Carbon Reduction Plan

Publication Date - August 2026

PPN 006

COSTAIN Together we **shape, create, deliver**

Contents

This document forms the Costain Group PLC Carbon Reduction Plan (CRP) prepared in accordance with the requirements of Procurement Policy Note (PPN) 006. Its purpose is to provide a clear and concise summary of our organisation's current carbon footprint and our commitment to achieving Net Zero greenhouse gas emissions by 2050.

The CRP serves as a high-level overview that supports transparency and accountability in our environmental impact, particularly in relation to in-scope public sector procurements. By detailing emissions across a defined range of sources and gases over a single year, this plan enables both our business and our customers to better understand the environmental implications of our operations and the contracts we deliver.

1. Our Business

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

Mission
We shape, create and deliver pioneering solutions that transform the performance of the infrastructure ecosystem and meet critical national needs. Everything we do supports the creation of a sustainable future, and a more prosperous, resilient and decarbonised UK.

Where we operate
Our focus is on four strategic markets in the UK: Transport, Water, Energy and Defence. Everything we do is rooted in delivering solutions and is organised around our customers

Road

Rail

Integrated Transport

Water

Energy

Defence and Nuclear Energy

We are focused on creating a sustainable future by ensuring our projects and programmes deliver infrastructure through low carbon engineering, efficient use of resources, circular economy principles and incorporating resilience to climate change. We are acting today to tackle the environmental challenges facing our planet, ensuring we safeguard its future for generations to come. Our focus encompasses the intricate nature of sustainability, aiming to mitigate our impact, enhance biodiversity and contribute to a low carbon future.

Creating a sustainable future

Purpose	Improving people's lives
Vision	To create connected, sustainable infrastructure enabling people and the plant to thrive
Sustainable future	A more prosperous UK; A more resilient UK; A decarbonised UK
Strategic focus	Growth in strong markets; Predictable best in class delivery; A resilient customer mix; A meaningful consultancy service; To be an admired growing company
Markets	Working strategically with Tier 1 customers to meet critical national needs
	Transport: Road; Rail; Integrated Transport
	Natural Resources: Water; Energy; Defence & Nuclear Energy
Expertise	We deliver major capital programmes and provide valued consultancy services through out broad capabilities
	Engineering & Construction; Maintenance & Renewals; Advisory & Digital Solutions; Engineering & Design; Delivery Partner

2. Commitment to achieving net zero

Costain Group PLC is committed to achieving net zero emissions by 2045.

Launched in 2026, our Decarbonisation Plan outlines our actions to reduce GHG emissions, working towards our net zero target and commitment to decarbonising our operational Scope 1 & 2 emissions by 2035 and reaching net zero across all Scopes by 2045.

Our net zero targets

2021 — **Base Year**

2035 — **Decarbonising Costain:**
To reduce directly controlled absolute Scope 1 and 2 GHG emissions by at least 90% by 2035 from a 2021 base year

2045 — **Decarbonising our value chain:**
To maintain absolute Scope 1 and 2 reductions and reduce indirect absolute Scope 3 GHG emissions by 90% across the value chain to reach net zero by 2045 from a 2021 base year

The Science Based Targets initiative (SBTi) have validated our previously stated near-term and long term target to reduce absolute Scope 1, 2, and 3 greenhouse gas (GHG) emissions by 42% by 2030, from a 2021 base year* and net zero target to reduce absolute Scope 1,2 and 3 GHG emissions by 90% by 2050, from a 2021 base year*.

In 2025, Costain established an updated and more ambitious climate target as outlined above. We are in the process of updating our science-based targets submission to align internal commitments with externally validated goals.

Direct emission reductions will be prioritised, and remaining residual emissions will be neutralised in accordance with SBTi criteria prior to achieving net-zero.

Alongside decarbonisation, we are committed to ensuring the UK's infrastructure is resilient to the impacts of climate change. From providing a resilient water supply to climate-adaptive transport networks, we are integrating climate risk into the design, delivery, and maintenance of critical assets. By harnessing innovation, data, and collaboration, we're building a resilient built environment equipped to meet the challenges ahead.

We also recognise that building infrastructure for a net zero future must go hand in hand with restoring and protecting nature.

While there can be tensions between development and biodiversity, we are committed to delivering solutions that enhance natural capital, minimise ecological impact, and contribute to nature's recovery.

*The target boundary includes land-related emissions and removals from bioenergy feedstocks

3. Baseline Emission Footprint

Baseline emissions are a record of the greenhouse gases that have been produced in the past and were produced prior to the introduction of any strategies to reduce emissions. Baseline emissions are the reference point against which emissions reduction can be measured.

