



Creating a sustainable future



Sustainability Report 2025

Our vision is to create connected, sustainable infrastructure that enables people and the planet to thrive.



Our performance at a glance

2025	£1,045.7m	2025	£44.8m	2025	£63.1m
2024	£1,251.1m	2024	£31.1m	2024	£27.1m
Revenue		Operating profit		Adjusted free cash flow	
£1,045.7m		£44.8m		£63.1m	
2025	0.16 LTIR	2025	£290k	2025	175,078tCO ₂ e
2024	0.11 LTIR	2024	£410k	2024	297,123tCO ₂ e
Safety		Social contribution		Carbon emissions	
0.16 LTIR		£290k		175,078tCO ₂ e	

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

Chief Executive Officer's introduction

Creating a sustainable future

Costain has been improving people's lives for more than 160 years by creating connected, sustainable infrastructure that enables people and the planet to thrive.

We deliver engineering solutions via long-term strategic partnerships with customers across their asset lifecycle in our chosen markets of transport, water, energy and defence. We are creating a sustainable future for a more prosperous, resilient and decarbonised UK.

Being a responsible business, a trusted employer and community partner, and safeguarding our planet's future are fundamental principles that guide Costain. They shape how we deliver on our purpose to improve people's lives and our vision to create a connected, sustainable infrastructure enabling people and the planet to thrive. This approach is underpinned by our core values: integrity, customer focus, safety and wellbeing, and environmental and social responsibility.

A more prosperous UK

We're driving sustainable economic growth by delivering infrastructure which boosts productivity and unlocks opportunities. Through connecting communities, cities and regions, we're creating lasting prosperity, jobs and skills across the UK. With predictable, best-in-class delivery we give our customers the confidence they need to invest in critical national infrastructure, enabling people, and the communities they live in, to thrive.

In 2025, the A1 Birtley to Coal House scheme in Tyneside successfully opened four miles of new lanes. The widened section of A1 between junctions 65 and 67 is reducing congestion by increasing capacity for road users. This enhances the reliability and safety of peoples' journeys. These improvements are helping to support economic growth through improved connectivity in the Newcastle and Tyneside area (Team Valley Employment Zone) and supporting the government's initiative for growth in the north.

A more resilient UK

We're collaborating with customers, partners and our supply chain to help the UK adapt and thrive in an uncertain world, safeguarding communities against extreme weather, supporting the UK's energy independence and national security. Costain is a leading partner along with Farrans, Jacobs, and Mott MacDonald Bentley in the Strategic Pipeline Alliance (SPA), delivering 580km of new pipeline for Anglian Water by 2030.

Together we are enabling the crucial transfer of water from 'wetter' parts of the Anglian region in North Lincolnshire to 'drier' parts, including Cambridgeshire, Suffolk, Norfolk and Essex. Anglian Water's interconnector programme will play a vital role in safeguarding the environment by reducing reliance on water abstraction from sensitive areas, including chalk streams, to create sustainable water supply for generations. This forms part of Anglian Water's largest ever programme of work (£11bn).

A decarbonised UK

We're supporting the UK's energy transition, accelerating low carbon technologies and creating infrastructure to support a net zero future. Using low carbon engineering, efficient use of resources and circular economy principles, we deliver sustainable infrastructure, with biodiversity net gain targets where possible. We do this while promoting nature-based solutions, measuring and setting biodiversity net gain targets across all our applicable projects.

In 2025, Costain was awarded a significant design services contract by Urenco for Europe's first advanced uranium fuels production facility to power the next generation of nuclear reactors. In doing so, our civil nuclear and engineering team will help create a more secure, resilient and decarbonised energy supply for the UK. This facility will produce the specialist fuel needed to support deployment of nuclear reactors, with our expert engineers working collaboratively with partners to make this future a reality.

Sustainability programme

The safety of our people is a core value and an important component of our sustainability programme. Following several years of improving safety performance to industry-leading levels, culminating in a record performance in FY 24, we saw a rise in our lost time injury rate (LTIR) to 0.16 in FY 25 from 0.11 in FY 24, although other safety metrics showed improvement in the year.

We are pleased to have retained our Best Companies accreditation as a 'A Very Good Company to Work For' in our 2025 engagement survey, a reflection of our inclusive culture and continued investment in our people. With a strong pipeline of work in the coming years, we've increased our cohort of early careers professionals (graduates, apprentices, internships and university placements) and secured our largest intake cohort in over a decade.

In celebration of Costain's 160th anniversary, the business delivered an employee volunteering campaign aimed at transforming career prospects of people across the UK, unlocking their potential and helping to find new careers. Our colleagues volunteered over 7,500 hours, positively impacting over 20,000 lives!

For 2025, we are pleased to report a 41% year on year decrease in emissions and continued improvements to data collection resulting from the introduction of our Environmental Construction Data Tracker in 2024, which is now giving us a more complete picture of our emissions.

We were pleased to retain the Green Economy Mark in 2025, a recognition of our revenue exceeding the 50% 'green income' threshold.

Alex Vaughan

Chief Executive Officer
4 March 2026

Business overview

Creating a sustainable future

Our vision is to create connected, sustainable infrastructure enabling people and the planet to thrive, creating a more prosperous, resilient and decarbonised UK.

We continually identify and deliver improvements to our approach to enhance productivity and drive predictable best in class delivery, and constantly strive to be an organisation admired by all of our stakeholders for how we operate, our sustainability credentials and the performance we deliver.

Where we operate

Our focus is on four essential markets in the UK: Transport, Water, Energy and Defence and building and growing strategic relationships with customers, forging long-term partnerships, which supports us in delivering our growth ambitions.

Transportation

Within the Transportation division, we support key customers such as government transport agencies, as well as local and devolved authorities and private regulated bodies.



Road



Rail



Integrated Transport

Natural Resources

Within the Natural Resources division we work with privately-owned utility, water and sewerage companies, with energy companies, and in defence, with several public and private sector organisations.



