



COSTAIN

Gender Pay Gap

Report 2017



Improving people's lives, working well together



In April 2017 new legislation was introduced by the UK Government, meaning that employers with more than 250 employees are required to publish their gender pay gap. We fully support this legislation as we believe it will help businesses to tackle gender equality in the workplace.

We believe that a more diverse workforce will make us a better business and are committed to making Costain a great place to work,

where our people thrive, and can be at their best, every day.

In 2017 we launched our Equality and Diversity and Inclusion strategy setting out our vision to have a workforce that is representative of society.

We have conducted an in-depth review into our pay levels and are confident that we have equal pay conditions, however like many other organisations we do have a gender pay gap.

The main reason for our gender pay gap, is that there are fewer women in senior leadership positions. We are already taking action to address the gender balance within Costain and we are confident that as we progress with our gender balance, our gender pay gap will decrease.

We have made encouraging progress, seeing our senior female population growing from 10% to 18% over the last two years, but we recognise that there is more to do.

I confirm that the gender pay gap data contained in this report for Costain Group PLC companies is accurate and has been produced in accordance with the ACAS guidance on managing gender pay.

Andrew Wyllie CBE
Chief Executive

senior female population grown from 10% to 18%

The regulations require all companies with 250 or more employees on 5 April 2017 to publish details of their gender pay and bonus gap. In Costain, there are two employing entities required to publish this data and they are detailed on page 12 and 13. We have also taken the opportunity, below, to voluntarily publish the consolidated data for Costain in the UK.

The figures quoted in this report are for all Costain Group companies as at 5 April 2017 and the bonus gap in the 12-month reference period to 5 April 2017, ie for the 2016 performance year.



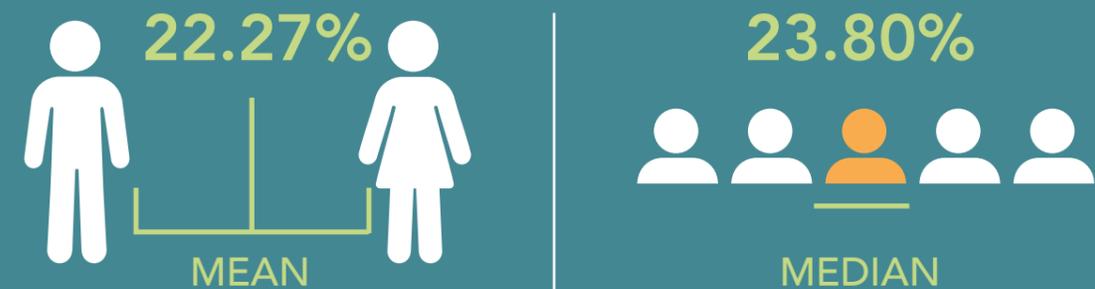
What do we mean by Gender Pay Gap?



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 for work of equal value.

Our Gender Pay Gap

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



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?

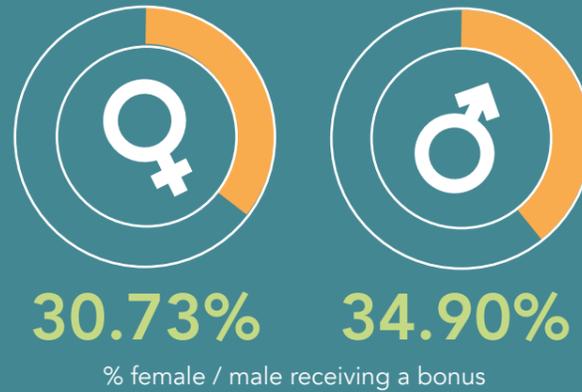
The median involves listing all the numbers in numerical order. The median is the middle number. We calculate the median for both men's and women's hourly pay and report the percentage difference.