Baseline Year: 2021

Baseline Year	2021 tCO_2e
Scope 1	11,561
Scope 2, location-based	1,031
Scope 2, market-based	1,697
Scope 3	338,522
Scope 3 included sources	
Purchased goods and services	327,352
Capital goods	21
Fuel and energy-related activities	5,148
Upstream transportation and distribution	3,099
Waste generated in operations	1,156
Business travel	1,151
Employee commuting	503
Upstream leased assets	92
Total tCO_2e	**351,114**
Total tCO_2e/£M	**308**
Total Outside of Scope tCO_2e	**1,141**

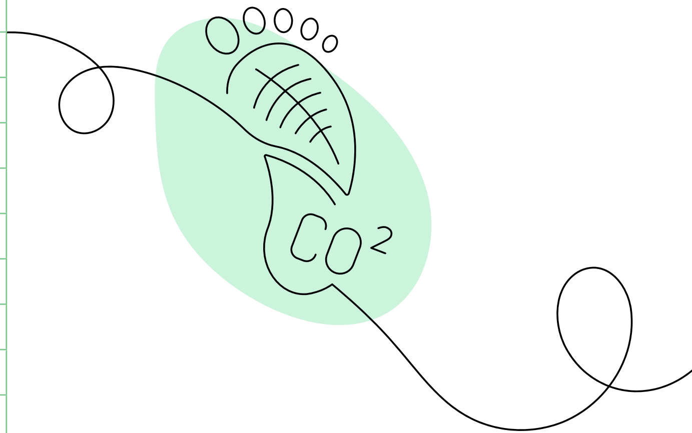


Table 1: 2021 baseline year emission breakdown

In line with our GHG Protocol Corporate Accounting and Reporting Standard aligned approach, all other Scope 3 categories have been assessed and determined as not applicable or to have limited materiality and deemed as de minimis due to Costain's operations. This includes the PPN006 mandatory Scope 3 Category 9: Downstream Transportation and Distribution as Costain provide engineering and construction services we do not sell end products.

Additional Details relating to the Baseline Emissions calculations:

Our emissions data is calculated in line with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard. Costain applies an Equity share approach to our GHG emissions boundary, where we operate in a joint venture, we account for Costain's proportionate equity percentage of GHG emissions. All our emissions are incurred in the UK.

We have restated greenhouse gas (GHG) data for the base year, 2021, in accordance with our accounting and reporting principles to ensure relevance, completeness, transparency and accuracy.

Updated methodology:

In 2025 we updated the spend-based methodology extended input-output (EEIO) matching approach of our Scope 3 Category 1 purchased goods and services as well as incorporating the updates to the 2021/2022 DEFRA kgCO2e/£ emission factors. DEFRA factors were then adjusted to reflect inflation compared to the most recent 2022 factors using the Bank of England inflation rates factors used for 2023-2025. Both methodology updates were incorporated within our 2025 external verification audit for our base year 2021 and subsequent years to allow for accurate year on year comparison.

In line with our Recalculation Policy a recalculation to the baseline is initiated at a 5% threshold, a combination of the updated emission factors, updates to the EEIO spend legacy, and updated approach has meant that emissions related to purchased goods and services through our spend approach increased by 26%. As such our base year and subsequent year emissions have been updated.

4. Reporting Year Emissions

Reporting Year: 2025

Baseline Year	2025 tCO_2e
Scope 1	5,637
Scope 2, location-based	2,476
Scope 2, market-based	273
Scope 3	166,965
Scope 3 included sources	
Purchased goods and services	159,132
Capital goods	74
Fuel and energy-related activities	2,885
Upstream transportation and distribution	2,804
Waste generated in operations	100
Business travel	1,403
Employee commuting	432
Upstream leased assets	135
Total tCO_2e	**175,078**
Total tCO_2e/£M	**167**
Total Outside of Scope tCO_2e	**3,782**

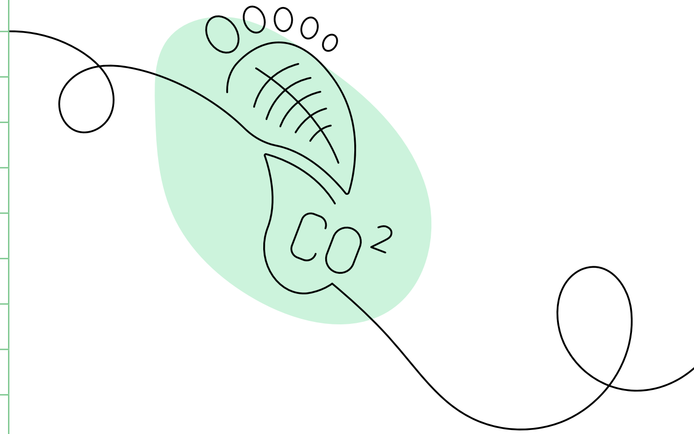


Table 2: 2025 reporting year emission breakdown

In line with our GHG Protocol Corporate Accounting and Reporting Standard aligned approach, all other Scope 3 categories have been assessed and determined as not applicable or to have limited materiality and deemed as de minimis due to Costain's operations. This includes the PPN006 mandatory Scope 3 Category 9: Downstream Transportation and Distribution as Costain provide engineering and construction services we do not sell end products.

