



Improving people's lives

Activating our purpose

Costain Group PLC
2030 Environmental, Social and Governance (ESG) programme



Contents

- 3 - Foreword
- 4 - Our goals and ambitions
- 5 - Our ESG route map
- 6 - Environmental
- 8 - Social
- 10 - Governance
- 12 - Our stakeholder commitments
- 13 - Improving people's lives



Our expertise of the infrastructure ecosystem, uniquely places Costain to solve the most complex challenges our customers face, generating significant social and environmental value.

We are committed to improving people's lives and this is evident by the markets in which we operate.



Alex Vaughan, Chief Executive Officer



Environmental



Social



Governance



To find out more about how Costain collaborates with customers on a wide range of contracts, please visit our website / www.costain.com

Foreword



Costain's strengths of dealing with complexity and building partnerships, ensure that we thrive in a new and dynamically changing world.

Infrastructure is transforming to respond to the mega trends in geo-politics, climate change, affordability, technology and population growth. These trends are not isolated silos, they feed each other, creating synergies as well as trade-offs; risks and opportunities. They are shaping our markets now and their influence will only grow in the future.

To thrive in the new world, there is a compelling business case for us to be bolder in shaping Costain around the principles of sustainable business. This will benefit how Costain win work; reduce our operating costs and risks; attract, retain and motivate the brightest and the best; give us a licence to operate in the communities where we operate; help us anticipate and secure new technologies, materials and processes ahead of the market.

We know we will only reach our potential if we integrate the principles of sustainable business into all we do.

This starts with our...

Purpose... To improve people's lives

Vision... To create connected, sustainable infrastructure enabling people and the planet to thrive

Mission... To shape, create and deliver pioneering solutions that transform the performance of the infrastructure ecosystem

We pride ourselves on our ability to solve complex challenges, turning big ideas into real action on the ground. We have therefore developed an ESG programme to help us deliver sustainable business principles in the short to medium term. Our ESG programme focuses our detailed goals, KPIs and plans on issues such as climate change, nature, water resources, health and safety and diversity and inclusion. We have used a 'double materiality' assessment to highlight those social and environmental issues that really matter to us and our business case for action but also the issues that matter to our stakeholders too.

But our ESG programme is not just about environmental and social goals, it is also about the governance enablers and fundamentally underpinned by issue specific implementation plans and strategies (Climate change action plan; Inclusion strategy; Wellbeing, inclusion, innovation, safety & environment (WiiSE) strategy...)

This ESG programme brings together all our goals, targets, KPIs and enablers; showing how we will create environmental, social and economic value for all, now and into a more sustainable future.

Catherine Warbrick,
Chief People and Sustainability Officer

Our 2030 goals and ambitions

We strive to be a strategic partner to our customers, helping them to meet their critical infrastructure needs.

We believe good environmental, social and governance performance creates financial and stakeholder value, helping us to meet our medium-term target to increase our operating margin above 4.5% through cost savings (e.g., energy efficiency measures) and market opportunities.

To meet our ambitions, we need to leverage our procurement processes, choose the right partners and be selective of the type of work we do. This will be a collaborative effort, setting new standards across all ESG issues and we will be transparent in our progress.

Our ESG ambitions are to:



Environmental

Safeguard our planet's future



Social

Create a positive lasting legacy for our people and communities



Governance

Deliver strong sustainable, financial and ethical performance for our stakeholders