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

Our Bonus Gap

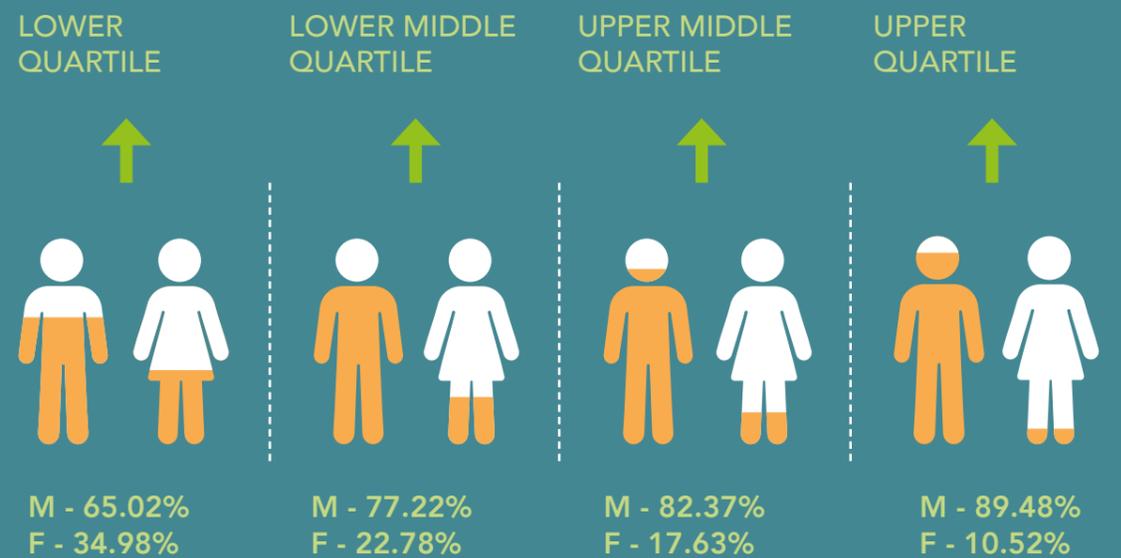
The difference in annual bonus between men and women is:

BONUS GAP	
% MEDIAN	39.13
% MEAN	48.03

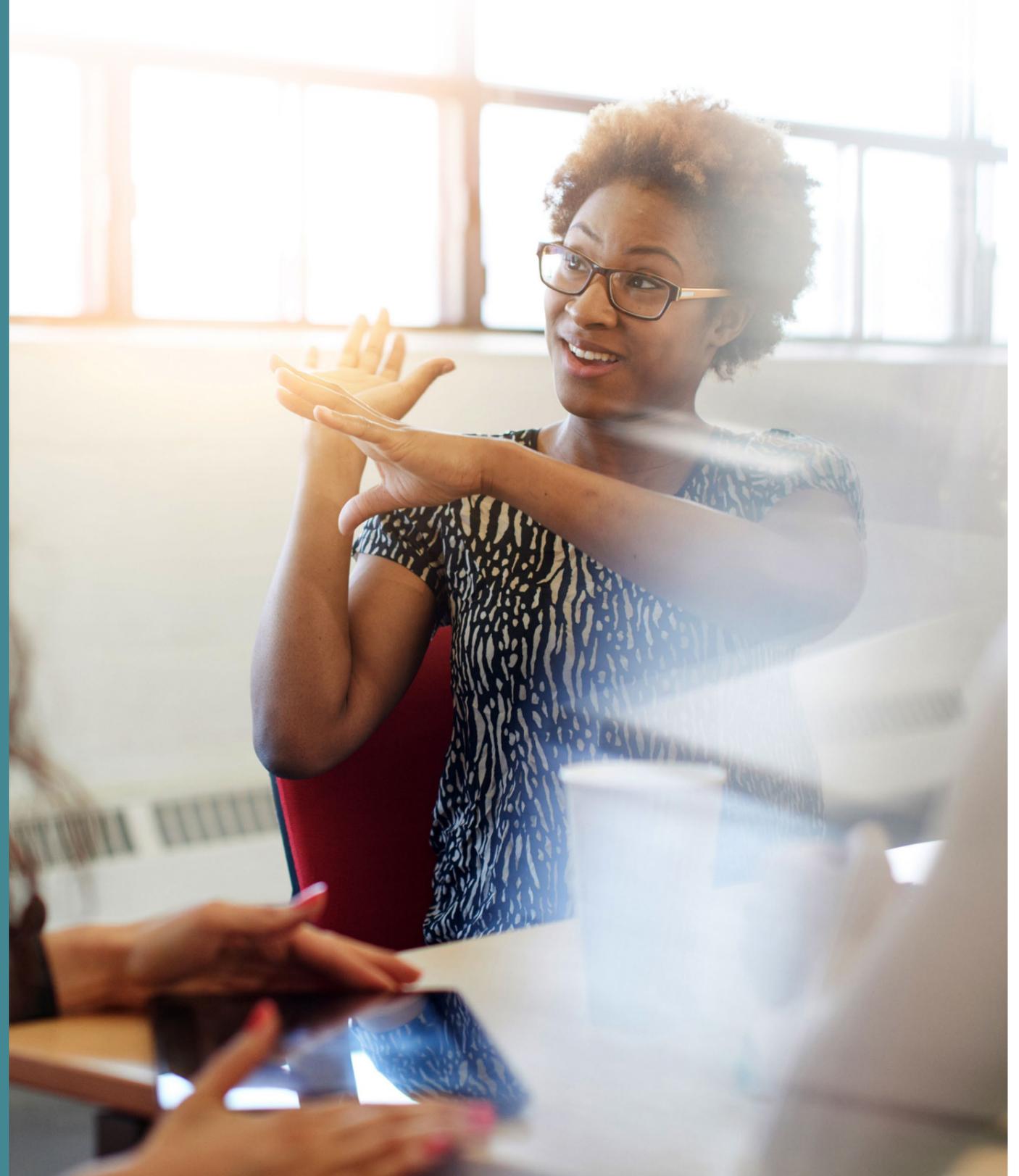


Our pay quartiles

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



We believe that a **more diverse workforce** will make us a better business and are committed to making Costain a great place to work



Why do we have a Gender Pay Gap?



Our gap is result of the unequal distribution of men and women across the company, in particular fewer women in senior leadership positions, not because of our pay policies and practices.

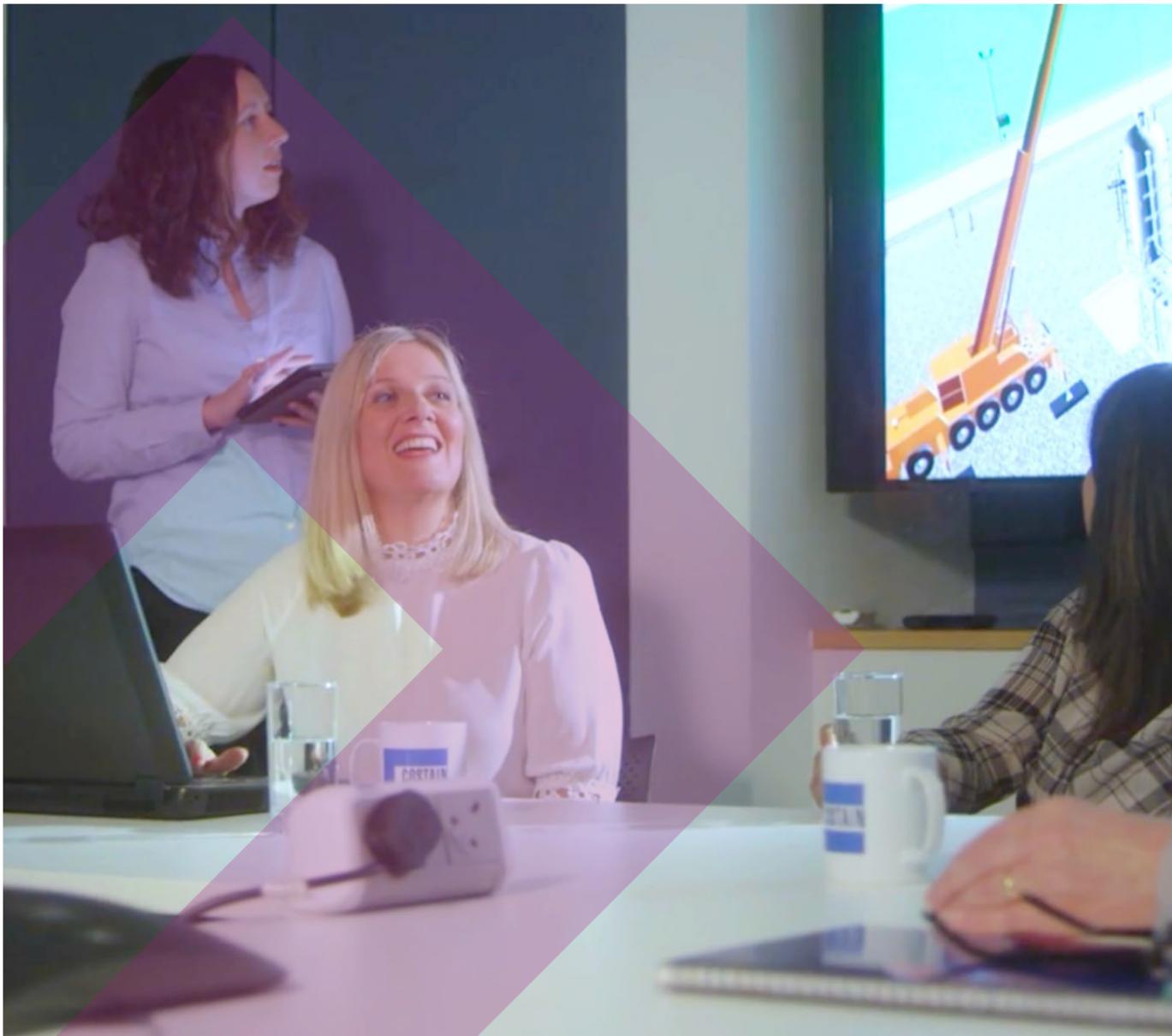
We are working hard to attract and develop women into senior leadership positions and in the past two years have seen this population increase from 10% to 18%. Women currently make up 22% of our employee population.

