net import of around 140,000m³ of fill material. During the pre-construction phase the Integrated Project team explored an opportunity to work with the A19/A1058 Coast Road project to re-use their surplus soils to meet Testo’s net earthworks import requirements

A two year time lag between programmes meant that significant storage of materials was required.

By gaining an environmental permit, the spoil was stored at a central hub site until it was required at the A19 project site.

The benefits:

- Reduction in the total material haulage distance of around 50,000 lorry miles
- Carbon saving of approximately 90,000kg CO₂eq
- Lorry movements provided reductions in air pollution and noise
- Reduced the quantity of virgin aggregate required

Delivering on our commitments

Protecting the environment

In 2019, we saw another significant improvement in our calculated environmental engagement ratio, with a 120% increase in reporting since 2015 and 80% of our projects achieving an environmental engagement ratio of green or blue.

The environment engagement ratio is a calculation based on a rolling three months of reported environmental hazards, observations and close calls x 100,000 hours, normalised the number of hours worked. Scores are classified: red <3, amber 4-9, green 10-19 and blue >20.

We have seen a direct correlation between the increase in engagement and the decrease in number of incidents, and in 2019 we are pleased to report a 7% reduction in the environmental incident frequency rate (EIFR) compared to 2018 and a 54% improvement since 2015.

	2015	2016	2017	2018	2019
Environmental incidents (number)	86	84	71	64	49
Environmental incident frequency rate	0.25	0.19	0.15	0.13	0.12
Environment related prosecutions, cautions or notices	0	0	0	0	0

We work with our supply chain to review air quality requirements for plant and machinery. In 2019, we extended our proactive air quality requirements for our directly hired plant and machinery to our supply chain, so all plant used on our contracts must now meet EU stage IIIB as a minimum. We worked with our supply chain to ensure this target was achievable but also intend to review the standard on a 12 month basis. This complements our push for carbon reduction in delivering works which has led to the widespread use of hybrid power generation (battery and solar) rather than diesel.

Enhance biodiversity value and natural capital

We're dedicated to protecting and enhancing natural areas, improving the environment and creating social value.

In 2019, we achieved our target for all contracts to measure their biodiversity impacts using a no-net loss calculation. By 2030 our ambition is for all contracts to achieve a net positive biodiversity impact and increased natural capital value.

The concept of Natural Capital, which allows for better understanding of the value of the services provided by the

natural environment is now gaining traction. Natural Capital can be defined as the world's stock of natural assets which include geology, soil, air, water and all living things. It is from this natural capital that humans derive a wide range of services, often called ecosystem services.

The road to net gain

The Highways England £1.5bn A14 Cambridge to Huntingdon improvement scheme includes a major new bypass to the south of Huntingdon and upgrades to 21 miles of the A14. Biodiversity net-gain has been a target for the A14 team from the outset.

- Twice as many plants and trees have been planted compared to those removed, creating over 270 hectares of new habitat
- 25 miles of hedgerow, woodland the size of Monaco, and scrubland are among the habitats being provided which will mature over 15 years
- A trio of new habitats for newts have been built, including ponds, log piles, hibernacula and aquatic planting which were all used through the winter
- 24 wildlife tunnels have been built across the scheme to give animals a safe place to cross
- Water voles, which are the fastest declining mammal species in the UK, will benefit from five new habitats. Pre-established coir pallets have been used to provide brand new habitat across all of the water vole habitat creation areas, meaning the species will thrive while leaving a lasting legacy for the A14 project.

Delivering on our commitments

Always a low or zero carbon solution

Our ambition is to lead UK infrastructure into a zero-carbon future by 2035, supporting the Government in meeting their 2050 target.

Addressing climate change is the biggest challenge of the 21st century and businesses, society and government all have a part to play.

Our aim is to become a net-zero business by 2035 and be a clean growth leader, enabling the uptake of low carbon solutions such as hydrogen and connected and autonomous mobility, areas we are currently actively working within. To achieve this, always a low or zero carbon solution will be a factor of our decision making.