Additional Details relating to the reporting year emissions calculations:

Scope 1	Scope 2	Scope 3		
Company cars fuel	Office and Project electricity supply	Purchased goods and services	Upstream transportation and distribution	Business travel
Company vans and HGVs fuel	Grid-connected site electricity supply	Capital goods	Waste and wastewater generated	Grey fleet vehicles (within Business Travel)
Bulk Fuels – Diesel, HVO, Petrol, LPG	Company EVs	Fuel and energy related activities	Upstream leased assets	Employee commuting
Office Natural Gas supply				

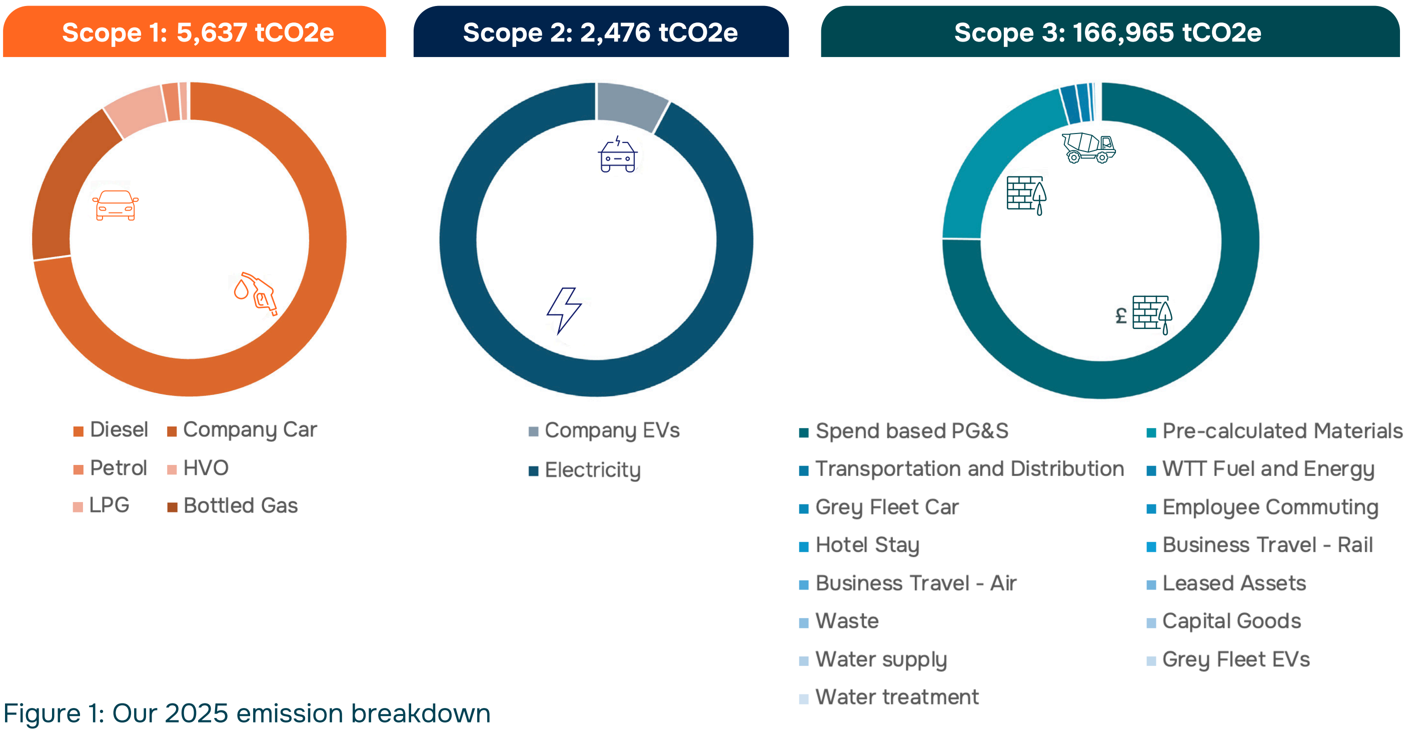


Figure 1: Our 2025 emission breakdown

Scope 1

Scope 1 emissions fell 51% against the base year. This reduction is driven by reduced fuel use from shifting construction activities and improved operational efficiency. However, Scope 1 emissions rose slightly year-on-year as HVO usage dropped from 68% to 45% of bulk fuel, due to rising costs and customer transitions.