We are confident that our employees receive equal pay for work of equal value, however we do have a gender pay gap when we compare the overall average pay and bonuses for women and men.

We know our bonus awards are gender neutral. The proportion of men and women receiving a bonus is fairly equal (there is only a 4% difference between the number of men and women being paid a bonus for their performance).



We are confident that our **employees receive equal pay** for work of equal value



What are we doing to close our Gender Pay Gap?

To improve the diversity of our workforce, we launched our Equality, Diversity and Inclusion strategy in 2017. Our strategy sets clear objectives to help us meet our goal 'to have a workforce reflective of society'.

One of our objectives is to meet the Hampton-Alexander target for 33% of executives and their direct reports to be women by 2020. In meeting this objective we are confident that our gender pay gap will reduce.

We have a framework of targeted action around: Inspire, Hire and Grow.

Inspire

We need to attract more women into our industry and to Costain. Actions we have taken since the launch of our strategy include:

- We have worked hard to carefully position recruitment initiatives to make them more attractive to women
- We have increased our school engagement activities, reaching over 16,000 young people in 2017
- We have updated our recruitment website and job descriptions, ensuring we are not unintentionally excluding female applicants
- We have made role models more visible, helping to inspire potential recruits and our female employees to progress their careers with Costain
- Supporting campaigns such as International Women's Day and marching at Pride London are important ways we can inspire a broader diversity of people into our industry.

Hire

It is vital that our recruitment process is free from bias, ensuring that every applicant has equal opportunity. We have taken the following actions since we launched our strategy in 2017:

- Over 1,000 employees have completed unconscious bias training, with all employees required to complete the training by the end of 2018
- We have introduced to our recruitment process blind CV sifting, mixed gender interview panels and targets for female representation on interview shortlists.

Grow

We recognise that retaining and developing women to meet their career aspirations is key to achieving gender balance at all levels. In our strategy we focus on supporting women in their mid-careers and we have taken the following actions:

- Targets have been set for female representation in senior management roles and/or graduate roles
- We are now assigning an Executive Board mentor to our most talented women
- Our gender network was launched and we are currently creating a parenting and carers network. Additional support for female employees returning to work after maternity leave has been developed, as well as relevant training for new line managers
- We are more visibly promoting flexible working for all our employees, not just women
- To ensure management buy-in, diversity targets have been introduced into bonus criteria.

