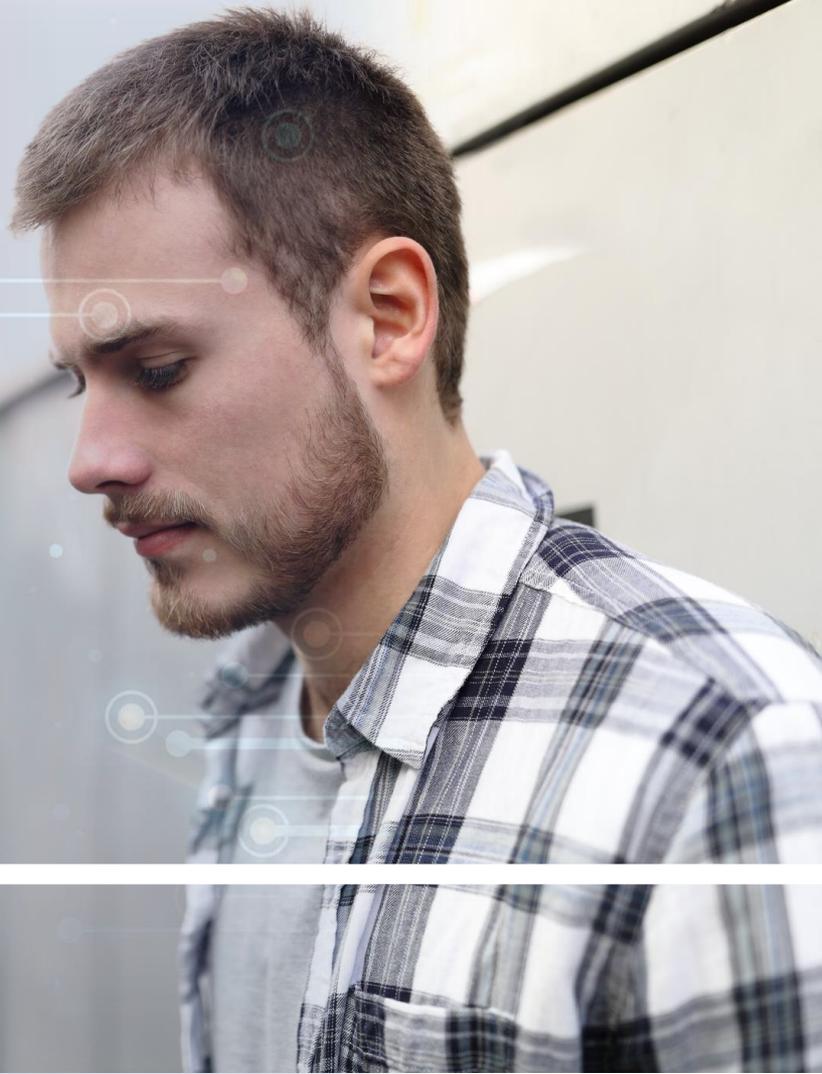




Modern slavery statement

2023



Foreword from our CEO

Our vision

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

In 2023 Costain launched an Environmental, Social and Governance (ESG) programme to drive action on the materially important ESG issues that influence our performance and/or the impact we have on society and the environment.

Integrity is one of our core values and making sure that we always do the right thing, in the right way is integral to our business and our decision making. Our corporate ethics capture our code of conduct, our guiding principles to the strategic and operational management of Costain. In addition, they encapsulate the management of risks and opportunities associated with ethical considerations, lawful behaviour, and compliance practice, such as modern slavery.

We know that labour abuses, including modern slavery, are complex and have interdependencies with other risks, such as poor inclusion practices, bribery, corruption and the physical effects of climate change. With such complexity, we are taking an intersectional approach to monitoring and managing our risks, and ensuring we consistently apply sustainable procurement principles when procuring goods and services.

The construction industry remains one of the high-risk sectors in the UK for modern slavery and we are working in collaboration with the wider industry to tackle this complicated issue.

