



# Gender Pay Gap Report 2020

Improving people's lives.

We have a clear goal to have a workforce that is representative of society and we have a strategy that sets out the actions we need to take to achieve our goal. Reducing our gender pay gap is integral to achieving our goal.

In our previous reports we have discussed how our unequal gender representation in senior roles impacts our gender pay gap. We are pleased to report that in 2020 because of the positive actions we have taken, our senior leadership population has grown to 31% female from 12% in 2015 and for the first time, we have a 50:50 gender balance on our executive board.

Although the data contained in this report is accurate, due to the actions set out below in response to Covid-19, the calculations may not offer meaningful comparison from previous years. Our calculated gender pay gap for the Costain Group was 22.48% on 05 April 2020.

To mitigate the financial impact of COVID-19 we implemented the following actions:

- The Board and senior leadership team agreeing to a 30% reduction in salaries and directors' fees for three months. Employees on a structured bonus scheme agreed to a 20% reduction in salaries and those earning over £45,000 a 10% reduction for three months
- Temporarily pausing overtime, promotions and market adjustments
- The Board exercising their discretion to not award an annual salary increase in 2020
- To safeguard jobs across the Group we participated in the Government's job retention scheme during the first lockdown ensuring that we returned furloughed workers as soon as possible. We have not accessed the scheme since 1 September 2020.

As we look forward, I am confident that there is more that can be done to reduce our gender pay gap quicker. We are absolutely committed to closing our gender pay gap and ensuring we have a truly diverse team that can meet the changing needs of our clients.

We have continued to execute our 2019 Inclusion Strategy to meet our 2024 vision, to make Costain a great, safe and inclusive place to work, where everyone can be at their best. This focuses on our culture, behaviours and values, and includes targets to improve the representation of women at all levels of the business.

In recognition of the efforts taken to be a fair and equal employer, we were proud to be named as a Times Top 50 Employer for Women for the third consecutive year, as well as being selected as a member of the Women in Science and Engineering (WISE) 20, for being a role model who inspires the advancement of gender balance in STEM.

I confirm that the gender pay gap data contained in this report for Costain Group PLC companies is accurate and has been produced in line with mandatory requirements.

Alex Vaughan, Chief Executive.

This year, we have seen our senior leadership population has grown to 31% female from 12% in 2015 and for the first time, we have a 50:50 gender balance on our executive board.



## What do we mean by Gender Pay Gap?

The gender pay gap is a measure designed to show the difference between the gross hourly earnings for all men in an organisation and the gross hourly earnings for all women. This is different to equal pay, which compares pay for men and women doing the same work.

We are aware that the gender identification that employees have on record may not match how the employee self-identifies. We encourage all staff to update their gender identification records if they wish to do so.

The current gender pay gap legislation does not cover the reporting of non-binary employees. Costain has omitted non-binary identities from the calculation, in line with Government Equalities Office advice.

### 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 do we mean by Gender Bonus Gap?

The gender bonus gap is the difference between the average bonus received by men and women across Costain.

### 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 Gender Pay Gap

The difference in hourly pay between men and women at Costain Group is:

### Overall Pay Gap

	2019	2020	Change
% Median	23.65	22.48	-1.17
% Mean	20.46	18.32	-2.14

## Our Bonus Gap

The difference in annual bonus pay between men and women is:

### Bonus Gap

	2019	2020	Change
% Median	51.30	52.25	0.95
% Mean	45.78	49.59	3.81

## Our pay quartiles

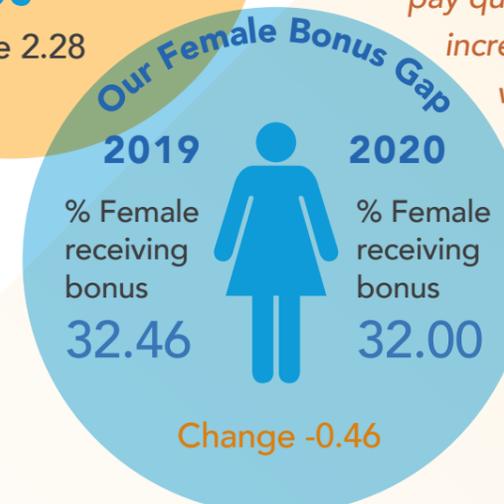
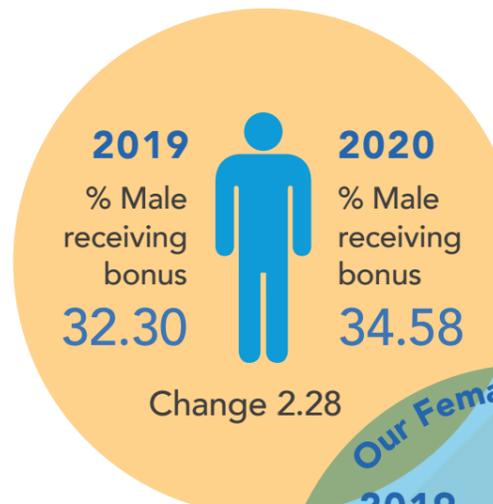
The below graphic illustrates the gender distribution at Costain Group across four equally sized hourly pay quartiles from lowest to highest.

% Male quartile 2020		% Female quartile 2020	
Upper Quartile	88.17%	Upper Quartile	11.83%
Upper Middle Quartile	81.55%	Upper Middle Quartile	18.45%
Lower Middle Quartile	73.62%	Lower Middle Quartile	26.38%
Lower Quartile	61.13%	Lower Quartile	38.87%

### What does this mean?

Costain Group's median gender pay gap has reduced by 1.17% from 2019. 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 2020 we increased the number of women in the middle and lower pay quartiles, however these were incremental increases, and there was a 0.67% decrease in women in the upper quartile. The lack of female representation at senior levels continues to contribute to our current gender pay gap and is an area that we are addressing in our 2024 inclusion targets.



## Our 2020 highlights at a glance



Named in The Times Top 50 Employers for Women for a **third consecutive year**



Selected as a member of the WISE 20, for being a role model who **inspires the advancement of gender balance in STEM**

**56%** of our PLC board are female, **exceeding our 2020 target for female board representation**

**40%** of our Emerging Leaders cohort **was female**



Our senior leadership population has grown to **36% female from 12% in 2015**



For the first time, we have a **50:50 gender balance on our executive board**, with 4 women out of the 8 members

## How are we working to close our gender pay gap?

By creating a more inclusive culture for all women at Costain, we can improve our recruitment, promotion and retention of female staff, creating an environment where women thrive. We recognise that our female staff may belong to other marginalised groups and we have taken an intersectional approach to inclusion.

We have taken the below inclusion actions in 2020, which we believe will help us to close our gender pay gap.

- We created two new inclusion networks to create new communities among our colleagues, where best practice and personal experiences can be shared. Our new networks offer intersectionality with gender: Disability and Wellbeing Network (DaWN); and Services and Services Families Network.
- We continue to be an external advocate for all diversity and inclusion matters, and despite the challenging economic impact of Covid-19, continue to support Women in Science and Engineering (WISE); Women in Nuclear; Women's Engineering Society; Disability Confident and Working Families. We are a Stonewall Diversity Champion.
- As a demonstration of our commitment to the inclusion agenda and a sign of our senior level support, we signed the Rail Industry Association EDI Charter, the CBI Change the Race Ratio, BITC Race at Work Charter, and the Valuable 500, publicly pledging our actions to be more inclusive employer.
- As a benchmark of our progress, we were delighted to be awarded by the Defence Employers Recognition Scheme, a Silver Award.
- To support our colleagues' gender identity and gender expression, we released our How to Transition Gender at Work policy. This assists colleagues and managers to plan their transition at work and creates a more inclusive environment for all women.
- To help further our flexible working arrangements and to support our people to balance their responsibilities, we released our Ways to Thrive guide to introduce dynamic working as part of our everyday culture.
- Developed a Reverse Mentoring scheme with members of our REACH (Religion, Ethnicity and Cultural Heritage) and senior leadership, where over half of the selected mentors are female.
- Updated all health, safety and wellbeing documentation to be more inclusive, and created a new Inclusive Site Set-Up tool to aid welfare planning and adaptation.
- Mandated that for all senior roles, a balanced candidate shortlist must be provided and that a diverse interview panel should be used for hiring.
- Delivered EDI and unconscious bias training at our supply chain academy, to emphasise our behavioural expectations. Diversity is also a topic for supplier performance reviews.