With the implementation of these actions, and many others, we have already started to make some progress. There has been a 38.9% increase in female employees since 2013 and we have increased the number of women in senior management positions from 10% to 18% in the past two years. We recognise that more needs to be done to ensure that we do not miss out on female talent. We know that it will take a long-term commitment to significantly change the gender balance of our workforce and of the industry but we will continue to drive these improvements.



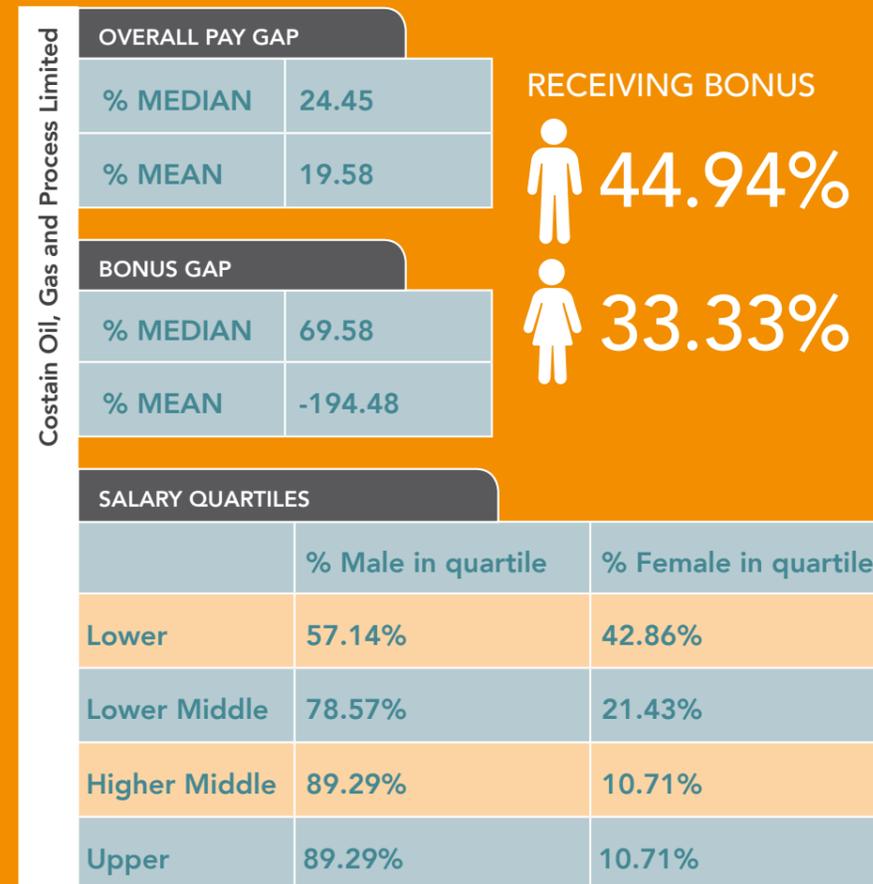
We are now assigning an Executive Board mentor to our most talented women