Since 2015, our total carbon emissions have reduced by 41% and in 2019 our Group footprint, in absolute figures, reduced by 17% year on year. However, when normalised by turnover, our year on year footprint increased by 7% due to a reduction in Costain's turnover compared to 2018.

For the eighth year running we received third party certification from Achilles, a global leader in supplier information management with a specialist service in

international greenhouse gas certification, for its certified emissions measurement and reduction scheme (CEMARS). Since 2016 we have achieved CEMARS gold standard for ongoing reduction achievements.

We have delivered operational and embodied carbon reductions in infrastructure assets for over a decade and have been signatories to the Infrastructure Carbon Review since 2013.

In 2017, we initiated a business wide transition to 100% renewable carbon neutral green energy tariffs which has resulted in over 98% of our mains energy being sourced from 100% renewable sources.

For over five years we have been recognised as early adopters within the industry and have successfully trailed numerous electric, hybrid, solar PV, hydrogen and other energy efficient technologies.

Our drive to lead the industry in the adoption of cleaner, more sustainable and energy efficient technology resulted in establishing a group-wide mandate in 2017 for the systematic adoption of hybrid and energy efficient technology for all power setups where mains power is not possible.

These future shaping commitments led to a 42% reduction in our non-operational carbon emissions over the last five years. By 2020, we aim to have all offices on 100% renewable carbon neutral electricity and gas tariffs, demonstrating our commitment to clean and renewable energy.

In 2017, we capped emissions from our fleet vehicles to maximum of 115gCO₂/km. We have worked hard to decarbonise our fleet with the wider availability of hybrid and electric vehicles. This has reduced our overall emissions by 12% compared to the previous fleet.

Our carbon footprint

Co2 equivalent emissions (tCO₂e)

