Modern Slavery
Transparency Statement 2019

Smart thinking, improving people’s lives
Introduction

Our purpose is to improve people’s lives by delivering integrated ‘leading edge’ smart infrastructure solutions to meet national needs across the UK’s energy, water, transportation and defence markets. We enable new solutions to meet the challenge of population growth, decaying infrastructure, interconnectivity, climate change, need for higher productivity and a fundamental demand for environmental, societal and political change. We have been shaping the world in which we live for the past 155 years.

In 2019 we launched our ‘leading edge strategy’ setting out how we will enhance the stakeholder value of our business by broadening our services to better meet our clients changing needs.

To successfully implement our strategy and deliver enhanced stakeholder value, we must operate responsibly and sustainably.

This statement has been published in accordance to Section 54(1) of the Modern Slavery Act 2015. It sets out the steps that Costain has taken in 2019 to prevent slavery and human trafficking taking place in any part of its business, or that of its supply chain. This statement is made on behalf of Costain Group PLC and each of its subsidiaries, including Costain Limited, Costain Oil, Gas and Process Limited and Costain Engineering and Construction Limited, that are required to make such a statement in accordance with the Act.
Our business and supply chain

The revolution in technology currently underway across infrastructure is fundamentally changing our markets. Client expenditure is moving away from the construction of new assets, with a greater proportion directed towards the optimisation of existing infrastructure, using digital technology to provide insight, step-change improvements and efficient delivery.

Our expertise in the integration of technology, consultancy, asset optimisation and complex delivery positions us at the forefront of a rapidly-changing market environment.

To meet the changing needs of our clients and the services we provide, our supply chain is changing too, however our rigorous procurement process, which follows the principles of ISO:20400 Sustainable Procurement has not changed.

We buy a vast range of materials and services from a supply chain made up of over 4,514 companies, 2,526 of which provide operational goods and services. These companies are classified as strategic, preferred and verified suppliers to Costain.

Maintaining a high calibre supply chain is crucial for Costain to help reduce risk and to develop high performing strategic relationships. There are two supplier assessment routes:

- Externally via Achilles, a reputable accreditation scheme provider (Building Confidence being the preferred option, or UVDB, FPAL or RISQS).
- Internally via the Costain materials, plant or subcontract questionnaire (PQQ).

All relevant preferred and strategic partners must be accredited by an Achilles scheme. Achilles as an independent partner verifies our preferred and strategic partners against our sustainable procurement requirements. Achilles provide data to our buyers, identifying areas for concern and potentially influencing procurement decisions. Achilles also complete supplier audits on behalf of Costain, this process includes compliance with the Modern Slavery Act.

The Costain pre-qualification questionnaire (PQQ), is used to verify our supplier base who are not classed as strategic partners or preferred suppliers. The PQQ requires suppliers to provide copies of their Modern Slavery statement and associated policies as part of the process.

Modern slavery is a crime and a violation of our fundamental human rights. It takes various forms, such as slavery, servitude, forced and compulsory labour and human trafficking. Costain is committed to operating responsibly, particularly regarding human rights issues and we firmly believe that nobody should be hurt or made unwell because of the work we do, or services we provide.

Our policies related to modern slavery

We continually assess our responsible business processes and have appropriate whistleblowing procedures to ensure their continued effectiveness. Annually we conduct a review of all our existing policies to ensure they continue to drive the behaviors needed for our business to operate responsibly and sustainably, and so that we meet our legal obligations.

Costain is committed to being a responsible business and our policies, which are available at Costain.com set out how we expect our people, partners and suppliers to behave and operate when representing Costain. The relevant Costain policies for preventing modern slavery include:

Responsible business policy

Costain’s responsible business policy consists of ten key actions (including ‘procure sustainable goods and services’) that all employees, partners and suppliers must do in support of meeting the companies three commitments to responsible business: Ensure Costain is a safe, inclusive and great place to work where everyone can be at their best; create a greener future; and enhance the value Costain contributes to society. The board sponsor for this policy is the Group human resources director.

People policy

The Costain people policy encompasses recruitment, development, reward, equality and diversity, health and wellbeing, compliance with labour/ employment and data protection laws and regulations wherever we work. The board sponsor for this policy is the Group human resources director.

Ethical business conduct policy

Bribery prevention; Fair and open competition; Insider dealing prevention; Fraud prevention; Whistleblowing are all covered by the Costain ethical business conduct policy. The board sponsor for this policy is the Company secretary and General counsel.

Modern Slavery and Human Trafficking policy

The Costain Modern Slavery and Human Trafficking policy specifies the mandatory conditions of employment and contractual conditions for our suppliers. The board sponsor for this policy is the Group commercial director.

Sustainable procurement and supply chain policy

The Costain Sustainable procurement and supply chain policy stipulates the conditions of all procurement activity, aligning outcomes to our responsible business commitment and ‘leading edge’ strategy. The board sponsor for this policy is the Group commercial director.

Standard contract clauses

Clauses on employment, health and safety, human rights and modern slavery are included as standard in all our contracts with suppliers. The clauses cover obligations on human rights and specifically on the prevention of modern slavery. The clauses include: right to audit; non-UK companies to act in accordance with UK law, even outside of the UK; the requirement to maintain policies and procedures; right to work checks; and the keeping of employment records.
Governance

The Board holds ultimate responsibility for Responsible Business management and the Executive Board of Costain is accountable for all aspects of CR delivery, including setting policy, determining our strategy and providing leadership to drive our responsible business commitments.