Following a 2025 procurement review, we will prioritise 100% used cooking oil-derived HVO as a transition fuel. As diesel remains our largest scope 1 emission source, our 2026 focus is fuel efficiency and transitioning away from both fossil and biofuels.

Scope 2

Scope 2 represent a small proportion of the Groups total emissions yet will continue to be an important emission source as we transition to electrified sites and vehicles. We did see an increase in company EV related electricity as our company car fleet is now made up of 96% of electric or plug-in hybrid vehicles.

We have included an increased number of project electricity data in 2025 which has led to an increase in overall Scope 2 emissions compared to the previous year as well as against the base year.

Scope 3

We operate a hybrid methodology approach to our carbon assessment for Scope 3 emissions in line with the Greenhouse Gas Protocol. We collect supplier and product-level emissions data from our suppliers and supplement our assessment with secondary data using an extended input-output approach (EEIO) linking our financial spend to emission factors based on sector level averages. While spend-based accounting is a valuable tool to screen Scope 3 emissions and identify carbon hotspots, we acknowledge its limitations and are focused on prioritising primary data where possible.

We are working with our supply chain and project teams to increase the use of primary data within our carbon assessments, for the past four years we have used supplier-sourced carbon data for purchased material and transportation related emissions into our Scope 3 Category 1 and Category 4 emissions.

In 2025 we incorporated project-sourced data from our Environment Data Tracker into our Scope 3 accounting, as such we were able to incorporate 40% of product and supplier-level data into our purchased goods and services emission assessments.

Outside of Scope Emissions

In 2022 Costain introduced a Hydrotreated Vegetable Oil (HVO) Mandate. In 2025, 45% of the bulk fuels used on our construction sites was HVO.

To ensure sustainability of our HVO supply we have also mandated that we only source HVO from International Sustainability and Carbon Certification (ISCC) suppliers, preferentially selecting feedstock from UK or EEA which are certified by the Renewable Fuels Assurance Scheme (RFAS), designed and managed by Zemo Partnership to ensure waste-input feedstocks are used.

To ensure comprehensive and comparable reporting we report both the upstream production emissions from HVO in our Scope 1 total and the impact of direct fuel burn emissions by reporting N2O and 'Outside of Scopes' emissions to account for the biogenic emissions from HVO.

