



Gender Pay Gap

Report 2021

Improving people's lives.

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.

This year, we have seen our senior leadership population grow to 36% female from 31% in last year. Our executive board also has a gender split of 44% female, 56% male.



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:

Overall Pay Gap

	2020	2021	Change
% Median	22.48	28.70	6.22
% Mean	18.32	19.10	0.78

Our Bonus Gap

The difference in annual bonus pay between men and women is:

Bonus Gap

	2020	2021	Change
% Median	52.25	51.36	-0.89
% Mean	49.59	10.10	-39.49

Our pay quartiles

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

% Male quartile 2021		% Female quartile 2021	
Upper Quartile	85.26%	Upper Quartile	14.74%
Upper Middle Quartile	82.31%	Upper Middle Quartile	17.69%
Lower Middle Quartile	72.95%	Lower Middle Quartile	27.05%
Lower Quartile	56.47%	Lower Quartile	43.53%



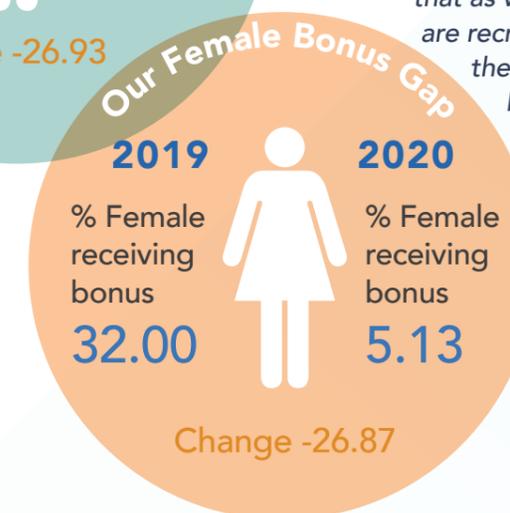
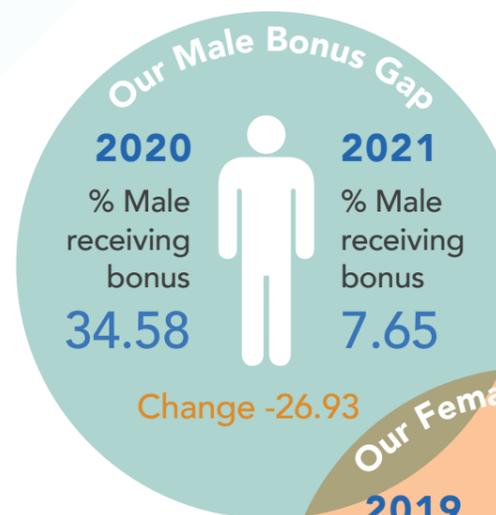
What does this mean?

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.



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

Engineering Talent Awards



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

40% of our Emerging Leaders development programme was female



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



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

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

- 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 Plus job boards. All job adverts encourage individuals to ask about flexible working opportunities at interview.
- We have become a Disability Confident Employer which means that, where possible, we will offer an interview to anyone who declares they have a disability in their application, and they meet the criteria for the job.

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.



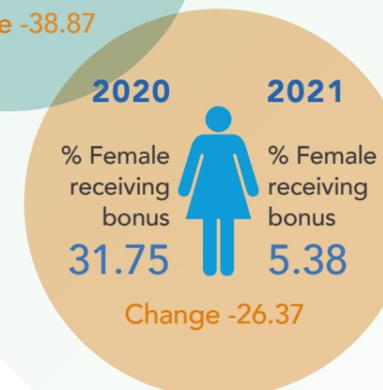
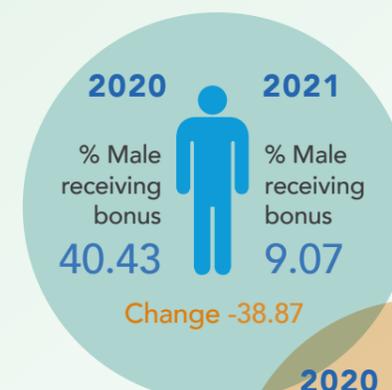
Costain Engineering & Construction Limited

Overall pay gap

	2020	2021	Change
% Median	24.19	26.92	2.73
% Mean	21.00	20.14	-0.86

Bonus pay gap

	2020	2021	Change
% Median	50.00	71.43	21.43
% Mean	48.35	9.48	-38.87



Salary Quartiles

	Male 2021	Female 2021
Upper	83.95%	16.05%
Upper Middle	80.85%	19.15%
Lower Middle	71.72%	28.28%
Lower	51.76%	48.24%

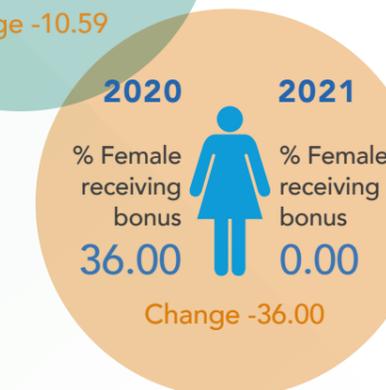
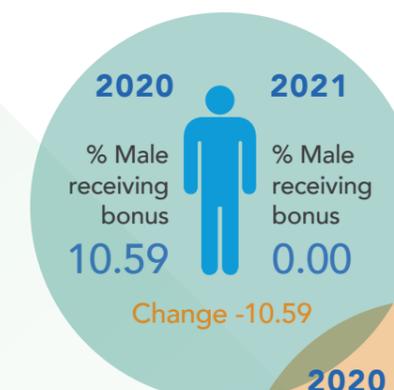
Costain Limited

Overall pay gap

	2020	2021	Change
% Median	9.21	24.45	15.24
% Mean	11.25	11.14	-0.10

Bonus pay gap

	2020	2021	Change
% Median	34.92	0.00	-34.92
% Mean	58.03	0.00	-58.03



Salary Quartiles

	Male 2021	Female 2021
Upper	91.86%	8.14%
Upper Middle	91.95%	8.05%
Lower Middle	89.66%	10.34%
Lower	86.21%	13.79%

*Large increase due to a reduction in women in Costain Ltd.