Statutory disclosure

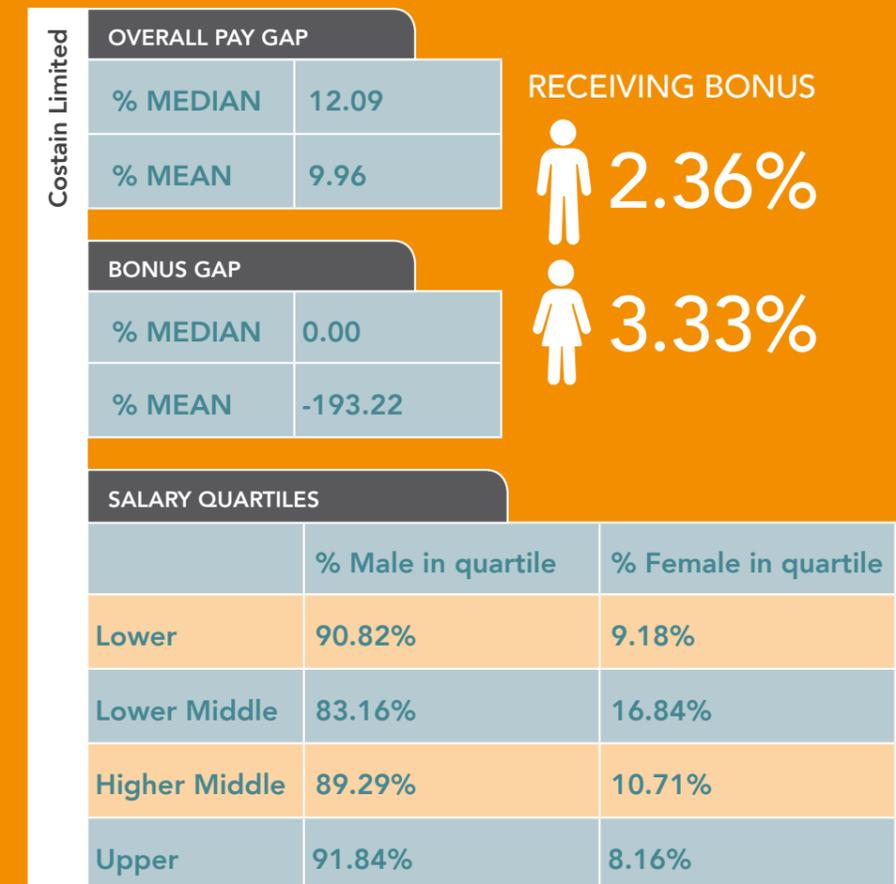
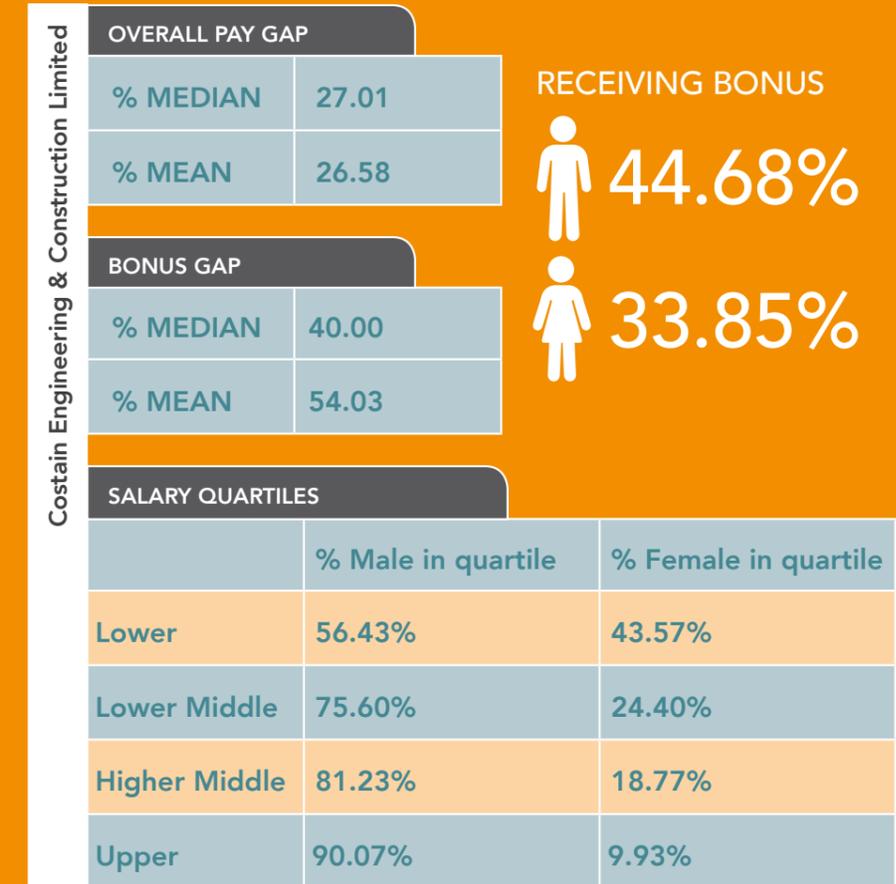
The Costain Group employs over 4,000 employees across three employing entities. Two of these entities employed more than 250 people as at 5 April 2017 and are therefore required to report their gender pay gaps.

In the interest of transparency, we have voluntarily reported the relevant information for all three entities. This is set out below.

Voluntary reporting



Statutory reporting





www.costain.com

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