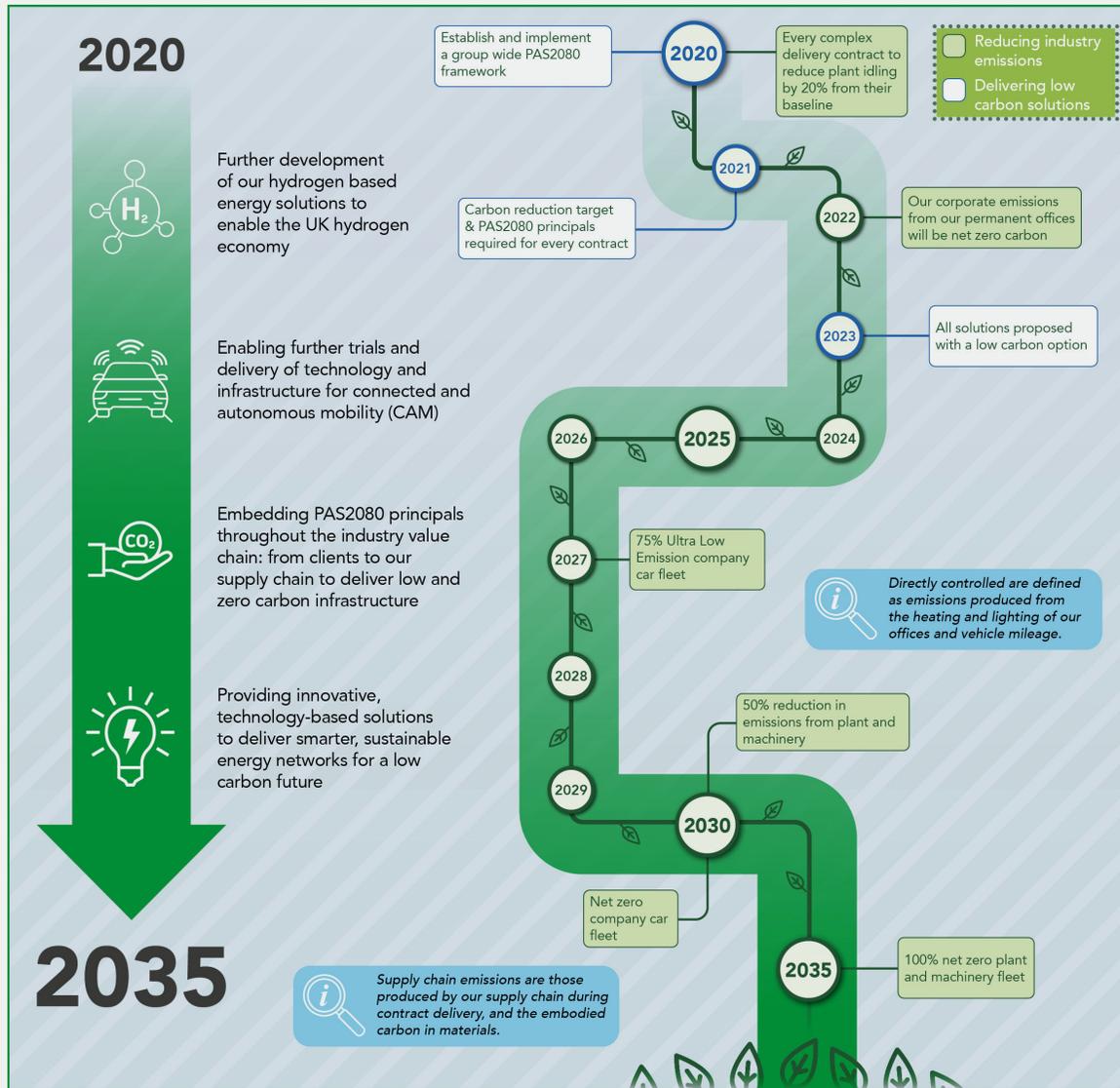


Emissions intensity (tCO₂e/£m)