To advance our progress in preventing unethical labour practices from occurring, this year we have taken the following steps which we will report in more detail later in this statement:

- Consolidated our labour supply chain through the creation of a strategic labour desk
- Undertaken a review of our strategic supply chain, which included completing ESG due diligence
- Updated and strengthened our modern slavery and human trafficking policy
- Enhanced our code of conduct and completed a programme of annual training
- Refreshed our gifts and hospitality policy.

This statement has been published per Section 54(1) of the Modern Slavery Act 2015, covering the period 1 January 2023 – 31 December 2023.

It sets out Costain's approach to preventing slavery and human trafficking taking place in any part of its business, or that of its supply chain. This statement is made on behalf of Costain Group PLC, Costain Limited, and Costain Engineering and Construction Limited and was approved by the Costain Group PLC Board of Directors on 11th March 2024

Alex Vaughan
Chief Executive Officer

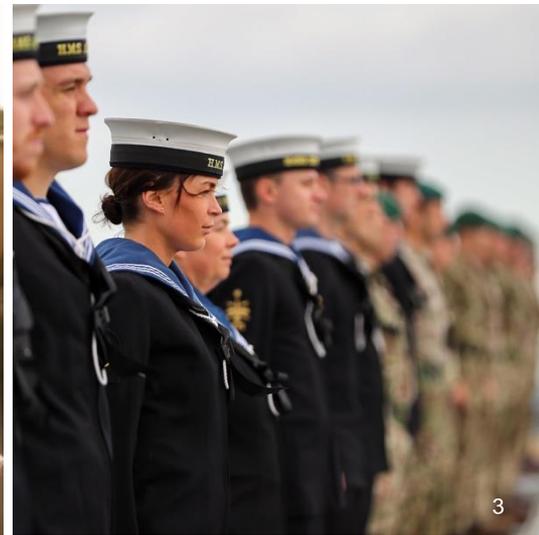


Who are Costain?

Our purpose is to improve people's lives by creating connected, sustainable, infrastructure that enables people and the planet to thrive.

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

We are focused on four strategic sectors across the UK: transport, energy, water and defence and everything that we do is rooted in delivery and organised around our customers.



Why ethical conduct is important

We set high ethical expectations of ourselves, partners and our supply chain. We recognise that our efforts to prevent modern slavery and human trafficking are important to ensuring basic human rights are upheld and Costain remains compliant with the requirements of the Modern Slavery Act 2015 (the “Act”).

The safety of our workforce is our number one priority, and this extends beyond physical site safety to include psychological and personal safety.

We are realistic that with an indirect workforce of 13,500 there remains a risk of ethical labour abuses and as such we collaborate across the industry to tackle the wider societal issue of modern slavery and human trafficking.



Risk assessment

We undertake an annual review of our spend and assess the likelihood of the following three traits of slavery and human trafficking occurring within a typical supplier category:

- unfree recruitment
- work and life under duress
- impossibility of leaving an employer

This process is undertaken by members of our procurement and supply chain team, and our ESG team, using information gathered from our industry partners and non-governmental organisations (NGOs) such as the Minderoo Foundation [Global slavery index].

Our 2023 risk assessment concluded that our exposure remains unchanged and, while not high risk, the risk is greatest within our supply chain. The supplier categories that we believe pose our highest risk are those who provide labour in its various forms (general labour suppliers, formwork contractors, security, PPE manufacturing, painting and cleaning services).

Organisation structure and supply chains

Costain is a UK based organisation, with 3,500 direct employees and a further 13,500 colleagues working in our supply chain on sites across the UK. Our reach is wide, spending circa £1 billion each year with a supply chain of over 4,000 companies. 97% of our direct spend is with UK-registered companies.

Maintaining a high-calibre supply chain is crucial to Costain for the reduction of risk and development of high-performing strategic relationships. Suppliers to Costain are classified as strategic, preferred, or verified suppliers as follows:

- 73 strategic supply chain partners
- 201 preferred supply chain partners
- 2,831 verified suppliers

38% of our spending is with small and medium enterprises (SMEs).