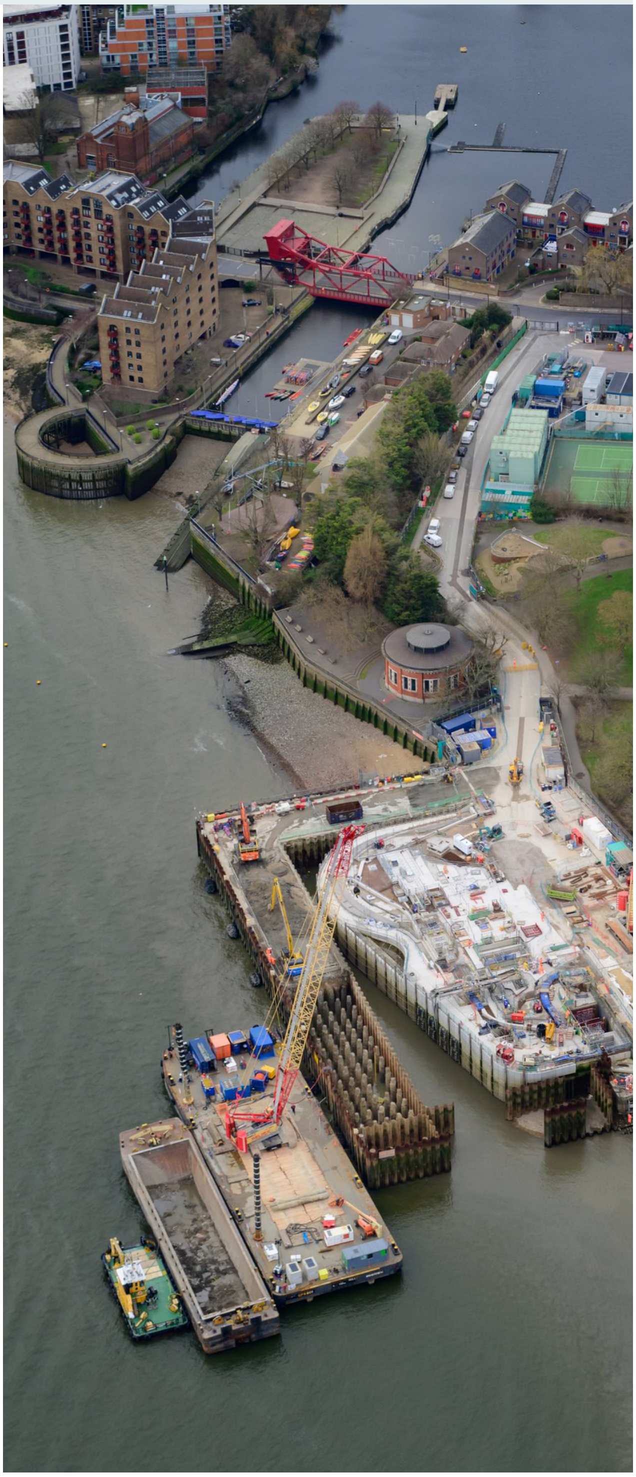
Greenhouse Gas Emissions

We report our emissions in tonnes of carbon dioxide equivalent (tCO2e), quantifying the seven greenhouse gases (GHG) named by the Kyoto Protocol.

For increased transparency, we are also reporting our GHG emission breakdown from our baseline year 2021 through to the current year 2025.

GHG	2021	2022	2023	2024	2025
Carbon Dioxide (CO_2)	11,399	6,201	4,816	4,724	5,578
Methane (CH_4)	10	7	5	3	3
Nitrous Oxide (N_2O)	152	218	55	44	55
Total net emissions	**11,561**	**6,246**	**4,876**	**4,772**	**5,637**

Table 3: Scope 1 and 2 Greenhouse Gas emission breakdown



5. Emission Reduction Targets

In order to continue our progress to achieving net zero, we have adopted the following carbon reduction targets. We project that carbon emissions will decrease over the next five years to 181,126 tCO_2e by 2031. This is a reduction of 48%.

Our net zero targets

2021

Base Year

2030

Near term target*:
To reduce absolute Scope 1, 2 and 3 GHG emissions by 42% by 2030 from a 2021 base year

2035

Scope 1 and 2 target:
To reduce directly controlled absolute Scope 1 and 2 GHG emissions by at least 90% by 2035 from a 2021 base year

2045

Scope 1, 2 and 3 target:
To maintain absolute Scope 1 and 2 reductions and reduce indirect absolute Scope 3 GHG emissions by 90% across the value chain to reach net zero by 2045 from a 2021 base year

Enabling the decarbonisation of UK infrastructure and supporting our customers and supply chain partners in achieving their own decarbonisation goals delivers a greater collective impact than Costain reaching net zero alone.

As we work to deliver critical UK infrastructure, we recognise there may be a short-term increase in emissions as operations grow, this impact will be managed responsibly to ensure proportional long-term reductions.

Our commitment to reducing emissions remains unwavering, and we are determined to accelerate the actions needed to deliver meaningful, long-term change.

Costain's transition to net zero depends heavily on our supply chain's ability to decarbonise high-impact materials like concrete, steel, energy, and transport, areas where scalable low-carbon solutions are still emerging.

Our action targets are linked to our group Decarbonisation Plan, Sustainability Programme and Fleet Transition Plan.

Targets have focused on areas representing the greatest carbon hotspots and where tangible actions can be taken to reduce emissions even when the emission streams are not within Costain's direct control.

While we can't tackle these challenges alone, we are actively investing in innovation through initiatives such as Future Roads Fellowship and low-carbon concrete research and collaborating with suppliers, competitors and customers.

We've made strong progress in improving construction methods, design standards, and data quality, while supporting our partners in their own climate goals.

6. Reduction Performance

In 2025, total emissions fell by 50% from the 2021 base year and 41% year on year. We remain ahead of our net zero transition pathway driven primarily by a sustained reduction in Scope 3 emissions. Despite this progress, our emissions profile remains heavily weighted toward our supply chain activities.