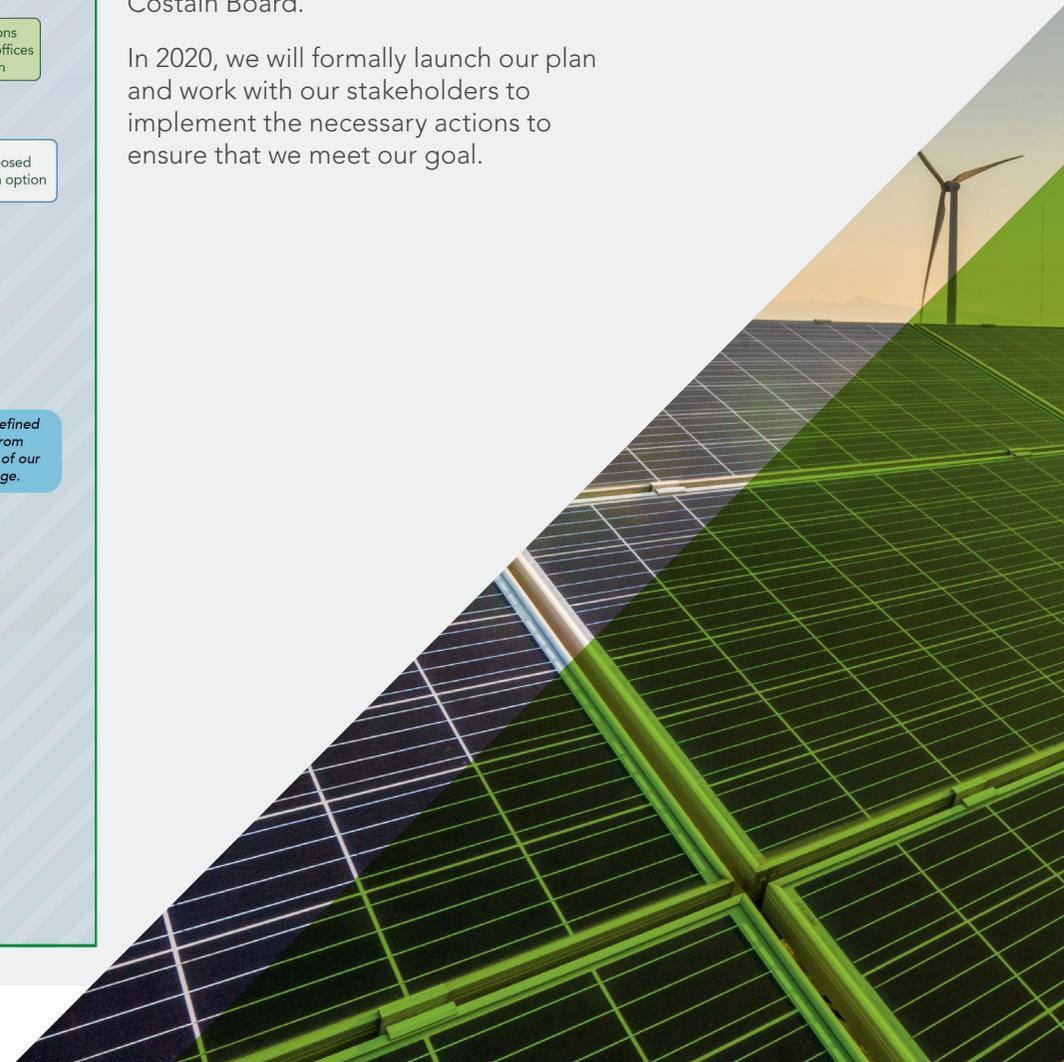
Delivering on our commitments

Our plan to achieve net zero



In 2019, we engaged with our stakeholders to develop a climate change action plan to achieve net zero by 2035 at the latest. This was supported and approved by the Costain Board.

In 2020, we will formally launch our plan and work with our stakeholders to implement the necessary actions to ensure that we meet our goal.



Enhance the value that Costain contributes to society

We are committed to being a responsible business that has a positive social impact. We aim to achieve this by working smart and efficiently, procuring sustainable goods and remaining customer focused to deliver value for all stakeholders.



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2019 Targets

- Host three supplier sustainability events with key Costain partners
- Total annual contribution to the communities where we work (charity, volunteer time, donations and local employment) > 1% of Costain profit
- A further 15,000 young people engaged through Costain supported STEM activities
- 35% of every £1 spent to be with small and medium sized businesses (SMEs)
- 100% of strategic supply chain partners sign up to the Gangmasters & Labour Abuse Construction Protocol
- All contracts to be embedding digital solutions to monitor and improve productivity by end of 2019

Status:

- Achieved
- Partly achieved
- Unachieved

Delivering on our commitments

Our approach

We want to create sustainable futures. We recognise that we have a responsibility to support society by generating social and economic value through our business activities.

Technology is transforming infrastructure. Focus is shifting from the construction of new assets to optimising existing infrastructure using digital solutions, providing efficiency and delivering value for all stakeholders. We have implemented a new Operational Excellence Model (OEM) to ensure consistent, digitally-enabled delivery on all our contracts. Working smart and efficiently leads to safer, faster, better, smarter delivery at less cost.

To meet the fast changing needs of our clients, our supply chain is changing too. However, our sustainable procurement processes, which follow ISO:20400, remain as rigorous as ever.

We continue our long-standing focus on our clients and delivering infrastructure solutions that not only improve the lives of all users but positively contribute to the UN Sustainable Development Goals. Our materiality assessment told us that our stakeholders consider customer experience and positive community relations of high importance and we continue to enhance our value by investing in the communities that we operate and generating local social value.

We are a partner of the Considerate Constructors Scheme and achieved an average score of 42.3, meeting our 2019 target.

Key focus areas for Costain contracts are: local employment creation; procuring goods and services from local small and medium sized businesses (SMEs); sustainable community investments and upskilling local people, particularly those not in employment, education or training. Delivering positive outcomes against these key focus areas creates a positive lasting legacy and helps to foster strong local relationships.

All Costain employees are given two days of annual volunteering leave to help make a difference in our local communities. Many employees use this opportunity to deliver science, technology, engineering and maths (STEM) initiatives in schools to help inspire the next generation of engineers and technologists.



Buses 4 Homeless

The Costain Skanska joint venture (CSJV) team delivering the High Speed 2 Enabling Works contract, partnered with a local social enterprise, Buses 4 Homeless.

Together, we have supported homeless people, taking them off the street and into full time employment whilst providing safe access to accommodation, during a 12 week community programme.

Decommissioned buses are refurbished to provide shelter for sleeping, eating, wellness and learning.