Working with our supply chain

There are two routes for a supplier to be approved to provide a subcontract service to Costain:

External accreditation

All relevant strategic partners must be accredited by an Achilles scheme (Building Confidence being the preferred option). Achilles as an independent partner who verifies our strategic partners (where significant risk exists) against our sustainable procurement requirements. Achilles provides data to our buyers, identifying areas for concern and informing procurement decisions. Achilles also completes supplier audits on behalf of Costain, which includes compliance with the Modern Slavery Act.

Costain also accepts Common Assessment Standard (CAS) assessments that have been undertaken by The Contractors Health and Safety Assessment Scheme (CHAS) and ConstructionLine, both of which are approved CAS accreditation bodies.

Internal verification

The Costain pre-qualification questionnaire (PQQ), is used to verify our supplier base who are not classed as strategic partners or preferred suppliers. The PQQ requires suppliers to provide copies of their Modern Slavery statement and associated policies and to confirm that employees are paid at least the 'real Living Wage' as part of the process.

Suppliers must also complete a heat mapping exercise to identify risks and potential opportunities. Any trades/services that are identified as a risk are audited before contracts are finalised. Costain supply chain managers work with our highest-risk suppliers, supporting them to raise awareness in their respective businesses, using training resources provided by the Supply Chain Sustainability School.



Supplier due-diligence

In 2023 a major review of Costain's strategic supply chain categories was undertaken, assessing pre-existing and new suppliers across various topics, including commercial and environment, social and governance. As part of this reviews suppliers in the following categories were assessed on their processes, control measures and cultural fit: Plant and fleet; Drainage; Materials; Traffic management; Design partners; Structural steel, Piling, Earthworks; Water; and Waste management.

Additionally, a review and consolidation of labour suppliers was undertaken for Costain to create a strategic labour desk that will support a more efficient approach to resourcing our construction contracts and the reduction of people-related risks. This process involved engaging prospective suppliers in various aspects of their social responsibilities, including ethical labour, the real Living Wage, diversity, and inclusion.

Industry collaboration

Robust procurement processes, policies, auditing and supplier engagement alone are not enough to prevent this highly complex issue. By participating in industry working groups, we keep ourselves apprised of the latest trends and where possible share best practice and details of any action we have taken.

Costain are members of the:

- Supply Chain Sustainability School Modern slavery group
- Supply Chain Sustainability School Labour group
- Gangmasters & Labour Abuse Authority's Construction Protocol
- RSSB Modern slavery working group.



Gangmasters and
Labour Abuse Authority



Policies

We have a range of policies that are cascaded to all employees annually and can be viewed on www.costain.com. Our policies set out how we expect our people, partners, and suppliers to behave and operate when representing Costain. Each Costain policy has a specific executive board sponsor and a senior leader as the business owner. Of our nineteen policies, several are relevant to modern slavery and/or ethical labour matters.

