

Sustainability programme 2030*

Together we
shape, create, deliver

**Previously titled as Costain's 'ESG programme'*

> Costain is strategically well positioned in our four chosen markets of Transport, Water, Energy and Defence. These markets are essential to ensuring the country has the infrastructure to meet critical national needs for a more **prosperous**, **resilient** and **decarbonised** UK.
> Our sustainability programme guides how we work with our customers to accelerate the shift not only to net zero, but towards a socially inclusive, nature-positive and climate-adaptive economy that delivers long-term value for people, nature and society.

Alex Vaughan, Chief Executive Officer

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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 geopolitics, 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 wins 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 we serve; 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 a sustainability programme to help us deliver sustainable business principles in the short to medium term. Our sustainability programme focuses our detailed goals, KPIs and plans on issues such as climate change, nature, natural resources, health and safety and diversity and inclusion. We have completed a double materiality assessment to not only highlight the social and environmental issues that really matter to us and our business case for action, but also the issues that matter to our stakeholders .

Our sustainability 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 policies (decarbonisation plan; nature positive plan; social value plan; safety, health and environment (SHE) plan).

This sustainability programme brings together our goals, targets, KPIs and enablers; showing how we contribute to a more prosperous, resilient and decarbonised UK.

Catherine Duffy,
Chief People and Sustainability Officer



Our 2030 goals and ambitions

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

We believe good sustainability performance creates financial and stakeholder value, helping us to meet our medium-term priorities to be an admired company and grow in strong markets. This provides the benefit of a broader, more resilient customer base and predictable best in class delivery of our services.

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 sustainability issues and we will be transparent in our progress.

Our sustainability ambitions are:

Being a trusted employer and community partner

Safeguarding our planet's future

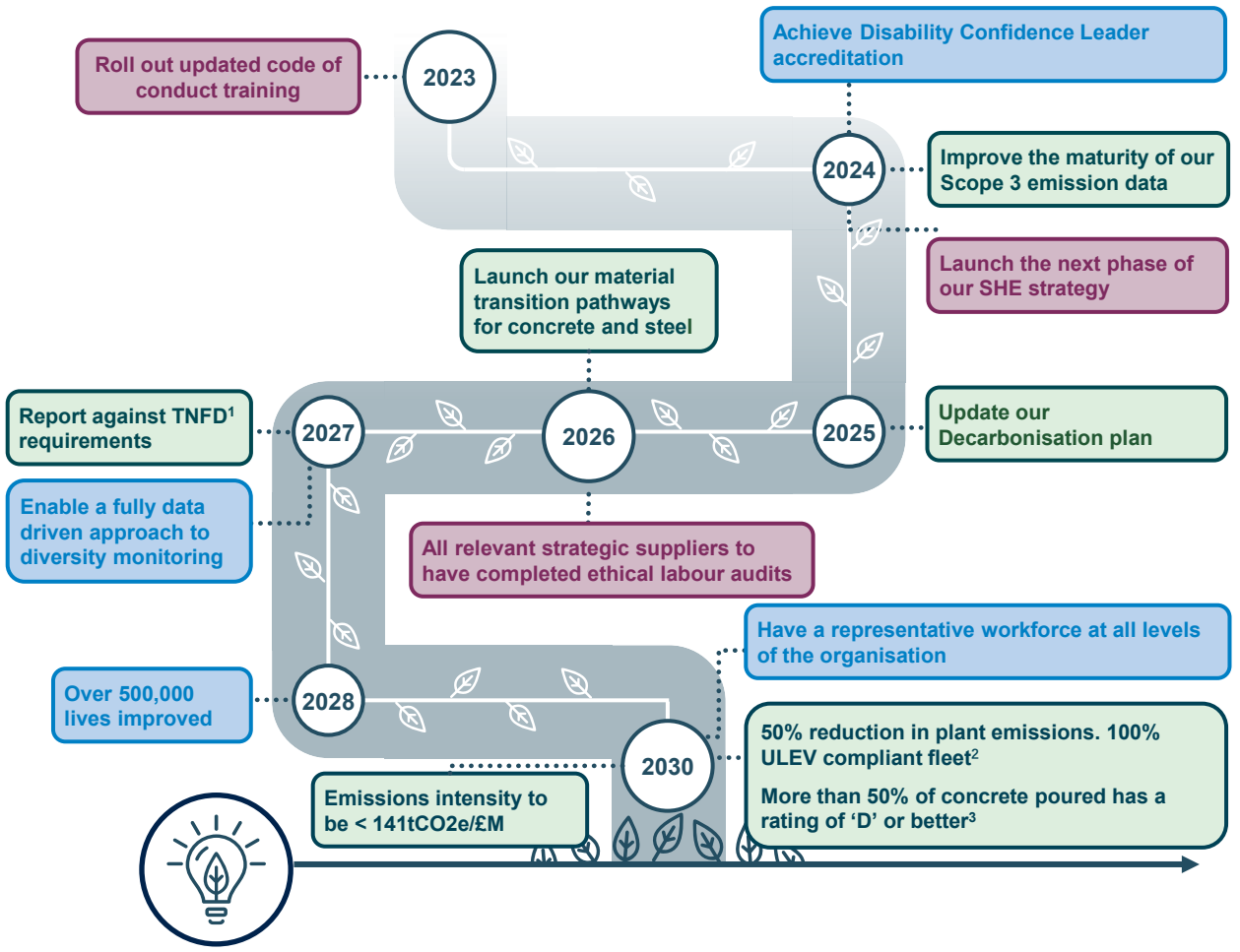
Being a responsible business



Our Sustainability route map

Priorities	Enabling plans
Employee diversity and inclusion	Inclusion plan
Community and social value	Social value plan
Skills	People strategy
Carbon	Decarbonisation plan
Nature	Nature positive plan
Resource efficiency	Resource efficiency and water plans
Ethical corporate behaviour	Costain ethical behaviour policies
Health and safety	SHE strategy
Sustainable procurement	Sustainable procurement policy

Key milestones



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
- Support the skills development of 500 individuals to gain meaningful employment
- 42% reduction in absolute emissions (Scope 1,2 and 3) against a 2021 baseline
- Make a measurable contribution to nature positive
- 30% reduction in water and waste from operations compared against a 2024 baseline
- Our stakeholders rate us as an ethical company
- Eliminating harm in all we do
- Our procurement is driving supplier emissions reductions and increased social value

1. Taskforce on Nature-related Financial Disclosures (TNFD)
2. Ultra Low Emission Vehicle (ULEV)
3. In line with Arup's Embodied carbon classification scheme for concrete

A trusted employer and community partner



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.

Costain is committed to delivering social value to the communities we work in. We look beyond the price of a contract, 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) and small businesses in our supply chain.

Supporting skills development is a key part of our approach, helping individuals gain the capabilities and experience needed to progress into employment and long-term careers.

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

A trusted employer and community partner

Costain's ambition	Material issues	Business case for action	Our 2030 goal	How we will measure our performance
A trusted employer and community partner	**Employee diversity & inclusion** *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.*	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.	The behaviours we observe indicate there is a psychologically safe workplace with an engaged, thriving and representative workforce.	• Gender pay data • Ethnicity pay gap data • Employee diversity • Employee engagement.
	Community and social value *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.*	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.	Through the duration of this programme our solutions and social value programmes will improve over 1 million lives.	• Number of people directly benefiting from Costain social value activities • Communities benefitting from Costain infrastructure solutions (tracked on completion of projects).
	Skills *This issue refers to management of strategic workforce planning, engagement with community partners and investment the future talent pipeline.*	To meet the Costain's growth objectives it essential that we scale up our access to a skilled workforce and supply chain that can grow with us and meet our customers needs. Maintaining a competent workforce is vital to delivering predictable best in class solutions for our customers.	Support the skills development of 500 individuals to gain meaningful employment.	• Number of NEETs hired • Number of apprentices hired • Number of graduates hired • Number of ex-offenders hired



Safeguarding 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 though low carbon engineering, efficient use of resources, following circular economy principles and incorporating resilience to climate change.

We are committed to achieving a nature-positive future by implementing the Science Based Targets for Nature framework and contributing meaningfully to ecosystem restoration and resilience. 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 advancing the awareness and implementation of nature-based solutions.

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. Our unique range of skills positions Costain to support our customers in dealing with the physical effects of climate change, building resilience into UK infrastructure.

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 withdrawal, especially from water scarcity regions.