Water



Energy



Defence and Nuclear Energy



Business model

Our expert offering enhances value across the asset lifecycle



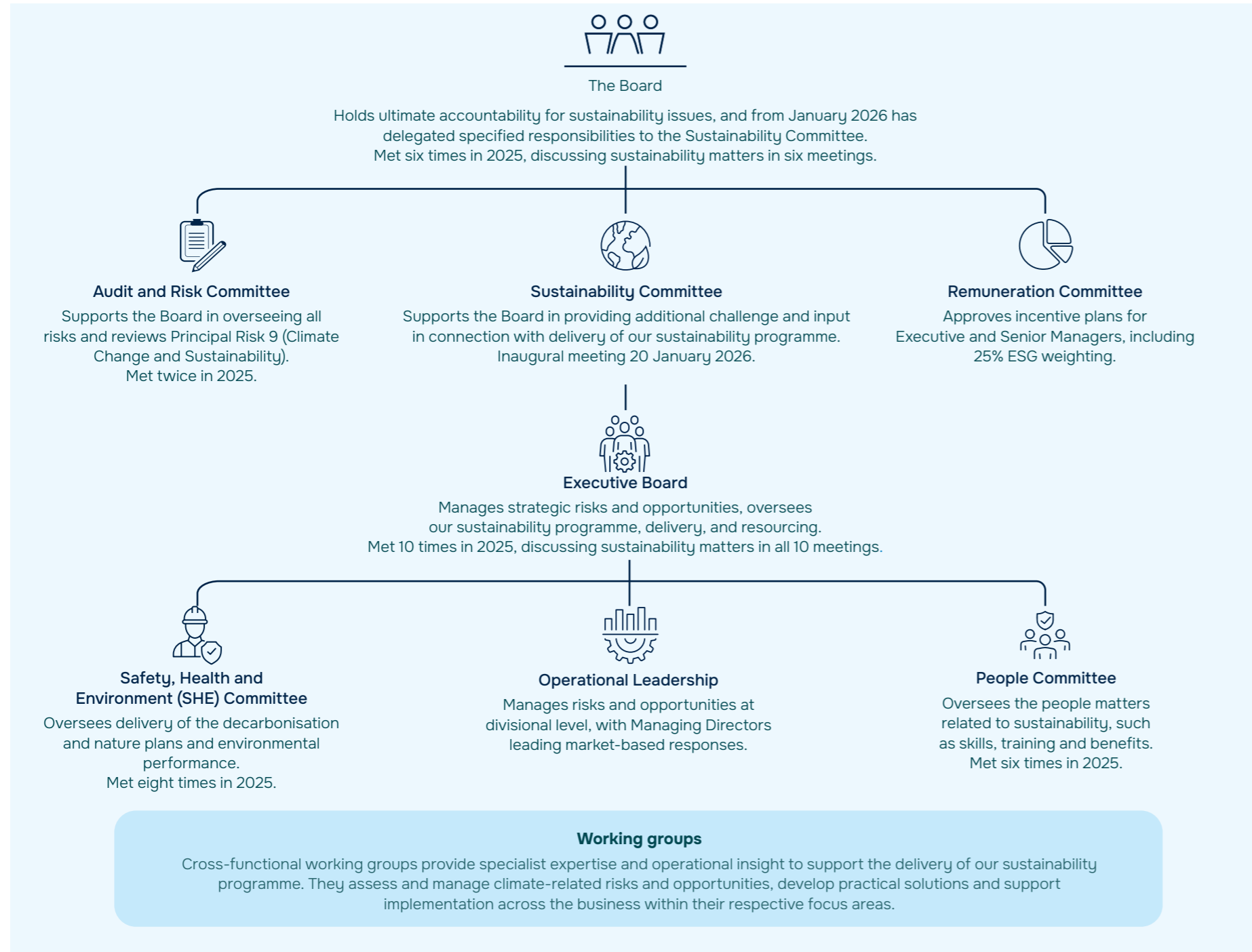
Our business is differentiated in seeking to meet our customers' broader business needs, not just their new capital infrastructure construction and maintenance.

Within our chosen markets we work with a growing number of customers who choose to work with their partners on strategic five-to-ten-year programmes of work. The nature of these contracts allows us to build strong, long-lasting and valued relationships, broaden our service value and allows us to maintain consistency and continuity of workflows over the business plan period.



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Sustainability governance



Sustainability-related governance

Effective governance underpins our ability to manage risk, seize opportunity and deliver our strategy in line with our values. Oversight begins at Board level, which retains ultimate accountability for sustainability-related matters and ensures our approach is aligned with wider business objectives.

Our governance framework establishes a clear line of accountability and responsibility for sustainability-related decision-making across the business. Authority is appropriately delegated through executive leadership, management and specialist working groups to enable informed oversight and effective risk management.

This organisational structure illustrates how sustainability-related governance is embedded throughout Costain, from the Board to operational teams and highlights the roles and responsibilities of those accountable for managing sustainability-related risks and opportunities.

During 2025, the Board received a verbal briefing of the current progress of Costain's sustainability programme. Following the decision, in 2024, to establish a dedicated Sustainability Committee, the Board discussed and approved the Terms of Reference for the Committee and appointed its Chair, Steve Mogford.

The Sustainability Committee held its inaugural meeting in January 2026, undertaking a deep-dive into climate change resilience and approving Costain's Nature Positive and Decarbonisation plans.

Supporting the delivery of Costain's sustainability programme and accompanying plans are the following working groups:

- Climate resilience
- Production thinking
- Materials
- Plant
- Modern slavery
- Sustainable procurement
- Social Value
- Skills
- EDI.

Materiality

Creating value and improving lives is at the heart of Costain's operations. To achieve this, we must understand all topics that are materially relevant across our business, including stakeholder perceptions; financial considerations; and the impacts of our operations on the environment, nature and communities. Engaging with a diverse range of voices helps us enhance our performance and remain true to our purpose of improving people's lives.

A double materiality assessment (DMA) is central to identifying the issues that affect, and are affected by, Costain. Our DMA continues to guide our approach to managing our sustainability-related risks and opportunities and ensuring we continue to be materially relevant to our stakeholders. As such, they inform decision-making across the organisation.

Our material topics have been selected through internal analysis, with the subtopics taken directly from our most recent assessment and included where they received a financial or impact materiality score above 0.5. Although stakeholder views do not influence inclusion of a topic, a topic's importance to stakeholders remains significant to Costain; these are marked **S**. Stakeholders include suppliers, customers, regulators and the general public. Topics are presented in no particular order.

Materiality parameters

- Financial (outside-in): Sustainability issues that may influence Costain's financial performance, informed by financial filings, voluntary financial initiatives, and mandatory regulations. Topics marked **F** indicate high financial materiality.
- Impact (inside-out): Actual or potential impacts of Costain's operations on the environment, people, communities and nature, informed by voluntary initiatives, sustainability reports and publicly important issues. Topics marked **I** indicate high impact materiality.

Our most material topics remain consistent and continue to shape our planning. Further detail on how we are addressing each topic is provided in our Sustainability Programme 2030. We continually monitor internal and external developments that may lead to new or reprioritised material issues. We also continue to monitor the evolving regulatory landscape and are preparing for the adoption of the UK Sustainability Reporting Standards (UK SRS).

For 2025, we placed particular focus on three highly material and interconnected topics; carbon, climate resilience and nature. Addressing these holistically allows us to manage associated risks and opportunities more effectively. Our decarbonisation plan, nature positive plan and climate resilience plan define our approach, setting out both short- and long-term commitments to reducing our impacts and enhancing our resilience.