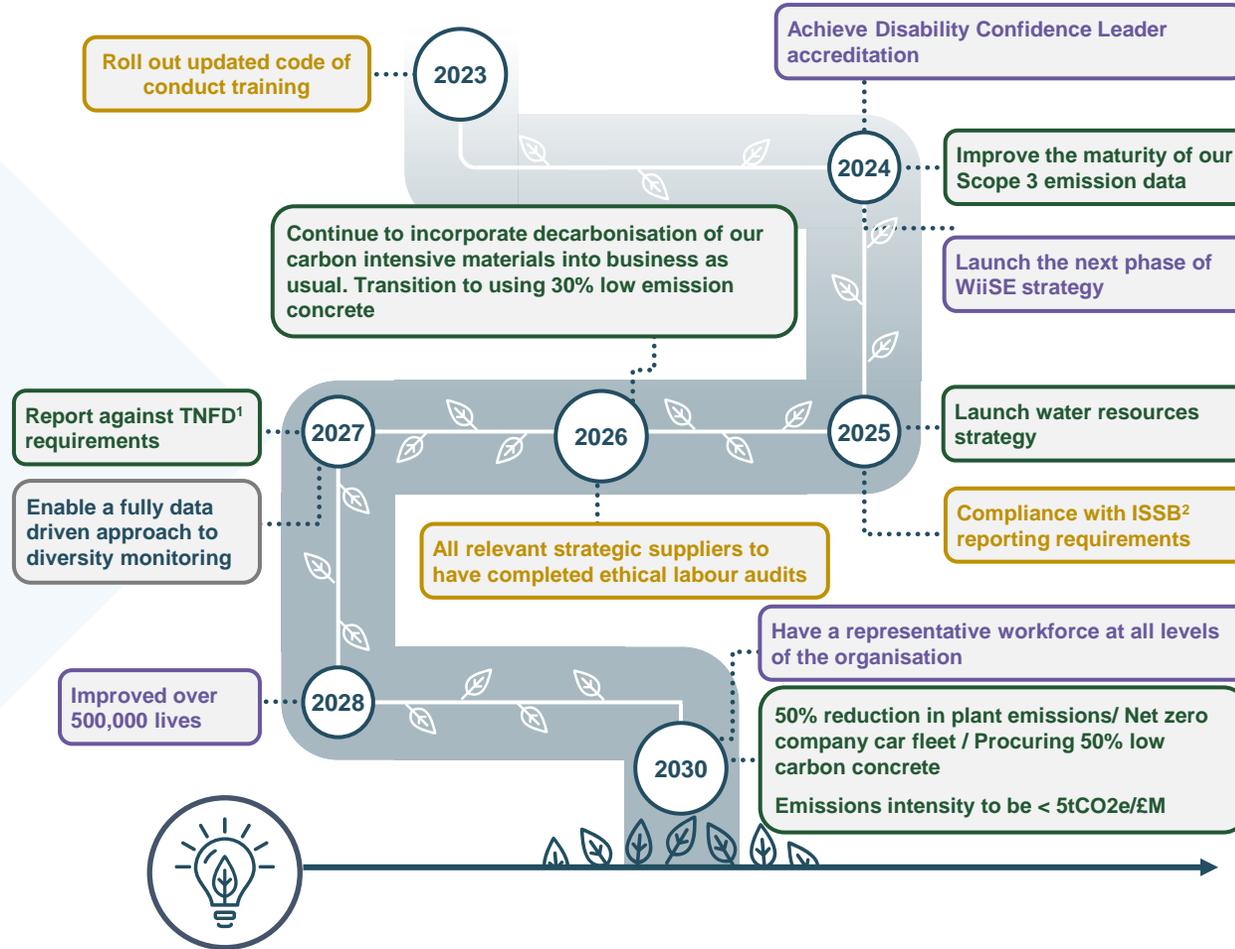


2030 ESG goals

Improving people's lives - Activating our purpose

Our ESG route map

	ESG priorities	Enabling plans
	Employee diversity & inclusion	Inclusion strategy
	Community & social value	Social value plan
	Employee health & safety	WiiSE strategy
	Carbon	Climate change action plan
	Nature	Nature positive plan
	Resource efficiency	Resource efficiency and water plans
	Ethical corporate behaviour	Costain ethical behaviour policies
	Climate change resilience	Annual business plans
	Quality	Quality management policy



Our 2030 goals
A psychologically safe workplace with an engaged, thriving & representative workforce
Through the duration of this strategy our solutions & social value programmes will improve over 1 million lives
Eliminating harm in all we do
Net zero carbon by 2035
Nature positive
30% reduction in water use from operations compared against a 2023 baseline.
Our stakeholders rate us as an ethical company
30% of revenue from 'green' projects
Right first time

1. Taskforce on Nature-related Financial Disclosures (TNFD)
 2. The International Sustainability Standards Board (ISSB)

Environment



***Safeguard
our planet's
future***

We are taking action today to tackle the environmental challenges facing our planet, ensuring we safeguard its future for generations to come.