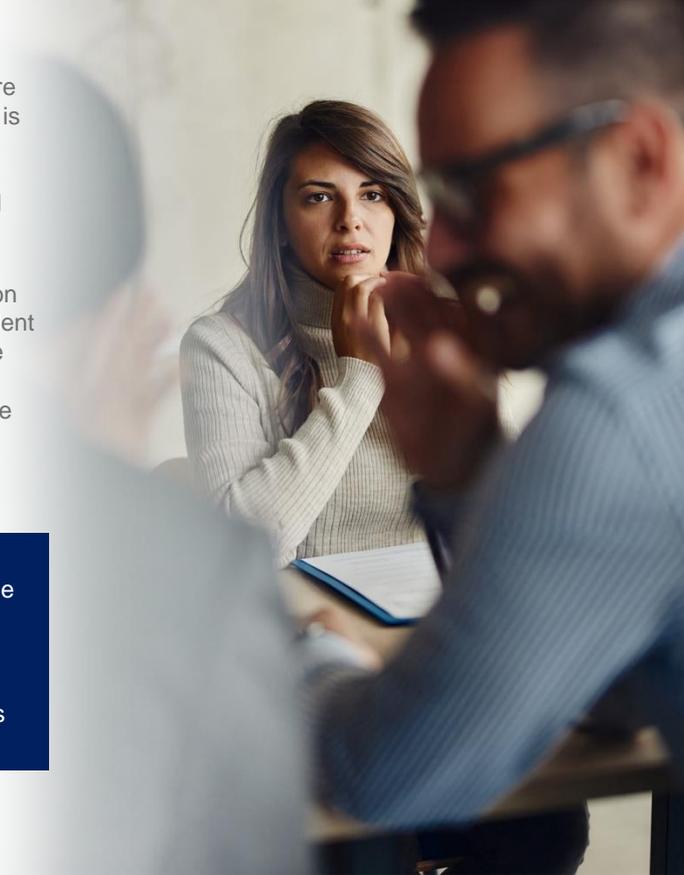
During our annual review, Costain's modern slavery policy was updated, to clarify the business's position on workers' right to freedom of movement, prohibiting worker-paid recruitment fees, compulsory overtime, and confiscation of identification documents.

Costain's modern slavery policy is sponsored by Catherine Warbrick, chief people and sustainability officer and the business owner is James York, Group corporate responsibility and security director.

Integrity is one of our core values and making sure that we always do the right thing, in the right way is integral to our business and our decision making. To help ensure that we always make the right decisions, we created a new standalone gifts and hospitality policy.

In addition to our policies, we take a firm stance on corruption and bribery, and we have an independent whistleblowing process in place to ensure that we maintain high standards in all areas. The effectiveness and compliance with our policies are reviewed annually by Costain's continuous improvement team and policy owners.

In December 2022, a new dedicated, specialist fraud investigator joined Costain, reporting to the general counsel and company secretary. This appointment recognised the specialist skillset required for fraud investigation and mitigation, increasing the potential of finding labour abuses in our supply chain.



Policies

The relevant Costain policies and procedures for responsible business:

In addition to our policies, our code of conduct for suppliers sets out Costain’s expectations for anyone working in contract with us. This includes matters such as health and safety, employee wellbeing, ethics and fair working conditions.

Clauses on employment, health and safety, human rights and modern slavery are included as standard in our standard contracts with suppliers. The clauses cover obligations on human rights and specifically on the prevention of modern slavery.

The clauses also include the right to audit; for non-UK companies to act by UK law, even outside of the UK; the requirement to maintain policies and procedures; right to work checks; and the keeping of employment records.

Policies	Scope and relevance to modern slavery and ethical labour practices
Social value policy	Costain’s social value policy provides alignment with the UK Government’s social value model, which has a priority theme related to tackling work inequality. The Executive Board sponsor for this policy is the chief people and sustainability officer.
People policy	The Costain people policy encompasses recruitment, development, reward, equality and diversity, health and wellbeing, compliance with labour/employment, data protection laws and regulations wherever we work. The Executive board sponsor for this policy is the chief people and sustainability officer.
Ethical business conduct policy	Bribery prevention; Fair and open competition; Insider dealing prevention; Fraud prevention; Whistleblowing are all covered by the Costain ethical business conduct policy. The Executive board sponsor for this policy is the general counsel and company secretary.
Modern slavery and human trafficking policy	The Costain modern slavery and human trafficking policy specifies the mandatory conditions of employment and contractual conditions for our suppliers. The Executive board sponsor for this policy is the chief people and sustainability officer.
Sustainable procurement and supply chain policy	The Costain sustainable procurement and supply chain policy stipulates the conditions of all procurement activity, aligning outcomes to Costain’s ESG programme. The Executive board sponsor for this policy is the chief financial officer.
Gifts and hospitality policy	Costain’s new gifts and hospitality policy was created in 2023 to bring our policy in line with what would be expected of a large listed, UK-based corporate entity and supplier to the public sector. By complying with this new policy, our people are also able to ensure that they are not perceived to be biased (e.g. in their relationships with suppliers/subcontractors). The Executive board sponsor for this policy is the general counsel and company secretary.