Key

F = Financially material **I** = Impact material **S** = High stakeholder priority

Material Topic	Financial & Impact Material Issue	Descriptions	Read More
Ethical Corporate Behaviour	<ul style="list-style-type: none"> Ethical Corporate Behaviour F S Governance structures & mechanisms F Management of the legal & regulatory environment F Human rights F I S Transparency I S Customer privacy & data security F I S 	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.	Annual Report and Accounts 2025 - Page 41
Climate Change Resilience	<ul style="list-style-type: none"> Climate change risks & management F S Transition to renewables & alternative energies I S Business model resilience I S Critical incident management & response F I S 	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.	Annual Report and Accounts 2025 - Pages 26 -29
Sustainable Procurement	<ul style="list-style-type: none"> Customer practices F Sourcing efficiency & management I Service safety & quality F S 	This issue refers to the social and environmental risks/opportunities related to the sourcing of goods and services.	Sustainability Report 2025 - Page 12
Employee Diversity & Inclusion	<ul style="list-style-type: none"> Employee diversity & inclusion F I S 	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.	Sustainability Report 2025 - Page 17-19
Community & Social Value	<ul style="list-style-type: none"> Community Relations I S 	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.	Sustainability Report 2025 - Page 23-25
Health & Safety	<ul style="list-style-type: none"> Employee health & safety F I S Public health risks 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 which colleagues are exposed to.	Sustainability Report 2025 - Page 10-11
Carbon	<ul style="list-style-type: none"> GHG Emissions F I S Energy Management F I S 	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.	Sustainability Report 2025 - Page 32
Nature	<ul style="list-style-type: none"> Natural capital I S 	This issue refers to the stock of capital and ecosystem services derived from biological diversity and ecosystems as well as natural resources.	Sustainability Report - 2025 Page 35
Resource Efficiency	<ul style="list-style-type: none"> Water & Wastewater management I S Product design & lifecycle management 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.	Sustainability Report - 2025 Page 30

Performance against our goals

Activating our purpose

In 2023, we created our sustainability programme which brings together the sustainability issues which are materially important to Costain into one overarching programme, which is driving towards meeting ambitious 2030 goals. Meeting these goals serves as a key enabler to Costain achieving its wider objectives and building a competitive advantage. The sustainability programme is underpinned by policies, plans and milestone targets.



Being a responsible business

Our approach to being a responsible business is underpinned by a commitment to maintain high standards for corporate governance, business ethics, responsible procurement and a relentless focus on safety and wellbeing.

Issue	2030 goal:	Progress:
Health and safety	Eliminating harm in all we do	Following several years of improving safety performance to industry-leading levels, culminating in a record performance in 2024, we saw a rise in our lost time injury rate (LTIR) to 0.16 in 2025 from 0.11 in 2024, although other safety metrics showed improvement in the year.
Ethical business conduct	Our stakeholders rate us as a responsible business	We are pleased to report that we've retained our "B" rating from the Carbon Disclosure project CDP's Climate Change questionnaire. We retained the Green Economy Mark in 2025, a recognition of our revenue exceeding the 50% 'green income' threshold. Costain's average Considerate Constructors Scheme score was 46/50.
Sustainable procurement	Our procurement is driving supplier emissions reductions and increased social value	In 2025 we updated our sustainable procurement and supply chain policy and finalised a new sustainable procurement plan. In addition, we spent over £300m with SMEs in 2025.



A trusted employer and community partner

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

Issue	2030 goal:	Progress:
Employee diversity and inclusion	The behaviours we observe indicate there is a psychologically safe workplace with an engaged, thriving and representative workforce	We are pleased to report a reduction in our gender and ethnicity pay gaps, reflecting the work undertaken to attract, retain and develop diverse talent. From our 2025 engagement survey, 77% of employees agree with the statement "I feel included and respected at work".
Community and social value	Through the duration of this programme our solutions and social value programmes will improve over 1 million lives	In celebration of Costain milestone 160th anniversary, the business delivered a focused employee volunteering contributing 7,500 hours and positively impacting over 20,000 lives.
Skills	Support the skills development of 500 individuals to gain meaningful employment	In 2025, Costain supported 1,200 people with their employability skills and spent 1,900 hours supporting school engagement initiatives.



Safeguarding our planet's future

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.

Issue	2030 goal:	Progress:
Climate change	Reduce emissions in line with our near-term science-based target (42% by 2030)	We are currently 40% below our net zero target pathway target trajectory. We are significantly below our target of a 5% year on year reduction, as a result of a transition away from fossil fuel use within our direct operations and an improvement to our accounting methodology for scope 3 purchased goods and services.
Nature	Make a measurable contribution to nature positive	In January 2026, the Sustainability Committee approved Costain's first nature positive plan. For our first CDP Forests disclosure, we scored "C".
Resource efficiency	30% reduction in water and waste from operations compared against a 2024 baseline	In 2025, Costain reduced water withdrawal by 9% compared to 2024 and maintained >97% of waste diverted from landfill. In addition, we improved our waste data reporting process to enable better analysis and targeting of waste types. We also improved our CDP Water Security score to a "B-".

Leading by example: turning strategy into impact

Our work on the M60 Junction 18 Simister Island demonstrates how our three strategic pillars come together in delivery: embedding responsible business practices, strengthening our role as a trusted employer and community partner, and advancing positive environmental outcomes.

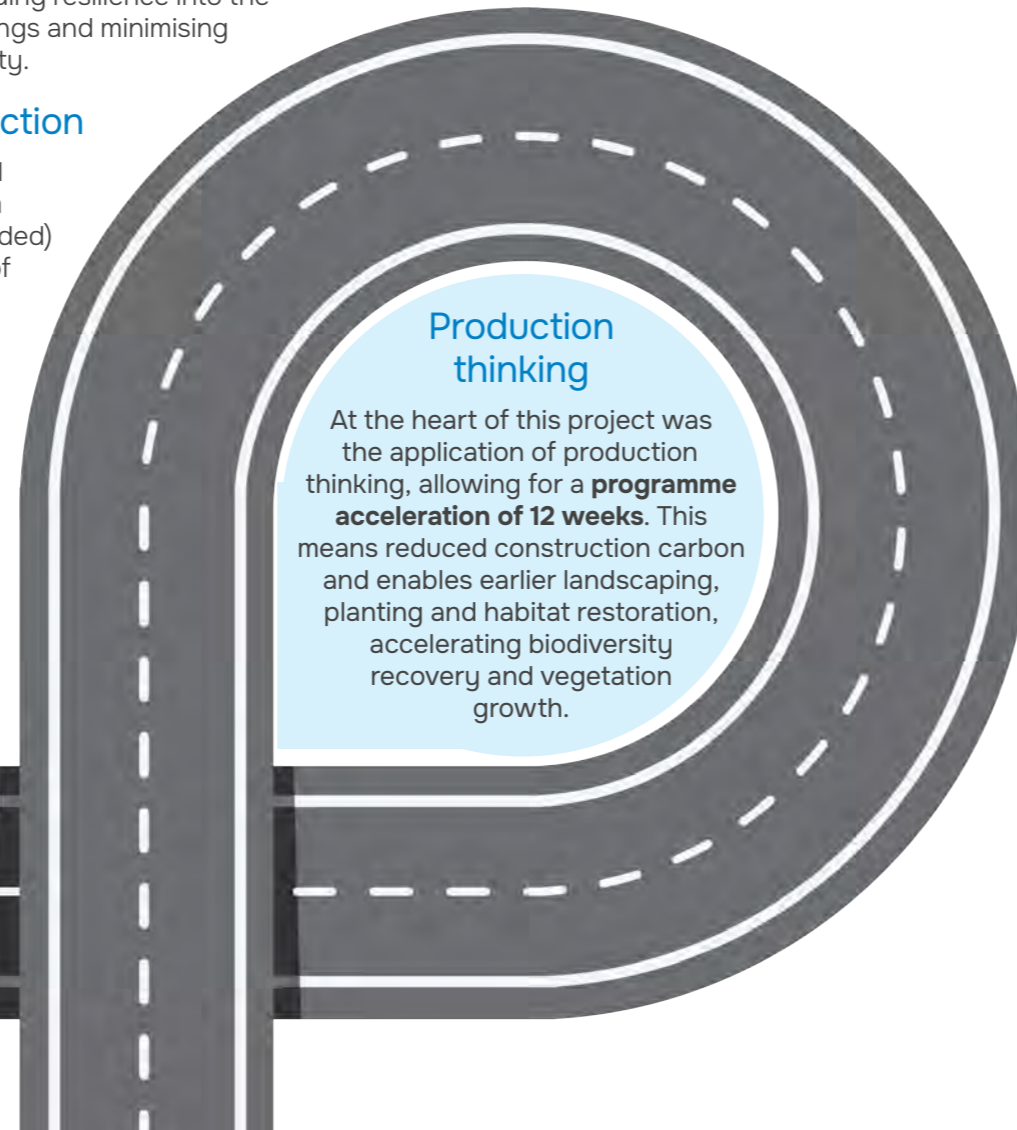
The M60 Junction 18 Simister Island Interchange is a critical UK interchange, with three motorways converging at the junction. Currently, the M60 is the only motorway in England where drivers must exit and rejoin to stay on the same route. The Northern Loop resolves this bottleneck, embedding resilience into the network while delivering significant carbon savings and minimising disruption for road users and the local community.