We are focused on creating a more sustainable world by ensuring our projects and programmes deliver sustainable infrastructure through low carbon engineering, efficient use of resources, following circular economy principles and incorporating resilience to climate change.

We are committed to becoming nature positive by following the Science Based Targets for Nature framework and contributing to a nature-based recovery. We started by setting biodiversity net-gain targets and are actively working on our nature

positive strategy which will include consideration of indirect impacts and the promotion and education of nature-based solutions.

Being more efficient with precious resources such as water will become an ever increasingly important business issue. We are placing a greater emphasis on water consumption, especially from water scarcity regions. What is more, we are seeking to minimise water discharge wherever possible.

To meet our environmental ambition, we are dependent on our supply chain partners, particularly in meeting our goal to be net zero carbon. We continue to increase our alignment to the principles of ISO 20400 Sustainable Procurement, to ensure we not only deliver value for our customers, but we are also able to address our mutual ESG challenges.

“ Costain is committed to achieving net zero carbon emissions and providing solutions to accelerate a low carbon transition. ”

Geraint Rowland,
Group Environmental Director

Environment

Costain's ESG ambition	Material issues	Business case for action	Our 2030 goal	How we will measure our performance
 <p>Safeguard our planet's future</p>	<p>Carbon <i>This issue refers to the greenhouse gas (GHG) emissions that Costain generates from activities including scope 1 (direct emissions from owned or controlled sources), 2 (indirect emissions from electricity, heating and cooling) and 3 (indirect emissions up and downstream of our value chain). GHG emissions are the major cause of climate change.</i></p>	<p>Making a clear ambitious commitment to reducing carbon emissions often provides greater efficiency as colleagues find ways to improve processes, reduce material inputs/ waste and lower energy consumption. Regulatory pressures will mean reducing emissions is directly linked to the ability to win work (PPN 06/21). To ensure alignment to both client and government net zero targets</p>	<p>Reduce emissions in line with our net zero SBTi short term target (currently being assessed by SBTi).</p>	<ul style="list-style-type: none"> • Absolute tCO2e emissions reductions per Scope 1,2 and 3 emissions against a 2021 baseline • Carbon intensity tCO2e/£M spend • % of concrete procured equal to or below the ConcreteZero low embodied carbon threshold • % of ULEZ fleet vehicles
	<p>Nature <i>This issue refers to the stock of capital and ecosystem services derived from biological diversity and ecosystems as well as natural resources.</i></p>	<p>Business relies on nature for resources and ecosystem services, both in their own operations and supply chains, and for our employees and customers.</p>	<p>Nature positive.</p>	<ul style="list-style-type: none"> • Biodiversity net gain (for relevant projects) • We will disclose our impacts and dependencies on nature across our value chain and work to eliminate them
	<p>Resource efficiency <i>This issue refers to the management and conservation of water resources and wastewater from operations affecting water quality and availability. This issue also considers material and waste from our construction processes as we move to more circular solutions.</i></p>	<p>Water is intrinsically linked to both nature and climate change. Infrastructure and the construction process is reliant on water and can have significant impact on these resources. Minimising our use of virgin materials and eliminating waste creates environmental, carbon and cost efficiencies.</p>	<p>30% reduction in water use from operations compared against a 2023 baseline.</p> <p>Costs are reduced by 10% through designing out waste and material optimisation</p>	<ul style="list-style-type: none"> • Water consumption • Water consumption from water scarcity regions • Water extraction • Waste diverted from landfill



Social



Creating positive lasting legacy for our people and communities

Being a responsible business is not just about delivering a sustainable product or service, it is also considering the social impact of how we operate and our impact on stakeholders.

The safety of our colleagues and those working on our sites is our number one priority. We have long upheld a commitment to enable our people to be at their best every day with our focus on employee wellbeing.

Costain is committed to delivering social value to the communities we work in. We look beyond the price of a contract, but instead at what long-term and sustainable

social outcomes such job creation and protecting the environment we can bring. To improve local investment and social outcomes, we are actively engaging voluntary, community and social enterprises (VCSEs)/ small businesses in our supply chain.

