

Carbon Reduction Plan



Supplier name: Costain Group PLC

Publication date: 26/07/2023

Commitment to achieving Net Zero

Costain Group PLC is committed to achieving Net Zero greenhouse gas (GHG) emissions by 2035.

Baseline Emissions Footprint

Baseline emissions are a record of the greenhouse gases that have been produced in the past and were produced prior to the introduction of any strategies to reduce emissions. Baseline emissions are the reference point against which emissions reduction can be measured.

Baseline Year: 2021
Additional Details relating to the Baseline Emissions calculations.
Having met our 50% reduction target in 2020 against a 2010 baseline. In line with Costain's Climate Change Action Plan, we updated our baseline (base year 2021) against which we are measuring our net zero targets against.
This 2021 updated baseline includes scope 1, 2 and scope 3 emissions. Scope 3 emissions include materials (concrete, steel, asphalt and aggregate which make up the vast majority (73%) of our overall Group footprint due to the current carbon intensity of these materials), grey fleet, business travel, waste and water.
Our emissions data is calculated in line with the GHG Protocol and is third party accredited to ISO14064 under Carbon Reduce by Achilles. 100% of our emissions are incurred in the UK.
Great efforts have been made to ensure our scope 3 emissions are accurately represented within Costain's baseline, but we do continue to work in collaboration with our supply chain to enhance the breadth and quality of emissions data.

Baseline Emissions Reporting

Baseline year emissions: 2021	
EMISSIONS	TOTAL (tCO ₂ e)
Scope 1	10,771.88
Scope 2	1,116.22
Scope 3 (Included Sources)	30,833.55 Scope 3 breakdown: Category 1 – 23,954 Category 3 – 2,486 Category 4 – 1,376 Category 5 – 159 Category 6 - 387 Category 12 – 1,097 <i>Category 7 emissions are included in our Category 6 data. Costain does not have any Category 9 emissions.</i>
Total Emissions	42,721.66

Current Emissions Reporting

Reporting Year: 2022	
EMISSIONS	TOTAL (tCO ₂ e)
Scope 1	6,703.23
Scope 2	906.95
Scope 3 (Included Sources)	40,503.42 Scope 3 breakdown: Category 1 – 31,703 Category 3 – 5,378 Category 4 – 837 Category 5 - 67 Category 6 – 1,610 Category 12 – 909 <i>Category 7 emissions are included in our Category 6 data. Costain does not have any Category 9 emissions.</i>

Total Emissions	48,113.60
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The Costain Group PLC's emissions footprint for 2020, our original baseline year, was significantly impacted by the COVID-19 pandemic. We therefore re-baselined in 2021 to ensure a more representative baseline against which to measure progress.

Costain's Climate Change Action Plan, launched in 2020, includes targets for scope 3 emissions, however it was recognised that Scope 3 supply chain data was not as robust as required to establish a detailed scope 3 baseline. Therefore, a first step in the Action Plan was to work with the Group's supply chain during 2021 to obtain a representative scope 3 emissions footprint.

This re-baselining was independently and externally verified through Achilles' Carbon Reduce Scheme and Costain were commended on their efforts to ensure the robustness of their footprint. The challenge of data quality for scope 3 emissions is an industry wide recognised challenge. Costain's efforts and re-baselining are a testament to the Group's ambition to take proactive steps to overcome this challenge in the most robust manner and at the greatest pace possible.

Emissions reduction targets

In 2020, we launched our [Climate Change Action Plan](#) which includes the following carbon reduction targets:

- 2035: Costain Group PLC will be Net-zero
- 2030: 50% reduction in emissions from plant and machinery; zero emissions from company car fleet
- 2027: 75% Ultra Low Emission company car fleet
- 2023: All solutions (consultancy, design, and delivery) proposed with a low carbon option
- 2022: Zero corporate emissions from permanent offices
- 2021: Carbon reduction target & PAS2080 principles required for every contract

The plan also outlines how Costain will play a leading role in the development and delivery of both carbon capture and clean and renewable energy generation to reduce carbon footprints across every sector. An extract from the Plan is shown below in figure1.