Collaboration and modular construction

While construction is not due to commence until Spring 2026, engagement of an integrated team (Costain, Jacobs, National Highways and Expanded) during pre-construction enabled identification of significant buildability efficiencies.

Employment of the PAS 2080:2023 Carbon Reduction Hierarchy, with the application of avoid-switch-improve principles, allowed the team to challenge traditional, higher-carbon construction methods.

This, combined with the use of Modern Methods of Construction (MMC), led to a shift from in-situ construction to factory-produced modular components. This shift maximises resource efficiency, whilst ensuring benefits across our three pillars.



Responsible business practices: health and safety embedded



- 37% reduction in on-site construction replaced with factory construction means a more controlled and predictable environment
- Reduced temporary works improve both employee and customer safety
- 57% reduction in working at height
- 54% fewer night working hours reduces associated negative physical and mental health impacts.

A trusted employer and community partner: the local community and our employees at the forefront



- Reduction in night working reduces noise, light and air pollution
- Off-site manufacturing relocates noisy processes away from the community
- 36% fewer night closures and less traffic management reduces journey times
- Factory-based production enhances equality, diversity and inclusion by providing safer, more accessible workplaces and predictable hours that support underrepresented workers, those with disabilities and those with caring or health needs.

Safeguarding our planets future: decarbonisation through design



- 4% carbon reduction in the delivery of the structure
- Reduced site deliveries, lowering construction traffic emissions and congestion
- Factory precision reduces waste to 0.8% by volume (outperforming industry averages of 5%)
- Biodiversity protection: reduction in night working limits impacts on wildlife and habitats.

The benefits listed above related to the viaduct construction rather than the entirety of the project. The percentages are estimates at this stage, based on historic data from Expanded.

Being a responsible business

Our approach to being a responsible business is underpinned by a commitment to maintain high standards for corporate governance, business ethics, responsible procurement and a relentless focus on health, safety and wellbeing.



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The safety of our colleagues and those working on our sites is one of our four core values and we have a long held commitment to enable our people to thrive in the workplace with our focus on wellbeing.

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.

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. 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.

We believe being a responsible business will support us to deliver better outcomes for customers and contribute to us being more profitable.

Health and safety

Keeping people safe is fundamental to how we operate at Costain. This includes our workforce, the public and anyone affected by our activities

Throughout 2025, we continued to evolve our eliminating harm approach, focusing on proactive risk identification, effective controls and safe delivery across our activities.

How we performed in 2025

Our performance has delivered more than 1 million days worked by an average daily workforce of approximately 14,500 colleagues, operating across over 150 project sites. Following a record performance in 2024, we saw an increase in minor injuries during the year. At the same time, we recorded our lowest ever rate of high potential events, reflecting continued strength in the management of serious risk.



Our approach

We proactively reviewed performance trends across 2024 and 2025 to identify common themes and leading indicators, ensuring timely action where improvement was needed. All significant events are subject to thorough investigation to identify both immediate and underlying causes, with learning embedded at project level and, where relevant, shared across the business. These insights informed targeted in-year actions, contributing to a significant reduction in injury numbers during the second half of 2025. Actions taken included:

- Strengthening independent assurance across key projects, with increased focus on emerging themes
- Delivering two company-wide Leadership Impact Days where we stopped work to reinforce learning on change management and strengthen workforce engagement

- Refreshed our industry-leading front line managers' assessment process ahead of rollout in 2026, with the objective of driving front line excellence
- Undertook our widest ever consultation across all levels of the company to shape our health and safety plan for 2026.

Our plan for 2026

Our 2026 plan has been informed by a detailed analysis of leading and lagging indicators over the past two years, including incident root causes and assurance findings. Using a collaborative planning approach, we have prioritised a number of actions designed to deliver the greatest impact.

The plan has three key elements:

- Ensuring we select the best supply chain who are clear on our expectations, have the right capabilities and are thoroughly prepared
- Enhancing how we assure the competence and performance of all front line managers to drive stronger performance
- Improving how we identify and manage change in our site operations and take the right action.

Our learning organisation model

Our certification to ISO 45001 and ISO 14001 ensures we maintain an internationally recognised management system. Alongside this, our philosophy for driving strong performance and continuous improvement is encapsulated in our learning organisation model. The model draws on the traits observed in mindful organisations to ensure our teams are first set up to succeed, and then we check that they are thriving in practice.



The model gives us confidence that we are embedding the lessons we learn at every level of the Company, whether from good practices, incidents, audit findings or the wider industry.

Costain behavioural management

Our externally accredited programme is based on the principles of behavioural science and supports all our health, safety and environmental activities. The programme engages and shares learning with people from all levels within our organisation, from our executive board to our site teams and supply chain. It guides them on how to create the right environment to implement and reinforce the key behaviours to maintain our safety, health and environmental (SHE) performance.

Health and safety



Collective protection by design at Granby Terrace Bridge

Granby Terrace Bridge, part of the Euston Approaches site, will provide seamless integration between the central London terminus and the HS2 mainline. Its construction, within a complex environment adjacent to the Euston Mainline, presented significant challenges in designing a falsework system capable of delivering collective fall protection for all operatives at all stages of the build.

Through meticulous planning and close collaboration with Network Rail, a falsework system was developed that moved beyond reliance on traditional harness-based systems. The resulting two-tiered, dual-platform design incorporates complete edge protection, safe access routes and dedicated working platforms. It is fully compliant with Network Rail's Any Line Open (ALO) requirements, ensuring the safety of both the workforce and live railway operations.

By eliminating the need for a harness, the design reduced risk and simplified safe working practices while providing continuous collective protection throughout the works. The two-tiered system facilitated sequential working, leading to improved productivity and workflow. The higher initial investment proved worthwhile, delivering measurable safety and productivity benefits through the joint efforts of SCS (Skanska, Costain and STRABAG) and Peri UK.