Across the business, we are adopting the principles of ISO 20400 Sustainable Procurement and we are a partner of the Supply Chain Sustainability School, a free training provider for the industry.

Our goal as an employer is for all employees to feel valued, and to experience equal opportunities for progression. Our vision is for there to be diverse representation at all levels of the organisation.



Costain has a fantastic platform to support the creation of sustainable communities. But this is only possible by being inclusive and respectful of our colleagues, customers, suppliers and local communities.



James York,
Corporate Responsibility Director

Social

Costain's ESG ambition	Material issues	Business case for action	Our 2030 goal	How we will measure our performance
 <p>Creating a positive lasting legacy for our people and communities</p>	<p>Employee diversity & inclusion <i>This issue refers to the processes and mechanisms Costain has to grow and maintain diversity in the workforce and ensure equal opportunities and treatment for all.</i></p>	<p>Developing an inclusive workplace will enable employees to be at their best, creating a thriving workforce which provides more inclusive solutions. This will remove barriers to employee engagement and participation, improve employee tenure and attract the best candidates to Costain.</p>	<p>The behaviours we observe indicate there is a psychologically safe workplace with an engaged, thriving and representative workforce.</p>	<ul style="list-style-type: none"> • Gender pay data • Ethnicity pay gap data • Employee diversity • Employee engagement
	<p>Community and social value <i>This issue refers to the management of the relationship between Costain and the communities we operate, considering engagement mechanisms, community contributions (social value), and positive or negative impact on local communities.</i></p>	<p>Being a good neighbour and creating social value will enhance the company's reputation, strengthen stakeholder relationships, attract and retain top talent, provide a competitive advantage, mitigate risks, foster innovation, and unlock financial benefits.</p>	<p>Through the duration of this programme our solutions and social value programmes will improve over 1 million lives</p>	<ul style="list-style-type: none"> • Number of people directly benefiting from Costain social value activities • Communities benefitting from Costain infrastructure solutions (tracked on completion of projects).
	<p>Health & safety <i>This issue refers to Costain's safety performance and the mechanisms that are in place to maintain a safe and healthy workplace environment. It captures protocols, training, work arrangements, and the physical and mental working conditions to which colleagues are exposed to.</i></p>	<p>Protecting the safety of our workforce is a moral obligation and a uniform expectation. There is also an economic argument for maintaining high health and safety standards. A healthy workforce is more productive and engaged. Safety incidents have profound impacts on team morale, achievement of milestones and to our profitability.</p>	<p>Seeking to eliminate harm in all we do</p>	<ul style="list-style-type: none"> • Lost time injury rate • Workforce engagement • Appropriate leading indicators



Governance



Delivering strong sustainable, financial and ethical performance for our stakeholders

CORE VALUES

CUSTOMER FOCUS
Striving for excellence through understanding, anticipating and meeting their needs

SAFETY & WELLBEING
Personal safety and wellbeing is our priority

IMPROVING PEOPLE'S LIVES

ENVIRONMENTAL & SOCIAL RESPONSIBILITY
Helping the environment & communities

BE CARING
Always empathetic, & considerate

BE CURIOUS
Being innovative, agile & constantly learning

CORE BEHAVIOURS

Our approach to being a responsible business is underpinned by a commitment to maintain high standards for corporate governance.

The integrity of everyone at Costain is crucially important to defining our culture and shaping our performance. Ethics is a broad topic that not only considers behaviour, but also our approach to human rights, the type of work we are prepared to engage in and who we work and for.

Climate resilience is one of Costain's principal risks, presenting both a strategic and operational risk to Costain. It is however an issue that can define our market

opportunities. We consider climate resilience as a governance issue due to its complexity and interdependencies with other business issues.

Our unique range of skills positions Costain to support our customers in dealing with the physical effects of climate change.

We place significant importance on quality, recognising the various negative reputational, financial, social and environmental impacts associated with rework.

We believe that effective governance for our ESG issues will support the business in being more profitable, delivering better outcomes for customers and increasing our ESG ratings.



Our licence to operate is generated from Costain's ESG performance, positioning us as a trusted partner with our customers, suppliers and our people.

