



COSTAIN



Modern Slavery Transparency Statement 2020

Costain Group PLC

Improving people's lives.

This statement has been published in accordance with Section 54(1) of the Modern Slavery Act 2015. It sets out the steps that Costain has taken in 2020 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.

Introduction

Costain's purpose is to improve people's lives by helping to connect and keep the nation moving, keep water clean and flowing, power communities sustainably and keep people safe. We offer our clients leading edge solutions through three core services which cover the whole lifecycle of their assets: consultancy, digital services and complex programme delivery. We have been shaping the world in which we live for over 155 years.

In our last statement we said...

...we would:	What we did:
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.	<ul style="list-style-type: none"> We conducted a review of the types of goods and services that we procure and assessed the likelihood of their exposure to unethical labour practices. We continue to develop strategic relationships with suppliers who have large volumes of work with Costain. Suppliers deemed as high risk are audited to better understand their businesses.
Continue to work with our strategic supply chain partners who have not yet signed up to the GLAA's Construction Protocol so that they can in 2020.	<ul style="list-style-type: none"> All but seven of our strategic suppliers have signed up to the GLAA's Construction Protocol and we have set ourselves a target in 2021 to get the remaining businesses signed up.
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.	<ul style="list-style-type: none"> In 2020 we launched new code of conduct training which was completed by over 2,400 of our people and by 236 new starters.
Host another intake to the Costain Supply Chain Academy, providing a modern slavery awareness module to participating SMEs.	<ul style="list-style-type: none"> Two intakes for the Costain Supply Chain Academy took place in 2020, with 31 companies completing the programme. We were delighted to see our 200th SME complete the pro-bono training academy since 2012.



Covid-19

Our response to Covid 19 has been to prioritise the safety and wellbeing of our people, clients and the communities in which we operate as well as protecting our business while continuing to work on critical national infrastructure programmes.

During 2020, the Group's contracts operated productively with enhanced safety measures to manage and control Covid -19 on construction sites. Where possible, colleagues have been working remotely and our offices have remained closed for much of the year. We have complied with the Government's guidance on managing the risk of Covid-19 and when possible, re-opened our offices for colleagues unable to work remotely or who were experiencing negative effects on their wellbeing.

The government have identified that workers may be more vulnerable to risks of modern slavery due to COVID-19. Keeping all of our workforce safe is an ongoing priority and in April 2020, our Behavioural Safety Director, Alan Cheung, delivered a practical briefing to our supply chain on how to achieve social distancing on site. We held our first, virtual supply chain conference in October focusing on the importance of communication and collaboration during the pandemic.

The slow or non-payment of suppliers was also recognised by the government as an ethical labour risk. Costain values its membership of the Prompt Payment Code and is working hard to ensure 95% of supplier invoices are paid within 60 days and agreed terms. As we adjusted to working remotely in 2020 some delay was temporarily experienced in arranging electronic receiving of invoices and support documentation. However, the change in working practice has resulted in an improved ability to pay suppliers more promptly within 60days while the business continues to seek efficiencies and has an improvement plan in place.

Despite the changes to working practices in 2020, access to our whistle-blowing helpline has remained unchanged. The helpline is promoted to our workforce and our employees during inductions and posters are displayed in prime locations on our sites.



Brexit

During 2020 a scenario-based assessment was undertaken to understand the risks of Brexit to Costain's business operations. As part of this exercise, we engaged with our suppliers to understand their approach to Brexit risk management and to find out about their mitigation plans, particularly in respect to the availability of migrant labour and materials. Engagement took place throughout the year aligned to political developments and feedback was regularly reported to the Executive Board.

The findings from our engagement pre- and post-Brexit have indicated there will be a minimal impact availability of materials as these are purchased with significant lead-time and in respect of labour suppliers with a high reliance on a migrant workforce have set in place processes to overcome the new UK immigration system.

Governance

The Board holds ultimate responsibility for Corporate Responsibility (CR) 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 for important CR matters, including modern slavery. These groups are made up of directors and senior managers who hold direct responsibilities for the implementation and delivery of policy and reporting of progress to the Executive Board.

Independent to the working and leadership groups, is our internal audit function who 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.



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 review all our policies to help drive the behaviors needed for our business to operate responsibly and sustainably, ensuring 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 and procedures for preventing modern slavery include:

Policies, procedures and contractual terms	Scope and relevance to modern slavery
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 company's 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 legal director
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 human resources 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
Supplier code of conduct	Our code of conduct for suppliers sets out Costain's expectations for anyone working in contract with us. This includes matters such as health and safety, employee wellbeing, ethics and fair working conditions (including a zero tolerance to slavery and human trafficking)

A collaborative approach with our supply chain

Maintaining a high calibre supply chain is crucial to Costain for the reduction of risk and development of high performing strategic relationships. Our supply chain consists of over 4,000 companies, 2,500 of which provide operational goods and services. These companies are classified as strategic, preferred and verified suppliers to Costain.