Figure 1. Costain Group PLC Climate Change Action Plan targets.

The breakdown of our Group footprint per scope can be seen in the figure 2 below. For the second year, we have included the embodied emissions of our most carbon-intensive materials: concrete, steel, aggregate, and asphalt within our Scope 3 emissions. In 2022 we increased the number of supplier-sourced data included within our purchased goods and services boundary, creating a 33% increase in emissions relating to goods and services. All other Scope 3 categories including business travel, waste, and energy and fuel-related activities saw a reduction in emissions against the baseline. As a result, overall, we saw a 13% increase in absolute emissions however we have improved data quality within our Scope 3 emissions.

When normalised by turnover (tCO₂e/£M) emissions in 2022 have decreased by 10% against the baseline. 2022 data shows a 38% reduction in Scope 1 emissions which has been primarily due to our transition to low-carbon fuels. Hydrotreated Vegetable Oil (HVO) now makes up 80% of our fuel mix in 2022 compared to 12% in 2021, achieved through our HVO procurement mandate. Within this, we have also seen a 24% reduction in the use of Natural Gas and a 19% reduction in our Scope 2 Electricity use as we continue to improve efficiencies in our offices.

We have outlined our trajectory to our net zero by 2035 target in figure 3 below, as our Scope 3 boundary has increased in 2022, we require a 21% year on year reduction in emissions in order to achieve net zero by 2035.