Nicole Geoghegan,
General Counsel and Company Secretary

Governance

Costain's ESG ambition	Material issues	Business case for action	Our 2030 goal	How we will measure our performance
 <p>Delivering strong sustainable, financial and ethical performance for our stakeholders</p>	<p>Ethical corporate behaviour <i>This issue refers to the moral code of conduct and guiding principles to the strategic and operational management of a business. It captures the management of risks and opportunities associated with ethical considerations, lawful behaviour, and compliance practice.</i></p>	<p>Unethical business practice and conduct is a risk to profitability. Whereas good business ethics have the potential to increase profitability, develop deeper customer relationships and enable the securing of new business. Businesses with a clear ethical stance typically find it easier to attract and retain top talent.</p>	<p>Our stakeholders rate us as an ethical company</p>	<ul style="list-style-type: none"> Engagement score Repeat orders Training completion ESG ratings
	<p>Climate change resilience <i>This issue refers to the physical and transitional impacts, risks and opportunities presented by climate change and the transition to a low-carbon economy and adaptation and resilience measures adopted by companies.</i></p>	<p>Climate change risks impact our operations and supply chains. Reducing emissions and enhancing resilience is crucial to stay competitive and meet regulations. We can aid the UK's energy transition and create climate-resilient infrastructure.</p>	<p>30% of revenue from 'green' projects</p>	<ul style="list-style-type: none"> Breakdown of revenue as per the FTSE Green revenue criteria
	<p>Quality <i>This issue refers to the quality of delivered work in the construction phase, focussing on defects and safety related rework costs</i></p>	<p>Construction errors or inadequate installed product quality may result in an increased risk of personal injury, environmental impact, and economic harm. Equally design parameters must reflect the impact of climate change to ensure structural integrity and resilience.</p>	<p>Right first time</p>	<ul style="list-style-type: none"> Amount of defect and safety related rework costs



Our stakeholder commitments

In order to meet our goals, we will collaborate with our stakeholders, ensuring that we are inclusive in our approach and all parties can realise the value of their contribution. This will require us to committing to meet their needs and being clear with our expectations in return.



Our commitments to you

- We will operate with integrity and always seeking to deliver value
 - We will be open and transparent in our relationship with you
 - We will develop and propose low carbon environmentally advantageous solutions
- We ask in return:
- For a fair balance of risk
 - Fair commercial terms

- We will only enter partnerships with partners whose values align with our own
 - We will be open and transparent in our relationship with you
- We ask in return:
- That you share our commitment to transparency and openness in our partnership
 - Collaborate to deliver the best outcome for our customers

- The safety of your people will always be our number one priority
 - We will ensure our commercial terms are fair
 - We will be open and transparent in our relationship with you
 - We will ensure timely payment of your invoices
- We ask in return:
- That you share our commitment to transparency and openness
 - Collaborate to deliver the best outcome for our customers
 - Low carbon solutions

- Your safety will always be our number one priority
 - We will strive to ensure your workplace is inclusive
 - We are committed to your development
- We ask in return that you act with:
- **Integrity**
 - **Customer focus**
 - **Environment and social responsibility**
 - And **safety and wellbeing** is at the heart of everything you do

- We will operate responsibly and respectfully
 - We will keep you informed and updated
 - We will create jobs and new community resources
 - Our solutions will be accessible
- We ask in return:
- That you treat our workforce with respect
 - Engage with us to achieve the best social outcomes

- We will be selective in who we work for, ensuring we only work for customers whose values and ethics are similar to ours and that the work we do is driven by the need to improve people's lives
 - We will maintain robust governance processes
- We ask in return:
- That you hold us to account
 - Remain committed to **improving people's lives.**