In addition to the changes we have made internally, we are also continuing to strive for gender equality in the wider industry. We have:

- Partnered with Construction News to provide research and support for their future Inspiring Women campaign.
- Participated in WISE's 1 of the Million campaign and have been selected as one of 20 award winners to be showcased as proud role models working to change the gender balance in STEM.
- Continued to provide career information to young women interested in our industry, using the Start platform. During the 2020 national lockdowns we saw a 100% increase month on month of individuals accessing our resources.



## Statutory disclosure

The Costain Group at the time of reporting employs 3279 employees. Within the group there are two companies that employ more than 250 people as of 05 April 2020 and are therefore required to report their gender pay gaps. This is set out right.

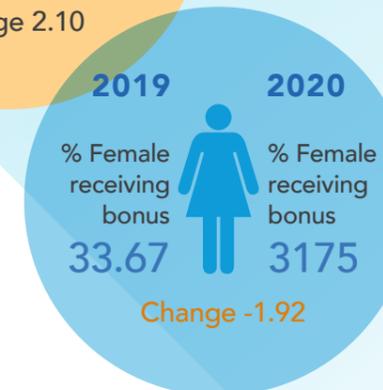
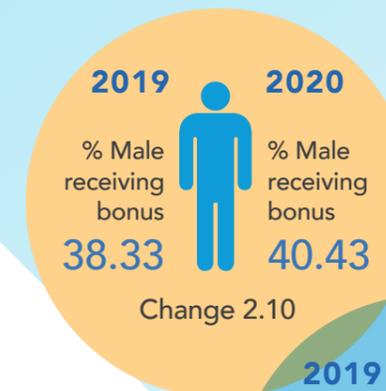
### Costain Engineering & Construction Limited

#### Overall pay gap

	2019	2020	Change
% Median	27.70	26.97	0.73
% Mean	24.76	25.39	-0.63

#### Bonus pay gap

	2019	2020	Change
% Median	51.77	50.00	-1.77
% Mean	46.13	48.35	2.22



#### Salary Quartiles

% Male quartile 2020		% Female quartile 2020	
Upper Quartile	87.02%	Upper Quartile	12.98%
Upper Middle Quartile	80.97%	Upper Middle Quartile	19.03%
Lower Middle Quartile	72.49%	Lower Middle Quartile	27.51%
Lower Quartile	50.09%	Lower Quartile	49.91%

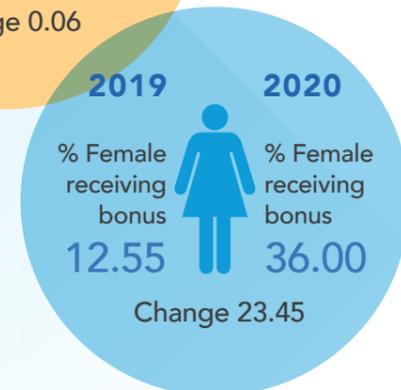
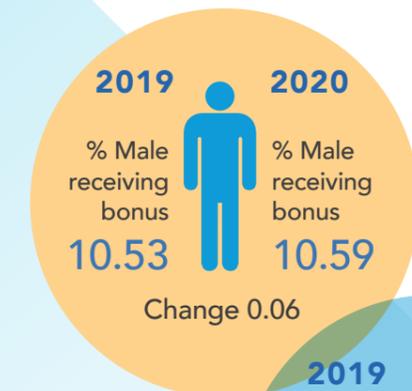
### Costain Limited

#### Overall pay gap

	2019	2020	Change
% Median	13.97	9.21	-4.76
% Mean	5.97	11.25	5.27

#### Bonus pay gap

	2019	2020	Change
% Median	24.36	34.92	10.56
% Mean	40.48	58.03	17.55



#### Salary Quartiles

% Male quartile 2020		% Female quartile 2020	
Upper Quartile	95.83%	Upper Quartile	5.17%
Upper Middle Quartile	93.97%	Upper Middle Quartile	6.03%
Lower Middle Quartile	90.60%	Lower Middle Quartile	9.40%
Lower Quartile	89.74%	Lower Quartile	10.26%

\*Large increase due to a reduction in women in Costain Ltd.