CSJV have provided the land and site set up for four buses as well as supporting the initiative through mentoring and skills.

The positive impact of the initiative ensures a long term community legacy.

Through the programme, the scheme has provided employment for five people experiencing homelessness in London.

Delivering on our commitments

Working smart and efficiently

Our clients are under increasing pressure to deliver their infrastructure improvements faster, more efficiently, while maintaining a positive customer experience and security of service.

It is our aspiration to become the UK's leading smart infrastructure solutions company. To achieve this we have enhanced our capabilities in digital delivery, digital assets and digital systems integration.

We set a responsible business target for 'all contracts to be embedding digital solutions to monitor and improve productivity by end of 2019'.

83% of relevant contracts implemented our new Operational Excellence Model (OEM) which is the first phase of business improvements to ensure consistent, digitally-enabled delivery on all our contracts.

OEM is a key element to the successful implementation of our 'leading edge strategy', capturing best practice identified across the group which will lead to safer, faster, better, smarter delivery at less cost. Our objective is to deliver our complex programmes with zero harm, 30% cheaper and 40% faster, through achieving consistent outcomes and the leverage of digital solutions.

One example of deploying best practice to optimise project delivery is the trial of self-driving plant and equipment. The joint venture team delivering Highways England's A14 scheme have worked with the supply chain testing self-driving dump trucks, aiming to reduce construction time and reduce collision risks.

OEM is also a new way of measuring and reporting our current performance to provide clear focus on the key areas required to consistently deliver excellence for our clients.

By implementing OEM, contracts are progressing towards a 'digital by default' approach and improving productivity and efficiency.

In 2019, we also launched a production excellence matrix, supplier relationship management system and quality excellence matrix, providing our contracts with enhanced tools to deliver our objectives.

We have appointed our first chief digital officer to lead and accelerate our digital service offerings. In 2019, we were proud to open our technology hub in Worle, Somerset. We have launched our first robotics processes automation and held our inaugural automation academy.

In 2020, we are working with our remaining contracts to implement OEM ensuring that all contracts deliver against our objectives.

Our specialists are working to create the next phase of business improvements that will continue to enhance our delivery performance and the value that we provide to our stakeholders.



Technology hub opens

In June 2019, Costain opened the doors to its new £3.5m technology hub in Worle, North Somerset. Over 150 people work in this cutting-edge facility, providing services to clients that include; solutions engineering, product development, manufacturing and maintenance as well as digital systems integration.

The new facility has been designed with collaboration at the forefront. A virtual reality suite allows users to digitally submerge themselves in concepts and test designs while providing virtual reality connection to the Group nationwide. State-of-the-art 4K screens dominate the space allowing a fully immersive experience for staff and visitors. The architectural design enables interaction between all disciplines and provides a large amount of communal breakout spaces and configurable demonstration areas for creative thinking.

Delivering on our commitments

Procure sustainable goods and services

We buy a vast range of materials and services from a supply chain made up of over 4,514 companies, 2,526 of which provide operational goods and services.

We have a responsibility to ensure that we operate our business in a sustainable and responsible way and in full compliance with all relevant laws and regulations. This includes the procurement of goods and services made either directly or through our supply chain.

Across the business, we adopt and apply the principles of ISO 20400:2017 Sustainable Procurement. We have been independently assessed and our processes and procedures scored above industry average against this guidance standard.

Managing a high calibre supply chain is crucial for us to help reduce risk and to develop high performing strategic relationships. We ensure that supplier procurement activities are aligned to our rigorous sustainable procurement processes and policies. Our suite of policies, set out our expectations of how our people, partners and suppliers behave and operate when representing Costain. These include our: Responsible

business policy; People Policy; Ethical business conduct policy; Modern Slavery and Human trafficking policy; and Sustainable procurement and supply chain policy.

In 2019, we set ourselves a target for 35% of our total expenditure to be with a small and medium sized businesses (SMEs). Investment in a diverse supply chain is important to maintain a resilient and innovative supply base. In 2019, we exceeded this target with over 37% of total spend with SMEs.