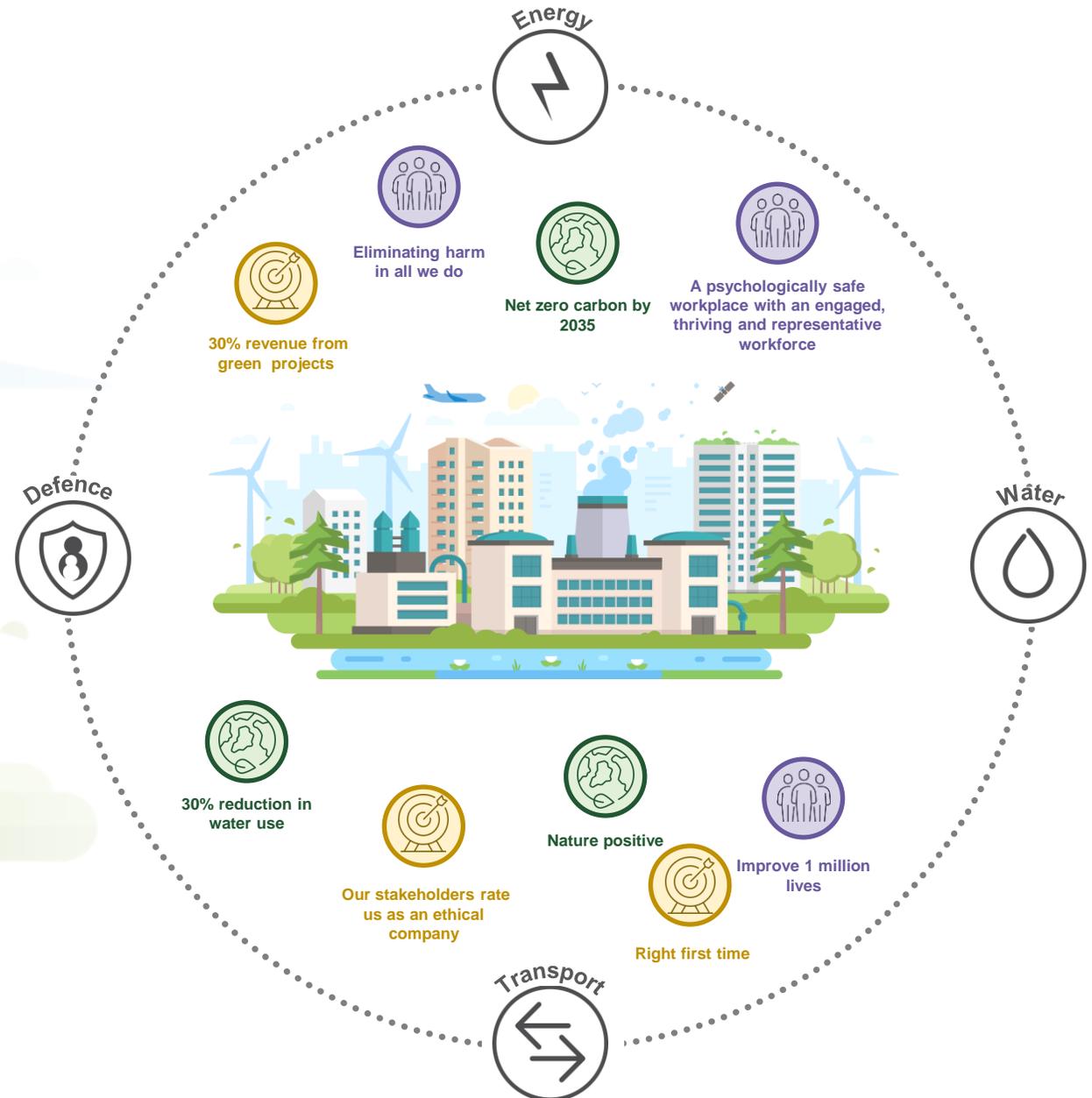
Improving people's lives

There are huge opportunities to update, connect and integrate systems, but challenges including a growing population, climate change, and economic and environmental resilience, are more urgent than ever.

Addressing this requires a new kind of company that brings together a unique mix of experts. As construction, consulting and digital partners we engineer solutions to the most complex problems. Together, our people transform the performance of the infrastructure that connects, protects and powers people's lives.

To achieve the best possible solutions and make infrastructure fit for a better future, we collaborate more closely than ever with customers, partners, communities and wider industry.

Together we are creating connected, sustainable infrastructure to help people and the planet thrive.



2030 ESG goals



Costain Group PLC

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