To meet our environmental ambition, we are dependent on our supply chain partners, particularly in meeting our net zero goal. We continue to enhance our alignment with ISO 20400 Sustainable Procurement, enabling us to deliver customer value while effectively tackling mutual sustainability priorities.

> Costain is committed to supporting the UK's net zero transition by reducing our emissions and delivering low carbon nature-positive solutions that enhance biodiversity across our projects.
>
> **Geraint Rowland,**
> Group Environmental Director

Safeguarding our planet's future

Costain's ambition	Material issues	Business case for action	Our 2030 goal	How we will measure our performance
Safeguarding our planet's future	**Climate change** *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.*	Regulatory pressures mean reducing emissions is directly linked to the ability to win work (PPN 006). Climate change risks impact our operations and supply chains and therefore enhancing resilience is crucial to stay competitive.	Reduce emissions in line with our near-term science-based target (42% reduction in absolute emissions across Scope 1, 2 and 3 by 2030 against a 2021 baseline).	• Absolute reduction in Scope 1, 2, and 3 emissions (tCO2e) against a 2021 baseline • Carbon intensity tCO2e/£M spend • % of concrete placed rated 'D' or better in line with Arup's Embodied Carbon Classification Scheme • % of ULEV fleet vehicles.
	Nature *This issue refers to the stock of capital and ecosystem services derived from biological diversity and ecosystems as well as natural resources.*	Business relies on nature for resources and ecosystem services, both in their own operations and supply chains, and for our employees and customers.	Make a measurable contribution to nature positive.	• Biodiversity net gain on applicable projects • Disclose and reduce nature-related impacts across our value chain.
	Resource efficiency *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.*	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.	Reduce water intensity (m3/£m revenue) by 30% from a 2024 baseline, across all projects. A targeted focus on reducing potable water use in water-stressed areas. Maintain >97% diversion from landfill while increasing the amount of waste avoided through reduction and reuse at source across all projects. Reduce waste intensity by 30%.	• Water withdrawal intensity (m3/£m turnover) • Water risk compliance (all projects in water scarcity regions implement potable water reduction measures) • Waste diverted from landfill • Waste prevention coverage (% of projects with at least one realised and quantified waste prevention opportunity) • Waste intensity tonnes/£m turnover.



Being a responsible business



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 for.

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

We place significant importance on procurement recognising its role to mitigate social and environmental risks and when performed well, its function to generate social, environmental and economic value.

We believe that effective governance for our sustainability 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 sustainability performance, positioning us as a trusted partner with our customers, suppliers and our people.
>
> **Nicole Geoghegan,**
> General Counsel and Company Secretary

Being a responsible business

Costain's ambition	Material issues	Business case for action	Our 2030 goal	How we will measure our performance
Being a responsible business	**Ethical corporate behaviour** *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.*	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.	Our stakeholders rate us as an ethical company.	• Engagement score • Repeat orders • Training completion • ESG ratings.
	Health and safety *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.*	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.	Seeking to eliminate harm in all we do.	• Lost time injury rate • Workforce engagement • Appropriate leading indicators.
	Sustainable procurement *This issue refers to the social and environmental risks/opportunities related to the sourcing of goods and services.*	Costain spends circa £1bn per annum with an extensive supply chain. Ensuring that goods and services are sourced not only with value for money in mind, but also as an enabler to achieving other sustainability goals or mitigating sustainability risks.	Our procurement is driving supplier emissions reductions and increased social value.	• % of strategic suppliers with SBTi's for climate change • Scope 3 emissions (tCO2e) • % of spend with VCSEs and SMEs • Social value created through procurement.



Our stakeholder commitments

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.

Stakeholders						
	Customers	**Partners**	**Suppliers**	**Colleagues**	**Communities**	**Shareholders**
Our commitments to you	• We will operate with integrity and always seek 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 will only enter partnerships with partners whose values align with our own • We will be open and transparent in our relationship with you	• 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	• 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 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 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:	• For a fair balance of risk • Fair commercial terms	• That you share our commitment to transparency and openness in our partnership • Collaborate to deliver the best outcome for our customers	• That you share our commitment to transparency and openness • Collaborate to deliver the best outcome for our customers • Low carbon solutions	That you act with : • Integrity • Customer focus • Environment and social responsibility And safety and wellbeing is at the heart of everything you do	• That you treat our workforce with respect • Engage with us to achieve the best social outcomes	• 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 a sustainable future.



COSTAIN

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