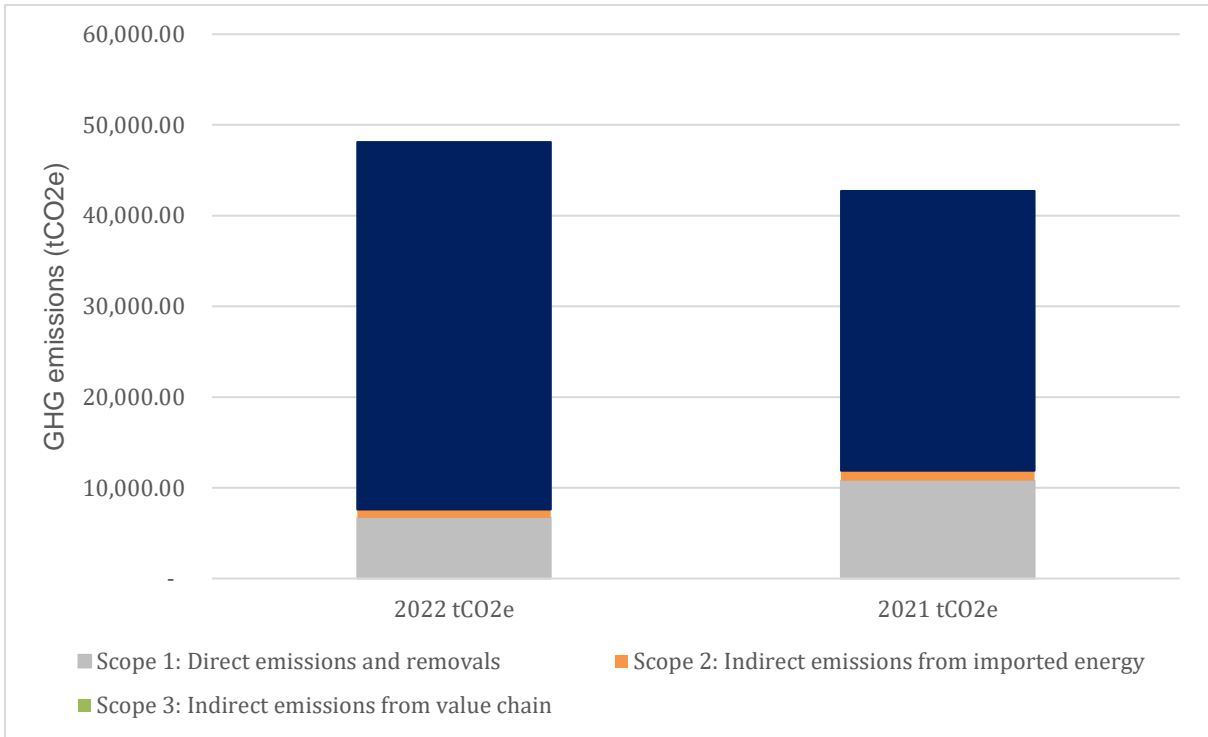


Figure 2. Breakdown of Group footprint per scope

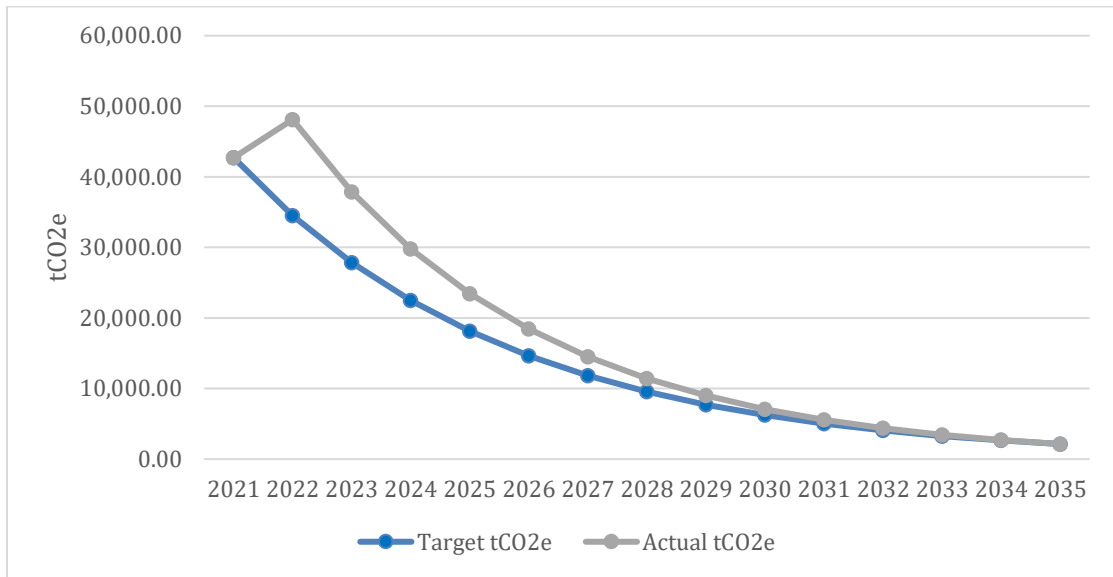


Figure 3. Net Zero by 2035 reduction target trajectory

Carbon Reduction Projects

Completed Carbon Reduction Initiatives

Since the launch of our Climate Change Action Plan, significant strides have been made and milestones achieved in our ambition to lead UK infrastructure to a zero-carbon future. We published our latest progress in our [ESG report](#).

Carbon reduction initiatives delivered to date include:

- Costain became a signatory of The Climate Pledge and became an [official partner of the COP26 campaign: Race to Zero](#). The Climate Pledge is the only initiative with the ambition to beat the 2050 target by achieving net zero by 2040 at the very latest, the Climate Pledge is also driving tangible action on all three greenhouse gas emission scopes, a key differentiator in [Costain's Climate Change Action Plan](#).
- More than 1,143 individuals have completed our Leading Carbon at Costain training programme sessions providing insight into climate change, industry impact and the growing pressure and opportunities to drive net zero and help decarbonise the UK. A further 2,950 have completed online carbon learning modules.
- In 2020 Costain was awarded PAS2080 (carbon management in infrastructure) Group certification, in 2022 we passed our recertification audit to PAS2080:2016. 100% of our relevant contracts have achieved Resource Efficiency Matrix Gold standard, Costain's aligned assurance system designed to help eliminate whole life emissions across infrastructure.

Since its launch in 2018 the matrix has identified and recognised over £51m in operation and capital cost savings and over 1.9 million tonnes of embodied and operational emission carbon emissions equivalent (tCO₂e).

- Costain's Vehicle Fleet Transition Plan is designed to take our company car and car allowance fleets to fully electric or hydrogen powered by 2030. Launched in 2020 as part of our 15-year Action Plan, our vehicle transition programme is just one of several milestones we achieved in the first year.