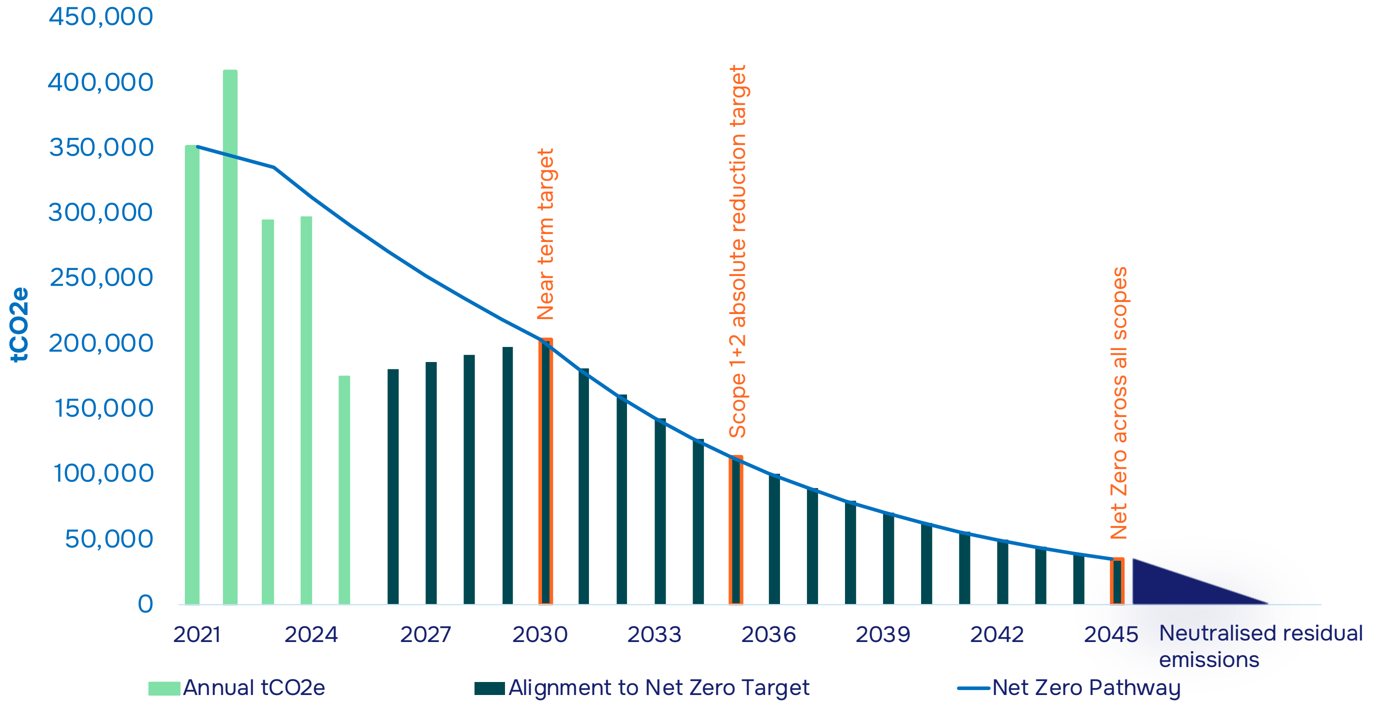


Figure 2: Our net zero pathway

Our efforts to reduce direct emissions are progressing well, with a combined reduction in Scope 1 and 2 emissions of 43% from the previous year and 36% from the base year.

Scope 3 continues to be our largest emission source, with purchased goods and services accounting for 95% of overall emissions. The three largest hotspots within Scope 3 are subcontractor activities, concrete and steel.

We have further integrated our hybrid approach to Scope 3 accounting, with the development of our carbon tracker. We are enhancing the use of primary data sources, providing a comprehensive view of emissions and enabling targeted actions to minimise hotspots. Progress against our net zero targets can be seen in the graph alongside.

Our Scope 3 emissions rose between 2021 and 2022, driven by increased construction activity, particularly tunnelling and road surfacing works, which are highly carbon intensive.

Scope 3 emissions from 2022 to 2025 have reduced year on year, predominately as a reflection on a reduction in carbon intensive activities on our sites.

We understand that in the short term, we are able to demonstrate reductions in carbon intensity (CO_2e per £M turnover), while the impact of our supply chain and materials decarbonisation efforts continues to build. This approach allows us to show progress relative to business growth, ensuring that efficiency gains and low carbon practices are recognised while our absolute emissions take longer to show significant reductions. Figure 3 below illustrates absolute emissions and turnover over the past four years.