There are two routes for a supplier to be approved to provide a subcontract service to Costain:

External accreditation	Internal verification
All relevant strategic partners must be accredited by an Achilles scheme (Building Confidence being the preferred option). Achilles as an independent partner verifies our strategic partners (where significant risk exists) 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. As the Achilles assessment is now based on CAS, Costain now also accepts Common Assessment Standard (CAS) assessments that have now been undertaken by other two industry approved CAS accreditation bodies (CHAS and ConstructionLine).	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.

As part of our sub-contract procurement process suppliers must complete a heat mapping exercise to identify risks and potential opportunities. Any trades/services that are identified as a high risk are audited before contracts are finalised.



Raising awareness

In 2020, we produced and implemented a new code of conduct training module for our people, setting out the Boards expectations and the legal responsibilities of everyone working at Costain. A significant part of this interactive training is focused on ethical conduct and is introduced with a personal message from Alex Vaughan, chief executive officer. 2,479 employees have completed this annual training requirement.

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

Measure: Percentage of employees performing the following roles that have completed modern slavery training: executive board; commercial; contract management; procurement/supply chain management; senior management; facilities; human resources; internal audit; legal; operational management and procurement.	Completion	Year
	88.5%	2020
	87.5%	2019
	87.4 %	2018
	83%	2017

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

Costain is a signatory 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. In 2019, Costain set a target for 100% of strategic supply chain partners to have signed up to the industry collaboration. By the end of 2020, 87% 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 2021.

<https://www.gla.gov.uk/media/5961/construction-protocol-v08-as-at-300120.pdf>

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 2019/20 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.

Supply Chain Sustainability School – labour group members

Costain are partner members of the Supply Chain Sustainability School and have been participants of the labour group. In 2020, the group (made up of clients, tier one contractors, recruiters and labour agencies) worked together to highlight workforce issues potentially arising from Covid-19, IR 35 and Brexit.

People Matter Charter

In 2020 Costain signed up to the People Matter Charter, making a public commitment to high standards of welfare, protecting human rights, promoting equality and fairness. The charter was developed by the Supply Chain Sustainability School and requires signatories to collaborate to raise industry standards, moving beyond legal compliance to best practice. In 2021, Costain will set a target to encourage its strategic suppliers to also sign up the charter.

Worker wellbeing

We have a dedicated, confidential whistle-blowing helpline, which is available 24 hours a day and is independently managed to ensure confidentiality. Our whistle-blowing policy and details of how to raise a concern are provided to all employees and supply chain colleagues at induction. Posters of the whistle-blowing line are prominently displayed on notice boards at all our sites and offices. In 2020, there were no reports of human rights, slavery or human trafficking via the whistleblowing line.

In addition to our whistle-blowing helpline, our Employee Assistance Programme is available to provide support to all supply chain partners as well as Costain employees on 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.

Measuring our progress

KPI's	2020	2019	2018
Number of modern slavery issues reported through our whistleblowing helpline	0	0	0
Strategic partners publishing modern slavery statements	100%	100%	Not Measured
Modern slavery awareness training compliance for our people	89%	88%	87%
Employee code of conduct training completions	2,479	N/A	N/A
% of strategic suppliers signed up to the GLAA Construction Protocol	87%	91%	N/A



Next steps

In 2021 we will:

- We will be encouraging our strategic suppliers to sign up the Supply Chain Sustainability Schools People Matter Charter, because we believe that a collaborative approach to managing labour standards is the right way.
- Work with our strategic suppliers to ensure all are active signatories to the Gangmasters & Labour Abuse Authority's Construction Protocol. This will include working with the seven outstanding suppliers to sign up.
- We will stipulate that our code of conduct training becomes an annual mandatory requirement for all employees to complete.
- We will continue to implement our Prompt Payment Code action plan and seek to further improve our payment efficiency for suppliers. We will also be looking at how we can further reduce the payment timeframe for small businesses.
- We will be working collaboratively with our Supply Chain Sustainability School labour group and our strategic suppliers to closely monitor the impact of Brexit on the UK construction labour-force.

This statement covers the period 1 January 2020 to 31 December 2020 and has been approved by the board of directors of Costain Group PLC.

Alex Vaughan
Chief Executive Officer