Inclusive and sustainable protective wear

In 2025, we completed a significant update to our Personal Protective Equipment (PPE) Catalogue, reinforcing our commitment to sustainability, safety and inclusive design across our organisation. The revised catalogue reflects a more focused range of products whilst increasing our sustainable options by 200%. There are sustainable choices for nearly all clothing ranges, as well as additional sustainable options for safety footwear, gloves and glasses. There are now 95 sustainable PPE options in our catalogue. Throughout 2025, we have seen our teams shifting towards more sustainable product choices as the default.

We also expanded our selection of women's PPE to better serve the diverse needs of our workforce. Notable new additions include a PPE hijab – trialled and positively received – as well as a range of BOA®- closure safety boots, a smart lacing system designed for individuals who may find traditional laces difficult to use. These updates ensure improved comfort and accessibility and are fit for all employees.



Sustainable procurement and supply chain

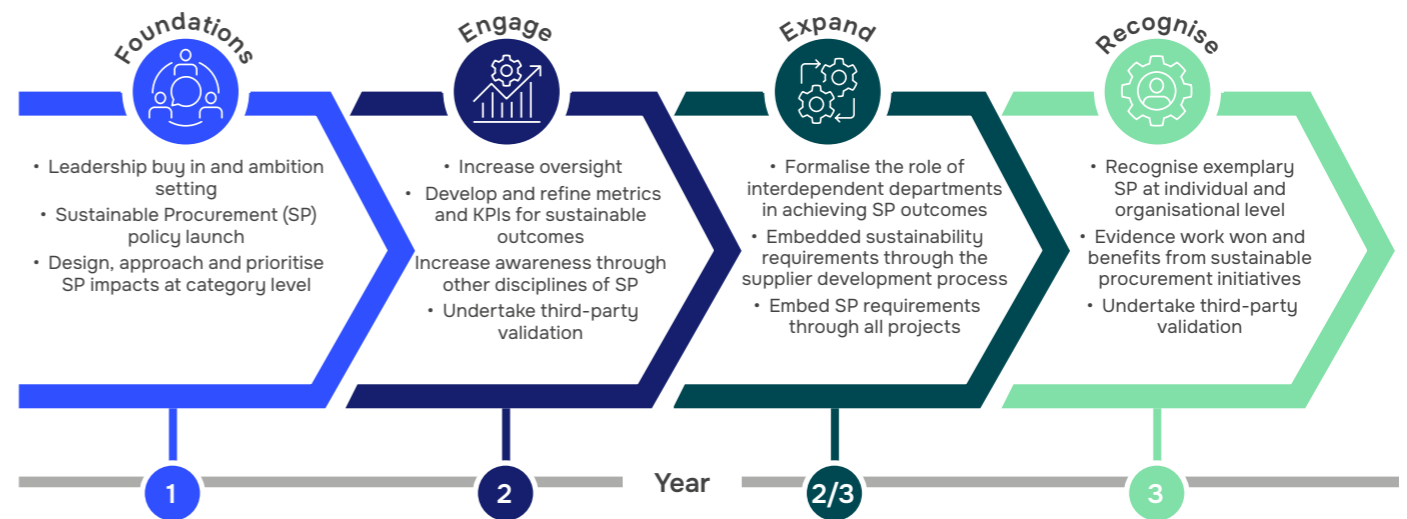
2025 has been a redefining year for sustainable procurement at Costain. We have moved into the first phase of our 2025-2028 Sustainable Procurement Roadmap and the focus during 2025 has been on building strong foundations, establishing clear direction and embedding sustainable thinking into our procurement process and decision making.

Foundations

During 2025, we have successfully set the groundwork for long term measurable improvement with the development and approval of our updated Sustainable Procurement Policy. The policy provides a consistent framework for integrating sustainability considerations into our purchasing decisions, aligning with ISO 20400 and clearly defining expectations for our procurement teams and suppliers.

The policy has a robust supporting strategy that clearly sets out how we will implement sustainable procurement in practice and executive sponsorship ensures that sustainable procurement is recognised as a core enabler of our wider sustainability commitments. Early engagement with stakeholders and the formation of a Sustainable Procurement Working Group has helped in building awareness of the policy and its application across categories and projects. This cross functional engagement has been essential in ensuring the policy is consistently applied across the business.

We have also 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.



Sustainable procurement drives wider sustainability impact

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.



Governance and measurement

A key focus in 2025 has been the development of governance structures and sustainability focused KPIs. We have continued to review category level sustainability impacts and the identification of where intervention will deliver the greatest benefits.

Looking ahead

The work completed in 2025 has provided clarity, direction and momentum. We have established sustainable procurement as a core part of how we deliver for our customers and our communities, by building, aligning and enabling. We have a clear policy direction.

Rated as a responsible business

Our commitment to sustainability

Driven by our values and behaviours, we continue to deliver pioneering and sustainable solutions that transform the performance of the infrastructure ecosystem.

We continued to focus on delivering our contracts in the most sustainable way possible, ensuring we maintain our strong health and safety performance and continue to support a healthy, engaged and thriving workforce. We continue to be recognised for our actions, and to support our continuous improvement we regularly benchmark our performance.

As a listed business Costain receives ratings from all of the major rating agencies. With a focus on continuous improvement, we note that our ESG ratings continue to improve across all ratings for our climate strategy and the contribution to environmental outcomes on our projects.

Costain values

Our four core values guide how we work. These are: **Integrity**, ensuring we are doing the right things in the right way; **Customer Focus**, striving for excellence through thoroughly understanding, anticipating and meeting our customer needs; **Safety and Wellbeing**, ensuring that personal safety and wellbeing is at the heart of everything we do; and **Environmental and Social Responsibility**, helping our environment and communities thrive.



Disability Confident Leader

Costain has retained its Disability Confident Leader status in recognition of its continued commitment to improving accessibility within the organisation.



Green Economy Mark

Costain has obtained the London Stock Exchange's Green Economy Mark for the second year running, highlighting the sustainability and environmental benefits delivered through our services.

Only 101 companies and funds obtained the Green Economy Mark in 2025. The Mark identifies companies and funds admitted to the London Stock Exchange that generate at least half of their total annual revenue from products and services that contribute to the global green economy. Only 4% of the London Stock Exchange's total equity market capitalisation is represented by Green Economy Mark companies.



Best Companies

In our 2025 survey we achieved another impressive response rate exceeding 75% and retained our one star 'Very Good' rating.



S&P Global ESG Score

We have retained our 2024 S&P Global Corporate Sustainability Assessment (CSA) ESG score 49/100, with a strong environmental score and above the industry average.



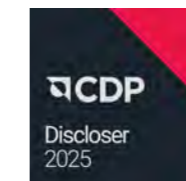
ISS ESG score

We continue to achieve a good rating from ISS, achieving a "C" rating in 2025.



MSCI

We have retained our 2024 MSCI ESG score, where we achieved a "AA" rating, demonstrating our commitment to being a responsible business.