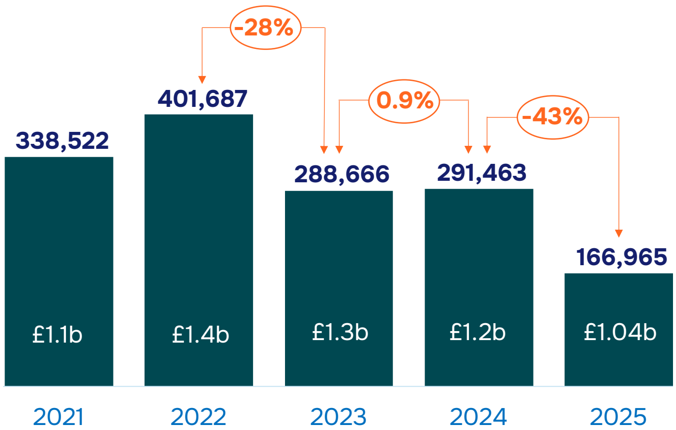


Figure 3: Scope 3 carbon emission reduction for the last 5 years with revenue

7. Carbon Reduction Projects

The following environmental initiatives and projects have been implemented or completed since the 2021 baseline. The Scope 1 and 2 carbon emission reduction achieved by these actions equate to 4,479 tCO_2e, a 36% reduction against the 2021 baseline. These along with our Scope 3 emission reduction measures will be in effect when performing the contract.

Completed carbon reduction initiatives

Carbon reduction initiatives completed to date:

Priority Pathway	Initiative	Decarbonisation Plan Foundation	Status
Applying our carbon management system	We were first verified to PAS 2080:2016 in 2020, and in 2024, we were verified to the new PAS2080 Carbon Management in Infrastructure and Buildings 2023 standard. Costain was recognised for demonstrating a strong awareness of carbon management and having robust processes to reduce carbon, which are utilised across all infrastructure projects. The verification demonstrates our commitment to the future of sustainable infrastructure, in addition to managing and reducing carbon emissions from our projects.	Embed	Complete
	In 2025 we successfully rolled out our Environmental Construction Data Tracker. The tracker provides a standardised approach to capturing, quantifying and visualising as-built carbon data, working in conjunction with the suite of Costain carbon management resources to aid performance, data quality and decision making at both a project and corporate level. Data is now collated monthly on materials, transportation, energy, waste and water associated with a project's activities. Project teams have access to a project-level dashboard, where their as-built footprint is visualised alongside several other metrics and data to support carbon management	Culture, Embed	Complete
	Developed our in-house whole life carbon Costain Design Tool which enables project teams to identify and 'design out' potential carbon hotspots at the earliest stages of infrastructure projects. Providing a systematic way to manage evolving design information, unique solutions and carbon reduction opportunities over time.	Culture, Embed	Complete
	Throughout 2025 we have focused on aligning our procurement activity with Costain's wider sustainability goals and now have a clear view of how supply chain decisions contribute to our company wide sustainability targets. Our new Sustainable Procurement Policy has helped to ensure that our priorities are reflected in early supplier engagement, tender evaluation and ongoing supply chain management. This is reflected in our new balance scorecard process which includes new weighted ESG scoring criteria.	Embed, Collaborate	Complete
	We have embedded sustainable procurement into our category strategies and Supplier Relationship Management framework. Sustainability considerations are built into category planning, sourcing and contracting, and are reflected in how we segment, engage and develop our suppliers. Through regular reviews we track sustainability performance, collaborate and improve, ensuring that our suppliers support our Sustainable Procurement Roadmap.	Culture, Embed	Complete

Driving the uptake of low carbon materials	We have successfully integrated our Low Carbon Materials Mandate within the business. The mandate includes three tangible requirements for our concrete and asphalt use and two mandated changes to the contract clauses of our designers and suppliers. Unless technical reasoning is provided to justify its use, under the mandate, the following actions must be taken by our projects and suppliers: • Concrete mixes using 100% CEMI cement type must not be used or specified. • Standardised prescribed concrete mixes (ST1-5) must not be used or specified. • Warm mix asphalt (WMA) must be used in place of hot mix asphalt across all projects. • All concrete; steel and aggregate suppliers must provide carbon data for their products. • All 3D models must have material data embedded to support carbon quantification	Design	Complete
	In 2025, Costain signed a Calcined Clay letter of intent, sponsored by industry colleagues Expedition, PA, HS2 and National Highways. We see calcined clay as being a potentially scalable low carbon supplementary cementitious material, which can help decarbonise concrete. We are continually reviewing opportunities to support the development and use of viable low carbon alternative materials. For the past few years, we have been part of the calcined clay trials at HS2 SCS alongside our JV partners Skanska and STRABAG	Collaborate, Design	Complete
	As part of our Decarbonisation Plan, in 2026 we launched our Concrete Transition Pathway. The pathway sets out embodied carbon material intensity thresholds and is benchmarked against Arup's Embodied Carbon Classification For Concrete system. 87% of concrete placed in 2024 fell within a band E or above, and using this as our foundation, the Pathway sets out six action stages needed to achieve our aim of achieving over 90% band A by 2045	Culture, Collaborate, Embed, Design	Complete
Decarbonising Energy	In 2025 our Minimum Plant Specification and Site Accommodation Standards were updated. This outlines our minimum specification per plant, equipment and accommodation standards, requirements for telematic data and priority for electric or fuel efficient options. This includes a requirement for all plant and generators to be Stage V compliant.	Deliver, Collaborate	Complete
	Our Fleet Decarbonisation Plan was launched in 2020 with the aim to achieve a 100% ultra-low emission vehicle (ULEV) fleet by 2030. Significant progress has been made on our company car fleet, with 100% of the options list now ULEVs. On the road in 2025, >95% of our company cars comprised of electric or plug-in hybrid. Over the same period, 20% of grey fleet vehicles and 6% of commercial vehicles met ULEV standards.	Deliver	Complete – 100% ULEV company car options In progress – Company car fleet 95% ULEV
	In 2026 we launched our Decarbonising Construction Activities (DCA) standard as part of our Safety, Health and Environmental (SHE) Plan 2026 objectives, outlining our minimum standards across plant, equipment, welfare and power generation . Our projects will be assessed as either; Compliant, Managing, High Performance or Near Net Zero standard. Our project sites will be scored against the DCA matrix with the aim that 100% of sites will be in line with Compliant standard by the end of 2026	Deliver	Complete – DCA Launch

