Gender Pay Gap
Report 2021
In the 2021 Costain Inclusion Strategy, we set a goal to have a workforce that is representative of the communities in which we operate. Underpinning this strategy is an implementation plan that sets out the actions we need to take to achieve our goal and reducing our gender pay gap is integral to the achievement of our goal.

This year, we are reporting an increase in our gender pay gap, in this, our fifth gender pay gap report, the first increase in our pay gap since 2017. On 5 April 2021 the median pay gap in hourly pay between men and women in the Costain Group was 28.70%.

While our gender pay gap has increased, we are pragmatic about the reason and believe this is a consequence of taking longer-term action to address talent pipelines in Costain. In 2021 Costain recruited 1079 people of which 27.7% were female, achieving an increase in women joining the Costain graduate scheme and taking part in development programmes.

With a notable increase in our female population at junior levels our gender pay gap has increased despite our hard work to increase the diversity of leadership roles. This year, we have seen our senior leadership population grow to 36% female from 31% in the previous year and we maintain a healthy gender balance in our executive board.

We are confident that our inclusion strategy and implementation plan will along with the action already taken to develop our female talent, begin to reduce our gender pay gap.

In recognition of the efforts taken to be a fair and equal employer, we were proud to be named as a Times Top 50 Employer for Women for the fourth consecutive year. We are absolutely committed to closing our gender pay gap and ensuring we have a truly diverse team that can meet the changing needs of our clients.

I confirm that the gender pay gap data contained in this report for Costain Group PLC companies is accurate and has been produced in line with mandatory requirements.

Alex Vaughan, Chief Executive Officer.
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 doing the same work.

We are aware that the gender identification that employees have on record may not match how the employee self-identifies. We encourage all staff to update their gender identification records if they wish to do so.

The current gender pay gap legislation does not cover the reporting of non-binary employees. Costain has omitted non-binary identities from the calculation, in line with Government Equalities Office advice.

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 do we mean by Gender Bonus Gap?
The gender bonus gap is the difference between the average bonus received by men and women across Costain.

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.

Our Gender Pay Gap
The difference in hourly pay between men and women at Costain Group is:

<table>
<thead>
<tr>
<th>Overall Pay Gap</th>
<th>2020</th>
<th>2021</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median %</td>
<td>22.48</td>
<td>28.70</td>
<td>6.22%</td>
</tr>
<tr>
<td>Mean %</td>
<td>18.32</td>
<td>19.10</td>
<td>0.78%</td>
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Our Bonus Gap
The difference in annual bonus pay between men and women is:

<table>
<thead>
<tr>
<th>Bonus Gap</th>
<th>2020</th>
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<tr>
<td>Median %</td>
<td>52.25</td>
<td>51.36</td>
<td>-0.89%</td>
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<td>Mean %</td>
<td>49.59</td>
<td>10.10</td>
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Our pay quartiles
The below graphic illustrates the gender distribution at Costain Group across four equally sized hourly pay quartiles from lowest to highest.

<table>
<thead>
<tr>
<th>% Male quartile 2021</th>
<th>% Female quartile 2021</th>
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<tbody>
<tr>
<td>Upper Quartile</td>
<td>85.26%</td>
</tr>
<tr>
<td>Upper Middle Quartile</td>
<td>82.31%</td>
</tr>
<tr>
<td>Lower Middle Quartile</td>
<td>72.95%</td>
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<td>Lower Quartile</td>
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Our Male Bonus Gap
<table>
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<tr>
<th>% Male receiving bonus</th>
<th>2020</th>
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</table>
| % Male receiving bonus | 34.58| 7.65 | -26.93%

Our Female Bonus Gap
<table>
<thead>
<tr>
<th>% Female receiving bonus</th>
<th>2019</th>
<th>2020</th>
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| % Female receiving bonus | 32.00| 5.13 | -26.87%

What does this mean?
Costain Group’s median gender pay gap has increased by 6.22% from 2019. Women in Costain account for 26% of our total employees, which despite increasing over the last four years, means we still have an unequal employee population.