We also set ourselves a target to host three supplier sustainability related events with key Costain partners during 2019. We met this target by; hosting a modern slavery workshop with the Supply Chain Sustainability School; facilitating a visit to Brixton prison with charity partner Bounce Back and some of our strategic suppliers; and holding a regional supplier conference in Durham focused on sustainable delivery (inclusion and carbon).

We were pleased to be reinstated to the live Prompt Payment Code in 2019. Being recognised by the Chartered Institute of Credit Management for our fast progress to ensure suppliers are paid in line with the requirements of the code.

Implementation of an improvement plan, which included moving all suppliers onto payment terms of 45 days or less, increasing the frequency of payments and improving our processes, led to us being successful in meeting the standard required to achieve reinstatement.

In 2020, our target is to spend £100m with small businesses or voluntary, community and social enterprises (VCSE), aiming to increase the social value from our procurement. We will also be working with our suppliers to help them to understand our increased expectations on them in meeting our net-zero objective.



Training and awareness

Our responsible business commitment is aligned to the UN Sustainable development goals (SDGs). 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 SDGs.

We recognise that our suppliers have a significant part to play in helping us to achieve our aims. We created a new module for our Supply Chain Academy to help educate smaller business on the relevance of SDGs and how our actions at local and national level contribute to addressing global issues.

In addition, we also ran sessions aimed at creating awareness of modern slavery and human trafficking and the importance of sustainable procurement.

Delivering on our commitments

Customer focused

Customer experience is equally as important to our clients as delivery and efficiency. With this in mind, we must be customer focused ensuring we contribute to a positive experience for all users of infrastructure.

Being customer focused means using our knowledge of our clients' assets and our broad capabilities to deliver smart infrastructure solutions for our clients, for their customers, and for Costain.

Our community relations and customer service teams are responsible for integrating our projects into the local community. By understanding the social issues, we build relationships with stakeholders and deliver a legacy plan that ensures our projects have a positive impact to society.

In 2019, we rolled out a customer relationship management (CRM) system using the Microsoft Dynamics platform. The CRM system known as CXConnect increases our analytical ability, helping to us to make data driven decisions and improve customer experience.

We are also using geographical information services (GIS) mapping to further enhance our analytics for customer benefit and improved efficiency.

We pride ourselves on being respectful neighbours and partner with the Considerate Constructors scheme. In 2019, the Highways England A14

Cambridge to Huntington scheme, delivered by a joint venture comprising of Costain, Balfour Beatty and Skanska, was the first road project to be accredited as an Ultra Site and won the top accolade '2019 Ultra Site of the Year Award'.

An important part of our customer focused approach is to genuinely understand the end user (customer). The solutions we provide must meet their needs and be accessible to all.

Our experience has told us that employing local and diverse teams, not only helps to reflect our communities, but to better understand our customers.

In 2019, the Costain design management team undertook access audit training to help enhance their understanding of impaired users and their specific needs.

We have shared best practice on delivering accessible and inclusive construction projects, promoting a guide book which we produced in partnership with industry peers and Highways England. A copy can be found at: www.costain.com/our-culture/equality-diversity-and-inclusion/

Engaging with our communities through our local schools is a great way to share the benefits of our projects. It allows us to inspire the next generation into pursuing science, technology, engineering and maths (STEM) based careers.

Our people bring a range of diverse skills, experience and knowledge across a variety of disciplines. We encourage our employees to share their skills and we give every employee two days per year to volunteer in the local communities where we live and work. In 2019, over 4,000 volunteering hours were used to positively give back to society.

Many employees used their time to promote the industry by delivering various STEM based activities. Across the UK, we engaged with over 20,000 young people, exceeding our 2019 target of 15,000.

Costain has the 6th highest average Considerate Constructors Scheme score in the industry

42.3/50

Hours volunteered in the local community or to good causes

4,000+

Young people engaged through Costain STEM enrichment

20,000+

Donated to charities and good causes

£225,000



Delivering on our commitments

Deliver value for our stakeholders

Our purpose is to improve people's lives. We help our clients improve their business performance by increasing capacity, improving customer service, safeguarding security, enhancing resilience, decarbonising and delivering increased efficiency.