We have an established hierarchy of working and leadership groups, consisting of directors and senior managers who hold direct responsibilities for our responsible business performance.

The Costain Way is certified by BSI as compliant to management standards including ISO 9001 (quality), ISO 14001 (environment), OHSAS 18001 (health and safety), ISO 22301 (business continuity), ISO 27001 (information security) and ISO 44001:2017 (collaboration).

The Group also has an independent internal audit function which undertake a programme of risk-based audits across all operations throughout the year. All audit reports are shared with the relevant business owners who are expected to implement appropriate measures to address any risks or controls weaknesses. The results of all internal audit activity are also shared with the chief executive, chief financial officer and scrutinised by the Executive Board and Audit Committee on a regular basis.

Risk assessment

Our risk assessment indicates that our exposure remains unchanged and is highest within our supply chain. Annually, we complete a supply chain risk assessment that looks at the goods and services we procure, reviewing the likelihood of the following three traits of slavery and human trafficking occurring within a supplier organisation:

- Unfree recruitment
- Work and life under duress
- Impossibility of leaving an employer.

The supplier categories that we believe pose our highest risk are those who provide labour in its various forms. This conclusion is consistent with the industry insight and advice we have obtained from experts.

Costain supply chain managers have worked with the highest risk suppliers, supporting them through training provided by the Supply Chain Sustainability School. This is a shift in focus from predominantly helping suppliers ensure they have compliant statements to putting in place action plans to help prevent unethical labour practices.

Training

Training our people

We know that unethical labour practices, including slavery and human trafficking are hidden. We have robust policies and procedures in place that set out our stance and how we must operate. Costain employees are trained regularly on the requirements of our policies and procedures. All changes to policies are communicated to our people and to our partners and suppliers.

Raising awareness of the human rights aspects of slavery and trafficking is a fundamental action in bringing to light any issues within any part of our business or our supply chain. Costain has modern slavery and sustainable procurement training modules within our E-learning portfolio and such training is mandated to relevant job families to keep them abreast of the issue.

Employees performing the following roles have completed mandatory modern slavery training: executive board; commercial; contract management; procurement/supply chain management; senior management; facilities; human resources; internal audit; legal; operational management and procurement.

Training our supply chain

In 2019, a further 15 small and medium enterprises (SMEs) took part in the Costain Supply Chain Academy (SCA), completing a module on modern slavery. The SCA supports SMEs through 22 modules of free industry best practice training, helping to raise awareness, capability and reduce risk. To-date 165 SMEs have completed the Costain SCA.

In April 2019 suppliers who were identified as higher risk were mandated to attend a workshop delivered by the Supply Chain Sustainability School. The workshop raised awareness of the industry risk to unethical labour practices and required all attending businesses to produce a risk reduction action plan which their respective Costain supply chain manager would follow up on to ensure appropriate risk mitigation was implemented.

Collaborative action

Working in partnership with other organisations to raise awareness, share best practice and set standards is essential to help reduce collective risks. Costain is involved in several partnerships relevant to modern slavery.

GLAA Construction Protocol

In 2019 Costain set a target for relevant strategic suppliers to sign up to the Gangmasters & Labour Abuse Authority’s Construction Protocol. This is a joint industry agreement aimed at eradicating slavery and labour exploitation, committing signatories to work together. By the end of 2019, 91% of Costain strategic suppliers were signed up to the protocol and the remainder are being supported by the Costain supply chain team to sign up in the near future.

Bright Future

In 2018 Costain became a Bright Future business partner with the aim of helping provide victims of modern slavery with a pathway to paid employment and reintegration into society. Throughout 2019 we have worked with our joint venture partners to create work placements, designing a two-week pre-employment programme to help support a better transition into the workplace.

Worker wellbeing

We have a dedicated, confidential whistleblowing helpline, which is available 24 hours a day and is independently managed to ensure confidentiality. Our whistleblowing policy and details of how to raise a concern are provided to all employees and supply chain colleagues at induction. Posters of the whistleblowing line are prominently displayed on notice boards at all our sites and offices. In 2019 there were no reports of human rights, slavery or human trafficking via the whistleblowing line.

In addition to our whistleblowing helpline, our Employee Assistance Programme is available to provide support to all supply chain partners as well as Costain employees on a variety of personal issues, including those impacting on wellbeing. Over 20,000 employees and supply chain partners working on Costain contracts have access to the free confidential 24/7 advice service, providing additional emotional support through telephone or face-to-face counselling sessions.

KPI’s

0 cases reported
100% of strategic partners with a turnover >£36m have modern slavery statement
88% of identified employees have completed
modern slavery awareness training
Next steps

In Q2 2020 we will:

• Complete a detailed risk review of our whole business, including the goods and services we procure. As we implement our ‘Leading edge’ strategy, we expect our risk profile to change and we will work closely with the technology industry and our changing supply chain to mitigate our risks.

• Continue to work with our strategic supply chain partners who have not signed up to the GLAA’s Construction Protocol to ensure they can sign up in 2020.

• Mandate employees working in technology related roles to complete modern slavery awareness training. In addition to this, colleagues in front-line site based roles will be required to complete modern slavery awareness refresher training.

• Host another intake of the Costain Supply Chain Academy, providing a modern slavery awareness module to participating SMEs.

This statement covers the period 1 January 2019 to 31 December 2019 and has been approved by the board of directors of Costain Group PLC.

Alex Vaughan
Chief Executive Officer