Raising awareness

In 2023, Costain's online Code of Conduct training, which is primarily based on ethical conduct, was refreshed to include an additional focus on competition law, conflicts of interest, and gifts and hospitality. The code of conduct training is built around hypothetical scenarios, requiring colleagues to apply learning to pass the training module.

More than 94% of employees completed this annual training requirement in 2023.

A key part of raising awareness of unethical practices is to create a clear means for colleagues, partners and suppliers to raise concerns.

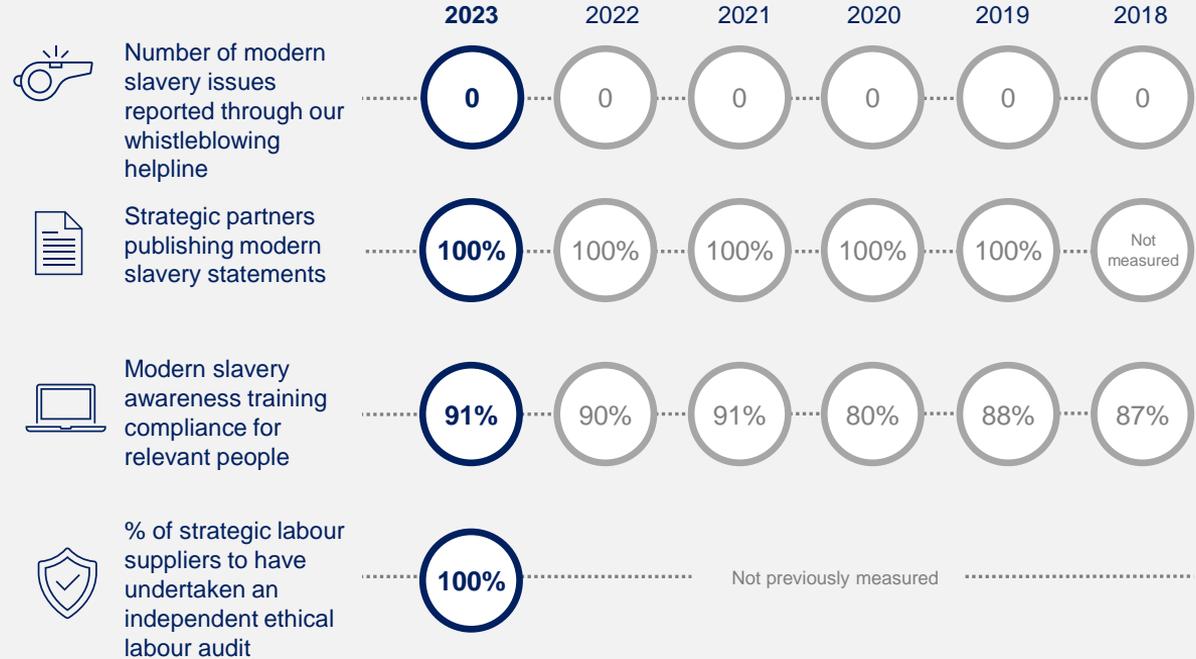
We encourage our people to follow the same escalation route as they would for any other ethical conduct matter by:

1. Reporting to a line manager or local manager
2. Where this is not possible reporting to HR or legal team
3. And finally, where an individual would like to speak in confidence, by using our independent whistleblowing hotline/website.





KPIs



We continue to prioritise the prompt payment of suppliers, understanding the ethical responsibility to do so and take pride in being recognised as one of the industry's fastest paying tier one contractors. We monitor performance monthly and have been working with our project teams to improve processing performance.

Our performance is aided by automation to process invoices, allowing our accounts teams more time to focus on invoice anomalies.

Looking ahead to 2024

In 2024 we will be increasing supplier auditing, improving the leading measures we use to monitor our ethical labour risks and creating a new fraud policy.

Prompt Payment Compliance KPIs

