

<b>PAYMENT PROCESS IMPROVEMENT PLAN</b>	
Company	<b>Costain Limited</b>
Company Registration Number	00610201
Date of last Payment Practices Reporting Data	31/12/2021
% invoices paid within 60 days	97% as per December 2021 report submitted to the PPC
Note: All data is measured against supplier invoice received date	

<b>Identification of the primary causes of failure to pay 95% of all supply chain invoices within 60 days;</b>	
<p><b>Causes of failure to Pay within 60 Days;</b>            Default payment terms are 30 days (over 3,600 suppliers), with a limited number of high invoice volume suppliers on 45 days and a number of suppliers on terms below 30 days. Invoice approval processes employing numerous project &amp; office based personnel, varying document volumes and significant levels of invoice queries, including lack of any order number or sent to the incorrect location, can all delay payment.</p>	
<b>Causes of Payments process delay and monitoring</b>	<b>Actions ongoing</b>
Lean project staff levels. Projects typically have a small number of trained personnel to process invoices for payment and unexpected absence of these people can have an impact on processing.	Resource levels are monitored and additional resource is applied when required but instances of sudden leave can take a period of time to resolve.
Varying document volumes can occur dependent on project progress and in addition, client requests for additional works can escalate volumes of invoices. Resources are applied based on an expected level of documentation volume.	<p>Monitoring of resource levels and documentation processing is done and additional resource is applied if the project changes in scope and size. In addition, automated solutions are being applied to high volume areas that can assist with processing.</p> <p>Payments data insight is ongoing to identify further areas for improvement within the full process and payment lifecycle. This includes breaking the process into steps and analysing the data around each step to identify particular issues within the whole process. Regular reporting to our Costain Group PLC board of directors each month by way of the CFO report is performed.</p> <p>A review of the full process for requisitions, procurement, receipting and invoice processing is progressing with an aim of implementing improvements.</p> <p>New technology is being utilised in a limited capacity across a wider number of projects with performance monitored and improvements sought.</p> <p>Ongoing meetings are held with key high volume suppliers to review efficiency and effectiveness of our receipt and processing of invoices.</p> <p>Review and reporting on payments performance of suppliers identified as small and micro within our supply chain is now included as a separate category.</p>
Invoice supporting documentation not supplied with invoices or internal verification required to enable clearance of invoices.	Where delays to processing transactions are identified these are investigated and, if appropriate and where possible, additional resources are added to the relevant team to assist in resolving the backlog.
	Suppliers are requested to provide all invoices and statements electronically to specified email addresses, which improves the process especially in the environment of remote working. While most suppliers are now sending invoices to email boxes, where this is not done the supplier is encouraged to follow this process. A guidance note for trading with Costain is included on our website.
Weekly payments are made via a sequential process which must be done consecutively. This necessarily involves a cut off for item selection.	The item selection process aims to capture the latest cleared invoices and resource levels for this process are monitored and adjusted where considered necessary. Weekly payment runs are generated for each category of supplier and times allowed for payment approvals were shortened in 2020.

<b>Identification of the primary causes of failure to pay all supply chain invoices within agreed terms;</b>	
<b>Causes of failure to Pay within agreed terms :</b>	
Invoice approval processes, document volumes and internal invoice queries, including lack of any order number or sent to incorrect location, can delay payment to terms. Control reconciliation checks to supplier statement of account rely on the timely receipt of statement from the supplier.	
<b>Causes of Payments to terms process and monitoring</b>	<b>Actions ongoing</b>
Payments may not be made to terms where delays in our process from staff absence or an unexpected change in volumes may occur.	Payments data is analysed including a focus on the payments against terms statistics to identify any areas of particular weakness or underperformance.
	<p>Actions in respect of making payment within 60 days also contribute to improving payment to terms. Regular review and focus on particular projects or supplier underperformance is done to obtain improvements.</p> <p>The project to review the procure to pay process will include working to identify where improvements can be made to achieve better performance of payment to terms for supplier invoices.</p>

Approved : W Clements, Group Finance Director, Costain Ltd



Date : 22nd March 2022