	As part of our Decarbonisation Plan, we have created our Energy Transition Pathway, to support our Scope 1 and 2 reduction targets. The Energy Transition Pathway includes focused actions to facilitate energy efficient behaviours, designing for low carbon solutions, delivering low carbon construction, embedding onsite monitoring to drive efficiency and collaborating with our subcontractors and suppliers. The pathway works towards a target of 100% fossil fuel free sites by 2035.	Deliver	Complete
	In 2023 we introduced an Hydrotreated Vegetable Oil (HVO) mandate. We see HVO use as a transitional fuel, and part of our energy transition pathway but we remain focused on reducing energy demand, increasing efficiency and electric/battery solutions as a drive to reduce emissions and fuel demand. In 2025, 46% of our fuel mix came from HVO, produced in line with the Renewable Fuels Assurance Scheme (RFAS). Costain collaborated with the Supply Chain Sustainability School in its production of an industry best practice document on procuring HVO.	Deliver, Collaborate	Complete

Future carbon reduction initiatives

In the future we will implement further measures such as:

Priority Pathway	Initiative	Decarbonisation Plan Foundation	Status
Applying our carbon management system	Procure using a performance-based standards approach to value and incentivise carbon reduction	Embed, Collaborate	2026
	Launch our Risk Opportunity and Prioritisation Tool as part of our sustainable procurement approach	Embed	2026
	Integrate climate and nature requirements into all professional services and subcontract contracts	Embed	2026
	All colleagues to complete updated sustainability training All senior leaders to complete sustainability engagement training	Culture, Embed	2027
	Develop and integrate an internal carbon price mechanism	Embed	2028
	Deliver carbon management engagement and training to 70% of Tier 1 suppliers and delivery partners	Collaborate	2030
Driving the uptake of low carbon materials	Material pathways in place for all material hotspots	Design	2027
	Publish Decarbonisation Technical Briefing Notes and update to the Low Carbon Materials Mandate	Design	2027
	All concrete placed to be rated 'C' or better by 2030 and 'A' by 2045	Design, Collaborate	2030 2045
	Standardised low-carbon design manuals integrated within each sector	Embed, Design	2028

Decarbonising Energy	100% electric or plug in hybrid company cars	Deliver	2027
	Continued integration of Decarbonising Construction Activities (DCA) process, sites achieving 'Managing' level by 2027 and 'Near Net Zero' by 2035	Deliver, Collaborate	2027
	100% of projects monitoring telematics fuel and energy use and delivering plant idling and fuel-efficiency improvements	Deliver	2028
	All major projects to assess and propose electric ecosystems at tender stage	Deliver, Embed	2028
	100% electric or plug in hybrid LGVs and HGVs by 2030	Deliver	2030
	Battery storage and battery electric power and plant on all sites by 2035	Deliver	2035

8. Declaration and Sign Off

This Carbon Reduction Plan has been completed in accordance with PPN 006 and associated guidance and reporting standard for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard[1] and uses the appropriate government emission conversion factors for greenhouse gas company reporting[2].

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements (where required), and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard[3].

This Carbon Reduction Plan has been reviewed and signed off by the board of directors (or equivalent management body).

Signed on behalf of the Supplier:

C.Duffy

Catherine Duffy

Costain Group PLC Chief People and Sustainability Officer

Date: 21/08/2026

[1] https://ghgprotocol.org/corporate-standard

[2] https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting

[3] https://ghgprotocol.org/standards/scope-3-standard

Together we **shape, create, deliver**