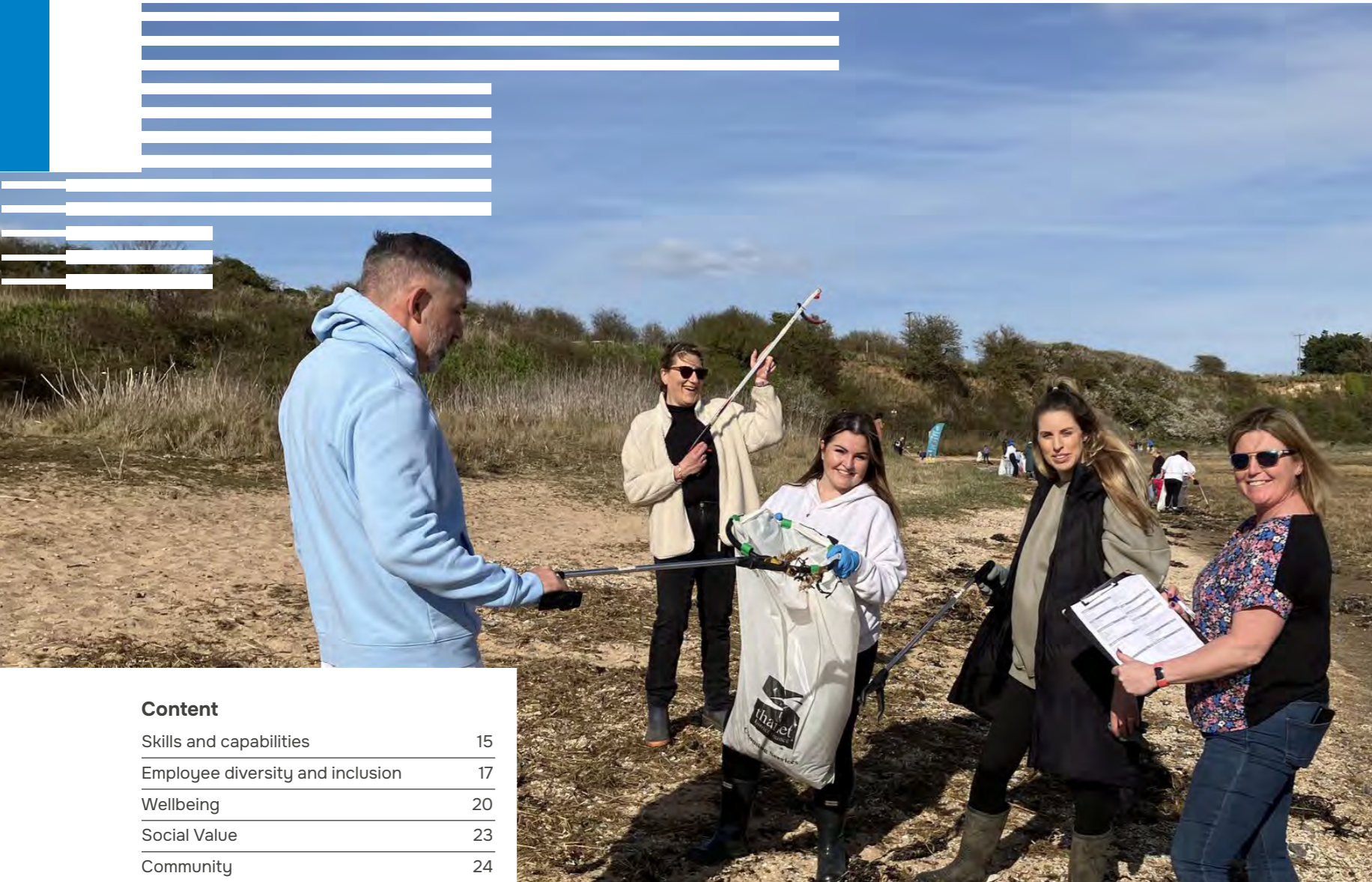


CDP score

For our 2025 CDP submission we maintained our "B" rating from CDP's Climate Change questionnaire, improved our Water Security score to a "B-" and scored "C" in our first Forests disclosure. We were also awarded an "A" for the Supplier Engagement Assessment Score.

A trusted employer and community partner

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



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Our people bring our purpose to life every day and are critical to the long-term sustainability of our organisation.

Costain is committed to delivering social value to the communities we work in. We look not only at the price of a contract, but also at what long-term and sustainable social outcomes, such as 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.

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.

Skills and capabilities

Our continued growth is fuelled by a proactive commitment to developing our people, investing in their careers to unlock talent and build lasting success



Building skills for the future

We're committed to building skills for the future, whether that's through early careers, upskilling people in line with their aspirations, or reskilling those who want to try something new.

In 2025, we welcomed 63 new graduates and 24 apprentices to the business as part of our early-career programme - our highest intake for a decade. At the induction event, our recruits met some of our senior leaders to learn more about how Costain creates sustainable infrastructure and a more prosperous, resilient and decarbonised future. With a strong pipeline of work ahead, we are offering 170 early-career positions in 2026, covering graduate, apprenticeship, internship and university placement opportunities.

We run successful development programmes for our leaders, and over 100 leaders have been through development programmes in the last 12 months. From focusing on personal resilience through to leadership communication and strategy development, we believe effective leadership is key to unlocking the potential of our people.



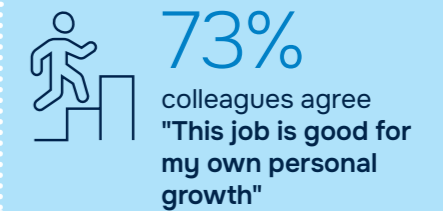
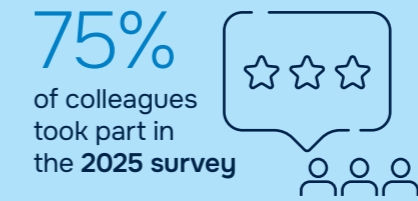
Collective responsibility to drive sustainability

We measure employee engagement to gain data-driven insights into the experiences of our people, benchmark our performance, celebrate our strengths, and identify areas for improvement. Having an engaged team whose personal values align with the company's is vital in making sustainability a priority for everyone. We use Best Companies to carry out our annual survey and use the feedback to inform our people priorities.

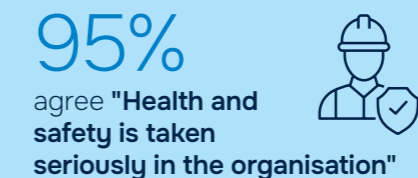
Since surveying with Best Companies in 2022, we've seen a year-on-year, credible increase in our engagement scores, and we're rated as a 'Very Good Company to Work For'.



2025 highlights



Giving something back was the factor of engagement with the biggest and most significant increase, with more people than ever before saying that they feel **Costain has a positive impact on society**. This was an area of focus for us this year, and a key driver for the Costain 160 volunteering initiative.



Focus for 2026

We will be...

- Building stronger team connections to strengthen collaboration, sharing knowledge and learning
- Supporting our line managers to be the best that they can be through a new line manager programme and delivery of bite-sized learning
- Targeting wellbeing interventions to cover the areas of wellbeing that matter most to our people.



Skills and capabilities



Partnering for the long-term

Since 2016, Costain has been proud to be one of the four founding sponsors of the London Design and Engineering University Technical College (LDE UTC), maintaining a strong partnership ever since. Located in one of the most deprived boroughs in England and Wales, LDE UTC empowers learners to thrive through an employer-rich, future-focused curriculum that develops creative, professional and entrepreneurial mindsets and helps transform lives and communities.