To help address the increasingly more complex and urgent UK infrastructure challenges, we have 22 PHD researchers working on over £52m of research and development of which Costain has a share. We are working with leading universities and clients to develop innovative solutions that meet industry challenges creating intelligent infrastructure and developing smart and green cities.

Current research projects include: Internet of Things (IoT) to support circular economy business model in the infrastructure sector; urban energy rhythms, using ensemble weather forecasts to reduce delays in project delivery and qualitatively exploring the social (i.e. governance, stakeholder and society) aspects of using hydrogen to decarbonise the north west's gas network.

As we deliver our purpose to improve lives, we seek to maximise opportunities that deliver social value and leave a positive legacy for society and the environment.

We view social value as the collective benefit of our contribution to the local community consisting of social, economic and/or environmental benefits.

From a societal perspective, we deliver apprenticeships, work experience and recruitment programmes aimed at those not in employment, education or training.

Through our community engagement programmes, we deliver educational interventions aimed at promoting STEM subjects and profiling careers within our industry.

We focus on our wider economic impact and our ability to increase job creation, particularly to benefit the long term unemployed. We have achieved a bronze employer recognition award from the Ministry of Defence after signing up to the Armed Forces Covenant in 2018.

We continue to work with local prison services and rehabilitation teams to help prepare and transition people back into the world of work. In 2019, we were pleased to invite members of our supply chain to Brixton prison establishing relationships that has already created employment opportunities.

We measure and calculate the social value generated through all phases of a project delivery using the social value portals National TOMs framework. By quantifying the outputs, we are able to demonstrate value for our stakeholders. While we are able to measure the monetary contribution that we have made, we also focus on realising the positive impact of our programmes and initiatives.



GRI Index

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: core option

GRI Standard	Disclosure	Location	Additional information/Omissions
General standard disclosures			
Organisational profile			
GRI 102: 1	Name of the organisation	Front cover	
GRI 102: 2	Activities, brands, products and services	Business Model: P3 Annual Report 2019: P6–7; P16–17	Additional information in 'What we do' on costain.com
GRI 102: 3	Location of headquarters	Back cover	
GRI 102: 4	Location of operations	Annual Report 2019: P6–15	
GRI 102: 5	Ownership and legal form	Annual Report 2019: P124–127	
GRI 102: 6	Markets served	Annual Report 2019: P6–17	
GRI 102: 7	Scale of the organisation	Costain at a glance: P1 Annual Report 2019: P1–5	
GRI 102: 8	Information on employees and other workers	Ensuring Costain is a safe, inclusive and great place to work where everyone can be at their best: P8–13	
GRI 102: 9	Supply chain	Business Model: P3 Procure sustainable goods and services: P23	
GRI 102: 10	Significant changes to the organisation and its supply chain	Annual report 2019: P18-19	
GRI 102: 11	Precautionary principle or approach	About this report: P28	
GRI 102: 12	External initiatives	About this report: P28	
GRI 102: 13	Membership of associations	About this report: P28	
Strategy			
GRI 102: 14	Statement from senior decision-maker	Chief Executive Statement: P2	
Ethics and integrity			
GRI 102: 16	Values, principles, standards and norms of behaviour	Being a responsible business: P5	Additional information in 'About us' on costain.com
Governance			
GRI 102: 18	Governance structure	Being a responsible business: P5	
Stakeholder engagement			
GRI 102: 40	List of stakeholder groups	Business Model: P3	
GRI 102: 41	Collective bargaining agreements	N/A	We do not recognise any trade unions
GRI 102: 42	Identifying and selecting stakeholders	Materiality: P6	
GRI 102: 43	Approach to stakeholder engagement	Materiality: P6	
GRI 102: 44	Key topics and concerns raised	Materiality: P6	
Reporting practice			