In 2022, 98.8% of the cars delivered to our staff have been ultralow or low emissions vehicles (ULEVs and LEVs).

- 60% of our company car fleet is now made up of low emission vehicles.
 - 98% of the vehicles of our company car selection list are ULEVs and LEVs.
- We have partnered with Mer as our charging point provider and now have a common EV (Electric Vehicle) charging platform across our business.
- EV charging points are available at all our offices and installation of charging points within our site compounds is now part of mandatory site set up. Costain charge points can be used with a non-subscription, pay-on-use service and we are offering employees discounted rates for the installation of home wall chargers.
- In 2022 100% of our office electricity consumption was procured using REGO-backed tariffs
- In 2021 we met achieved our target of every complex construction contract establishing a plant idling baseline and reduction of 20% against their contract baseline. We are putting that data to good use in helping drive carbon conscious

behaviour change. In 2022 we renewed an additional 20% plant idling reduction target for every complex construction contract.

- In 2022 we introduced a target for every complex construction contract to establish a carbon baseline that is representative of scope 1, 2, and 3 emissions. This target was 100% met by mid-2022. Each project now has a carbon baseline for the reporting year, an associated carbon reduction target, and a carbon action plan outlining reduction initiatives to be undertaken within the reporting year to achieve the target that has been set. These are reviewed on a quarterly basis, with emissions reported monthly on our internal reporting system.
- Costain is committed to delivering low carbon whole-life solutions, including tackling 'Scope 3' emissions, to every client by 2023 and to be net zero by 2035. Our PAS2080 certification and 2022 carbon baseline target are the first steps in meeting our 2023 target.
- In 2022 we submitted our application to Science Based Target Initiative (SBTi), with both a Near Term and Net Zero target covering our Scope 1,2 and 3 emissions. We aim for this to be validated in Q3 2023.
- As part of our Climate Change Action plan, in 2022 we established our Low Carbon Materials Working Group to ensure integration of low carbon materials into business as usual. A Low Carbon Materials mandate was released in 2022 and rolled out the business within Q1 of 2023. The mandate focuses initially on the use of concrete/cement, asphalt, data tagging 3D models, and sustainable procurement practices.
- We have also contributed to research into low carbon construction including: Future Roads (Building Trustworthiness in Carbon Data to Achieve Net-Zero Across the Highway Infrastructure Life of Highway Assets); Low carbon concrete with the Nuclear Decommissioning Authority; Concrete infrastructure research group with Cambridge University.
- Costain is decarbonising transportation through electric roads and hydrogen buses, which help to improve social value and stimulate the circular economy by bringing jobs to communities, developing local supply chains, and providing low carbon transport links.
- We are leading a consortium that will take another important step towards understanding how industry could work together to tackle one of the largest carbon emission producers in the country.
- Through Innovate UK, the Department for Transport has commissioned Costain to lead and assess the economic and technical potential of the [UK's first electric motorway](#). The study is part of the UK government's plan to reach zero net emissions for heavy road freight and create a cleaner, greener, and more efficient road freight network across the UK.
- We are supporting our strategic plant supply chain to provide the latest electric, hydrogen and hybrid machinery and we are working with them and major manufacturers to accelerate the development and industry wide roll out of sustainable plant.

To find out more about the plan and additional resources please see our [Climate Change Action Plan Hub](#).

In the future we will implement further measures such as:

- Setting a science-based target for nature and a nature positive plan

- From January 2023 all complex construction contracts will include low carbon options

Declaration and Sign Off

This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and reporting standard for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard¹ and uses the appropriate Government emission conversion factors for greenhouse gas company reporting².

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard³.

This Carbon Reduction Plan has been reviewed and signed off by the board of directors (or equivalent management body).

Signed on behalf of the Supplier:



Alex Vaughan

Costain Group PLC CEO

Date: ...26/07/2023...

¹ <https://ghgprotocol.org/corporate-standard>

² <https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>

³ <https://ghgprotocol.org/standards/scope-3-standard>