In March, Caroline Kennett, Talent and Development Director, joined colleagues from across Costain to support mock interview sessions, giving students the opportunity to practice interview techniques, build confidence and network with industry professionals. The impact was immediate, with one student applying for a Civil Engineering Apprenticeship at Costain shortly after.

Costain's senior leaders also support LDE UTC through the 1 Million Mentors programme, mentoring Year 11 and Year 13 students on career decision-making, confidence-building and practical employability skills. In addition, Costain helped deliver the UTC's first mock assessment centre, with students taking part in presentations, technical interviews and group tasks, supported by structured feedback from our volunteers. Members of our Early Careers community also provide peer-to-peer mentoring, and Zainab Vaid, Temporary Works Design Engineer and former LDE UTC student, led a Women in STEM event to inspire young women into the sector.

Costain further supports Year 9 students through a six-week project exploring improvements to transport links across East and South London, including a site visit to a live construction project, classroom-based project work and final presentations to Costain colleagues, including CEO Alex Vaughan and Chief People and Sustainability Officer Catherine Duffy.

Our commitment extends beyond the classroom, with Caroline sitting on the LDE UTC Board of Directors. We're delighted that against the new National Framework the LDE was awarded 5 'Exceptional' judgements which are reserved for practices described as "of the highest standards nationally." As Caroline reflects:

“The LDE UTC plays a vital role in some of London’s most deprived boroughs. By connecting education with industry, we are inspiring young people, raising aspirations and genuinely improving lives.”

Employee diversity and inclusion

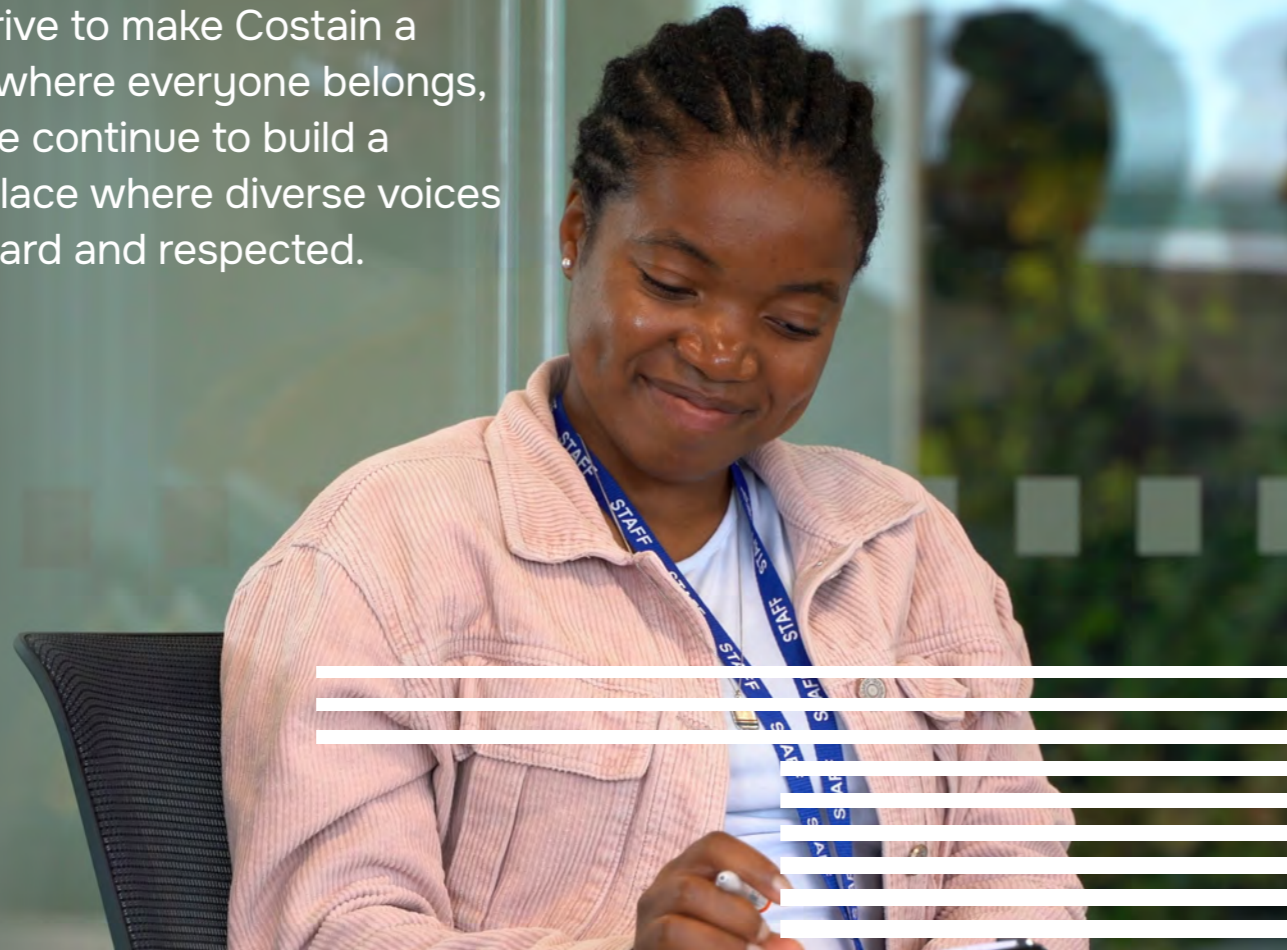
Invested in being an inclusive employer

Our people are our greatest resource and together we are playing an important role in helping to create a more prosperous, resilient and decarbonised UK.

We have an ambition that our workforce will be reflective of society because we know this will make us a better business. We know that elimination of gender and ethnicity pay gaps requires us to have a fully representative and proportional workforce at all levels.

But it is not just about being more diverse. We are invested in being an inclusive employer and are working hard to make sure Costain is a safe and great place to work, where people can be at their best and thrive.

We strive to make Costain a place where everyone belongs, and we continue to build a workplace where diverse voices are heard and respected.



Gender representation at 31 December 2025

Employee representation	Percentage of all employees	Percentage of the Board	Percentage of executive management	Percentage of senior management
Male	69%	43%	57%	64%
Female	31%	57%	43%	36%
Other categories	0%	0%	0%	0%
Not specified/Prefer not to say	0%	0%	0%	0%

Ethnicity representation at 31 December 2025

Employee representation	Percentage of all employees	Percentage of the Board	Percentage of executive management	Percentage of senior management
Asian/Asian British	9%	0%	0%	0%
Black/African/Caribbean/Black British	5%	0%	0%	3.5%
Mixed/Multiple Ethnic Groups	2%	0%	0%	3.5%
White British or other White (including minority-White groups)	78%	100%	100%	93%
Other ethnic groups, including Arab	0.5%	0%	0%	0%
Not specified/Prefer not to say	5.5%	0%	0%	0%

Collection of diversity data is by employee voluntary self-reporting through the HR system. Every employee is asked to disclose, if they wish, their gender and ethnicity by selecting from a drop-down list of genders (Man, Woman, Non-Binary, Other and Prefer not to say) and ethnicity (Asian, Black, Mixed, Not stated, Other, Prefer not to say and White).