GRI Standard	Disclosure	Location	Additional information/Omissions
GRI 102: 45	Entities included in the consolidated financial statements	Annual report 2019: P124-127	
GRI 102: 46	Defining report content and topic boundaries	Materiality: P6	
GRI 102: 47	List of material topics	Materiality: P6	
GRI 102: 48	Restatements of information	About this report: P28	
GRI 102: 49	Changes in reporting	About this report: P28	
GRI 102: 50	Reporting period	About this report: P28	
GRI 102: 51	Date of most recent report	About this report: P28	
GRI 102: 52	Reporting cycle	About this report: P28	
GRI 102: 53	Contact point for questions regarding the report	About this report: P29	corporate.responsibility@costain.com
GRI 102: 54	Claims of reporting in accordance with the GRI Standards	GRI Index: P26-27	
GRI 102: 55	GRI content index	GRI Index: P26-27	
GRI 102: 56	External assurance	About this report: P28	
Topic-specific standards			
Economic			
GRI 201-1	Direct economic value generated and distributed	Costain at a glance: P1	
GRI 203-1	Infrastructure investments and services supported	Annual report: P63	
Environmental			
GRI 304-2	Significant impacts of activities, products and services on biodiversity	Delivering on our commitments: P17	
GRI 305-1	Direct (Scope 1) GHG emissions	Delivering on our commitments: P18	
GRI 305-2	Energy indirect (Scope 2) GHG emissions	Delivering on our commitments: P18	
GRI 306-2	Waste by type and disposal method	Delivering on our commitments: P16	
GRI 307-1	Non-compliance with environmental laws and regulations	Delivering on our commitments: P17	
Social			
GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Delivering on our commitments: P10-11	
GRI 404-1	Average hours of training per year per employee	Delivering on our commitments: P8-13	
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	Delivering on our commitments: P8-13	
GRI 405-1	Diversity of governance bodies and employees	Delivering on our commitments: P21-25	
GRI 413-1	Operations with local community engagement, impact assessments, and development programmes	Delivering on our commitments: P21-25	

About this report

This report highlights our approach to being a responsible business through governance, material issues, strategy and performance during the 2019 financial year (1 January 2019 to 31 December 2019), unless otherwise stated.

Our approach

We may occasionally mention activities that occurred before or after the reporting period, when this helps provide a clearer picture of our performance.

We have included case studies as examples of our responsible business strategy in action. The report covers Costain Group activities. It does not include activities or performance of our suppliers, contractors or partners unless otherwise noted.

This report has been prepared in accordance with the GRI Standards: Core option (see p26-27).

This is our annual Responsible Business Report, published in March 2020.

Assurance

With the exception of our carbon emissions, we do not commission independent assurance of our sustainability management and reporting.

Our emissions data is independently verified and accredited to the recognised standard Certificated Emission Measurement and Reduction Scheme (CEMARS) awarded by Achilles.

For safety, health and environment (SHE) data, our internal assurance function performs validation assessments across our contracts, ensuring the integrity of our data and that our rigorous standards for SHE management are upheld.

In addition, compliance with internal policies is a key responsibility of our internal audit function and is regularly discussed by both our Board and Executive Board.

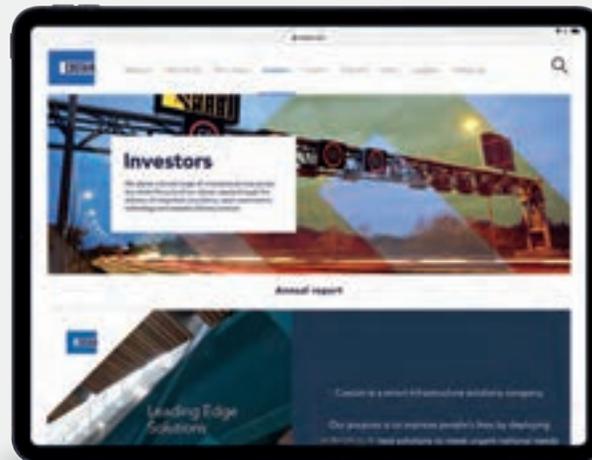
We welcome your views

Costain is committed to engaging in dialogue with all its stakeholders.

We are actively encouraging feedback on our Responsible Business Report and welcome any views you may have.

To provide feedback, or request additional information, please email: corporate.responsibility@costain.com.

Our 2019 Group Annual Report can be viewed at: www.costain.com/investors



Useful links

costain.com

costain.com/investors

costain.com/our-culture

costain.com/news