In 2021 we increased the number of women in the upper quartile by 2.91%, however our percentage of women in the lower quartile increased by 5%. This is a positive indication that as we are growing as an organisation, we are recruiting more and more women through the graduate scheme and at junior levels. However, it is clear that the lack of female representation at senior levels continues to contribute to our current gender pay gap and is an area that we are continuing to address.

We will continue to develop our diverse pipeline of talent and ensure we create an environment where women thrive and want to remain, which will in turn reduce our pay gap.

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Our 2021 highlights at a glance

Named in The Times Top 50 Employers for Women for a fourth consecutive year

Won the Large Employer of the Year Award at the 2021 Engineering Talent Awards

Celebrated one of our employees being named as one of the Top 50 Women in Engineering

Our executive board also has a gender split of 44% female, 56% male

Our senior leadership population has grown to 36% female from 12% in 2015

40% of our Emerging Leaders development programme was female

How are we working to close our gender pay gap?

By creating a more inclusive culture for all women at Costain, we can improve our recruitment, promotion and retention of female staff, creating an environment where women thrive. We recognise that our female staff may belong to other under-represented groups and we have taken an intersectional approach to inclusion.

We have taken the below inclusion actions in 2021, which we believe will help us to close our gender pay gap.

Recruitment

- We have implemented a new recruitment system which can review applicant data throughout the recruitment process to assess applicant success by diversity characteristics.
- We have enhanced our diversity data monitoring through the development of a dashboard which is used by our leadership teams to track in real-time the performance of their respective business areas.
- We continue to be an external advocate for all diversity and inclusion matters and continue to support Women in Science and Engineering (WISE); Women in Nuclear; Women’s Engineering Society; Disability Confident and Working Families. We are a Stonewall Diversity Champion
- For the first time, we submitted to the Inclusive Employers Standard, an evidence-based accreditation for workplace inclusion. We were delighted to be awarded a Silver Award, which is recognition for our progress.
- We have expanded our recruiting pools by advertising on the WISE, Stonewall and Seetec Pluss job boards. All job adverts encourage individuals to ask about flexible working opportunities at interview.

Development

- We assess our talent review information to inform targeted support for BAME and female progression in the company, including encouraging applications to our internal development programmes through our employee networks.
- We have developed a Female Empowerment Programme, which focuses on equipping managers and leaders to support women in the business. The scheme is not about training women to fit into a male-dominated workplace, but to create a gender-balanced culture where women’s experiences are normalised and validated.
- We have developed documents known as the “A Manager’s Guide to…” series, which cover topics such as miscarriage, infertility, IVF and surrogacy.
- The first cohort of our Reverse Mentoring scheme has completed the programme with members of our REACH (Religion, Ethnicity and Cultural Heritage) and senior leadership. Next year, we will be repeating the scheme, expanding it out to all our employee networks, including our Women’s Network, Parenting and Carers Network, LGBT+ & Allies Network, Disability and Wellbeing Network and Services and Services Families Network.

Retention

- As a demonstration of our commitment to inclusion we signed the Construction News Inspiring Women Pledge, the Menopause Workplace Pledge and the Firm Foundations Pledge, publicly committing to encourage more women into the industry and create the space where they are supported to stay or return to the business after a career break.
- We have continued to promote dynamic working as an integral part of way of working for all colleagues.
- Developed an anonymous exit survey to capture if discrimination is a reason for staff turnover.
- We have provided clearer guidance on how leave can be used for long-term caring responsibilities and to equip managers on how to have that conversation with their team members.
In addition to the actions taken within Costain, we are playing a leading role in the construction and engineering industry to strive for greater diversity and inclusion. We are proud to have:

- Been a panellist at the Construction News Inspiring Women Conference
- Worked with local schools, including the Manchester Enterprise Academy, showcasing people from different ethnic backgrounds in the industry.
- Established 160 STEM Ambassadors within the business to promote engineering to young people, developing a diverse pipeline for the industry.
- Participated in industry media about being LGBT+, such as the Pink News Engineering Futures panel, to support LGBT+ people into the industry, the FPS podcast and ICE LGBT+ History Month Campaign to widen the conversation.

Statutory disclosure
The Costain Group at the time of reporting employs 3,279 employees. Within the group there are two companies that employ more than 250 people as of 05 April 2021 and are therefore required to report their gender pay gaps. This is set out right.