We are committed to operating responsibly and with high ethical standards, particularly with regard to human rights issues and will not tolerate human trafficking and other kinds of slavery within our operations. We expect equally high standards from our supply chain.

This is the first statement made on behalf of Costain Group PLC and our subsidiary companies (“Costain”) pursuant to Section 54(1) of the Modern Slavery Act 2015. This statement sets out the steps that Costain has taken during the year ending 31 December 2016 to ensure that slavery and human trafficking is not taking place in any part of our business or that of its supply chain.

Costain helps to improve people’s lives by deploying technology-based engineering solutions to meet urgent national needs across the UK’s energy, water and transportation infrastructures. Costain has an annual turnover of over £1.6 billion.

We provide a broad range of innovative services across the whole life-cycle of our customers’ assets through the delivery of integrated consultancy, asset optimisation, technology and complex delivery services.

We buy a vast range of materials and services for the operation of our business. Our supply chain consists of over 5,000 companies, working for us as strategic, preferred and verified suppliers.

We have undertaken a detailed review of our business operations in response to the Modern Slavery Act 2015. A Modern Slavery Steering Group was formed to drive leadership on this topic and shape the actions that Costain is taking now and in the future.

Behaving in a principled, disciplined way is all part of being a responsible company. The success of our business is reliant on our people and the people we work with, including our suppliers and partners.

Costain’s values are:

- Customer focused;
- Open and honest;
- Safe and environmentally aware;
- Team players;
- Accountable;
- Improve continuously and therefore the...
- Natural choice.

Underpinning everything that we do are the Costain values and a culture where all of our employees embody our values. We expect all of our suppliers and partners to uphold these values.
As part of our review, we identified that whilst our existing policies covered ethical procurement and employment, Costain needed to create a policy specific to modern slavery and human trafficking, which would be applicable to our supply chain too.

Our suite of relevant policies, which are publically available on Costain.com, include:

- Corporate Responsibility policy
- Diversity and Equality policy
- Ethical Business Conduct policy
- Modern Slavery and Human Trafficking policy
- Sustainable Procurement policy
- Whistleblowing policy

There are currently 4,100 people employed by Costain, 950 of which joined the company during 2016.

All new employees are subject to pre-employment checks to ensure their right to work in the UK and to confirm their identity. All employees are provided with information about their statutory rights, including: sick pay; holiday entitlements; parental leave; flexible working and any other benefits to which they may be entitled.

Costain pays all of our employees at least the minimum living wage and we ensure that our recruitment agencies comply with all legal requirements.

We have a dedicated confidential whistleblowing helpline which is available 24 hours a day and which is managed independently to ensure confidentiality. There were no reports of human rights, slavery or human trafficking via the whistleblowing helpline in 2016.
Assessment of modern slavery risk within our supply chain

In May 2016, we conducted a risk assessment of our business operations, identifying that the biggest exposure that we face to modern slavery and human trafficking is through our supply chain.

Our risk assessment was carried out against the likelihood of the following three traits of slavery and human trafficking occurring:

- Forced labour
- Work and life under duress
- Impossibility of leaving an employer.

We found that the highest risks were from within our supply chain and specifically from suppliers who provided labour in various forms.

Due diligence and audit of suppliers and supply chain

We have conducted a review our procurement processes, identifying immediate and long-term actions.

We use Achilles as an independent partner to verify our preferred and strategic partners against our sustainable procurement requirements. Achilles has appropriately updated their processes, requiring compliance with Modern Slavery Act 2015 and providing data to our buyers.

The Costain Pre-Qualification Questionnaire (PQQ), which is used to verify suppliers not classed as preferred or strategic partners, was updated to require suppliers to provide copies of their Modern Slavery Statement as part of the process.

Where no statement is available, a Costain supply chain manager will work with the supplier to achieve compliance with the reporting requirements of the Act.

Achilles completes supplier audits on behalf of Costain and has updated its audit process to include compliance with the Modern Slavery Act 2015. In addition to the routine audit process, we have updated our standard sub-contract clauses to include the right to audit suppliers at short notice.

Having recognised that our highest risks lie in labour provision, we have updated our material and plant terms and conditions accordingly to manage this risk.

Training

Raising awareness both internally and externally of the human rights aspects of slavery and trafficking is a fundamental step in preventing it occurring within our supply chain.

Costain employees have access to E-learning modules on modern slavery via the Costain MyLearning platform.

Completion of the training module is mandatory for all employees in the following roles by the end of 2017: PLC Board; Executive Board; commercial; contract management; procurement/supply chain management; senior management; facilities; human resources; internal audit; legal; operational management and procurement.
Next steps

We will be rolling out further training for front line supervisors in the form of a tool box talk, promoting awareness of the typical signs of someone working in enslaved conditions. This training will also include how to report concerns either via the Whistleblowing helpline or to Costain leadership.

We will also be continuing with supply chain training, ensuring those high risk labour suppliers have attended the Supply Chain Sustainability School training. Sharing best practice across the industry is a key step and we will be sharing the learning from our supply chain mapping tool, which we developed to monitor supply chain risks, with the Supply Chain Sustainability School and our peers.

The Modern Slavery Steering Group will monitor the roll out of both in-house and supply chain training and this will be reported on in our next statement.

This statement was approved by the Board of Costain Group PLC.

Andrew Wylie CBE, Chief Executive
April 2017