Employee diversity and inclusion

Leading the way

We take pride in playing a leading role across various industry working groups, sharing best practice, lessons learnt and helping to improve diversity in our industry and sector. Below we report some of the action and progress we've contributed to:



Sustained Disability Confident Leadership

Costain retains our Disability Confident Leader status for a second year, reflecting a sustained and embedded commitment underpinned by progression through all three levels of the UK Government's Disability Confident scheme. We focus on maintaining high standards across the employee lifecycle, strengthening inclusive recruitment and hiring manager capability and improving physical and digital accessibility to remove barriers and enhance workplace inclusion.

To retain this status, we maintain strong partnerships with organisations including WorkFit and DFN Project Search and actively participate in disability-focused networks such as The Valuable 500 and the Hidden Disabilities Sunflower scheme.

Our Disability and Wellbeing Network plays a central role in embedding lived experience into policy development, workplace design and cultural initiatives, supporting continuous improvement in accessibility and inclusion.



Women in Nuclear global conference had us feeling 'Positively Nuclear'!

Women representatives from across defence and nuclear energy attended the Women in Nuclear global conference in London, hosted in the UK for the first time. The event provided opportunities to promote Costain, engage potential recruits and strengthen relationships with customers and industry peers. The event warm-up included an insightful site visit to EDF's Heysham 1, seeing first-hand how a nuclear power station operates.



Commitment to race equality

As part of our commitment to the Business in the Community Race at Work Charter, Costain has published ethnicity pay gap data annually since 2022. Working with Business in the Community, we gathered insights from ethnic minority colleagues through listening circles to inform actions that strengthen inclusion, allyship and leadership capability. This work will continue into 2026, translating insights into short, medium and long-term actions.



Supporting sector-wide progress on equality, diversity and inclusion (EDI)

Costain is committed to advancing EDI across the infrastructure and engineering sector. Through active participation in National Highways frameworks and supply chains, we support sector-wide learning and evidence-based approaches to EDI, including academic research led by Leeds University Business School and commissioned by National Highways. This explores how targeted interventions can improve productivity, recruitment, retention and workforce capacity.

Costain's own inclusive culture and supplier-focused practices further reinforce this commitment. EDI is embedded within our organisational strategy and supply chain engagement through inclusive recruitment practices, employee networks, training, recognition programmes and collaboration with partners and suppliers.

We believe a more inclusive and equitable engineering workforce drives innovation, performance and positive social impact across the industry.



Breaking barriers - a smoother transition into industry

In October 2025, Costain hosted a Critical Mass panel event aimed at enhancing industry support for women transitioning from military to civilian careers. The panel brought together tri-service representatives and recruitment specialists to explore barriers faced by women veterans and identify practical, transferable solutions. As Women in Defence UK partners and Armed Forces Covenant signatories, Costain continues to support pathways into civilian careers within the defence and infrastructure sectors.



Employee diversity and inclusion

Ethnicity pay gap 2025

Although ethnicity pay gap reporting is not mandatory in the UK, we voluntarily report our data for transparency and accountability. In doing so, we recognise that different ethnic groups experience the workplace in distinct ways, shaped by varied lived experiences and systemic factors. To reflect this, we analyse and report pay disparities.

Whilst work remains to achieve pay parity, reductions across most ethnicity pay gaps indicate that our equity initiatives are gaining traction, and we continue to work hard on closing the gap altogether.

		2024	2025
Black Employees	% Mean	24.81	20.35
	% Median	17.32	12.49
Asian Employees	% Mean	16.70	17.39
	% Median	17.77	14.68
Mixed & Other Heritage Employees	% Mean	17.19	10.89
	% Median	14.52	8.29

These trends indicate progress in narrowing pay gaps and enhancing career opportunities for Black and Asian employees, particularly at mid-level positions. Reductions in median pay gaps show stronger pay progression, retention and career development, while ongoing under-representation at senior and specialist levels remains a sector-wide challenge. Continued focus is needed to increase representation at senior levels, whilst ensuring pay and progression equity across all grades.

Gender pay gap 2025

We remain committed to improving pay equity across our workforce and increasing representation at all levels of the organisation. Our 2025 pay gap data shows encouraging year-on-year progress across gender and ethnicity, reflecting the positive impact of our targeted inclusion and progression initiatives. These results align with the wider UK construction sector, which continues to report some of the highest gender pay gaps due to long-standing imbalances in technical and senior roles.

While progress reflects increased female representation in higher-paid roles and stronger progression pathways, we recognise that further work is required. Our focus remains on improving female participation at middle and senior levels, strengthening retention and maintaining fair and transparent reward practices.

		2024	2025
	% Mean	21.09	17.69
	% Median	26.66	23.35

Focus for 2026

To continue closing pay gaps and support long-term talent sustainability, our priorities through 2026 will include:

- Strengthening recruitment from diverse talent pools, particularly for technical and site-based roles, to address skills shortages and improve representation
- Supporting internal progression through professional accreditation, supervisory development and chartered pathways
- Reviewing pay, promotion and performance decisions to identify and address potential bias
- Improving retention and career visibility through mentoring and sponsorship for underrepresented groups
- Advancing gender equity through targeted actions informed by our Women's Listening Circles, including exploring flexible working and job-sharing approaches to support progression across all career grades
- Embedding an EDI lens into colleague engagement insights by analysing 2025 engagement survey data across different colleague groups and experiences
- Translating insight into action by developing short- and long-term plans informed by Business in the Community listening circles with colleagues from ethnic minority backgrounds
- Retaining Disability Confident Leader status by using data and colleague feedback to better understand disabled colleagues' experiences, particularly in relation to progression and wellbeing
- Building on external benchmarking, including reviewing Stonewall survey results to identify opportunities to strengthen inclusion for LGBTQ+ colleagues
- Refreshing EDI capability by updating mandatory EDI training to ensure it remains relevant, practical and aligned with emerging best practice
- Resetting and strengthening employee network groups through more transparent governance, consistent structures and effective senior sponsorship.

Together, these priorities will help ensure our workforce better reflects the communities we serve and supports sustainable, inclusive growth.

Wellbeing

Building a resilient workforce

As a responsible business, we're committed to fostering a healthy and positive work environment for those who work for and with Costain. We know that happy, resilient and motivated teams bring greater productivity and growth to the organisation. In 2025, we have been building on the positive progress that we've made in previous years and have taken a data-driven, proactive and holistic approach to wellbeing to enable people to be at their best and thrive.

Enhanced wellbeing services

This year, we partnered with a new Employee Assistance Programme (EAP) provider to improve the wellbeing services that we offer to our people. In addition to a 24/7 support and information line, we launched a new digital wellbeing platform and also have access to critical incident support.

We have also increased our provision of digital GP appointments by offering all colleagues and their families unlimited digital GP appointments and up to 12 mental health support sessions.

Supporting line managers

Through the EAP provision, we've also launched a new managerial advice line. It is a specialist resource for all managers, supervisors and anyone who has another colleague in their care. It provides support to help managers in their day-to-day roles and offers emotional and practical solutions to managing people.

Understanding our people

When we conduct our annual employee engagement survey we ask anonymous questions related to the diversity and health of our people to help us best understand their experience and put in place appropriate support.

24%

employees told us they have a disability or long-term condition

8%

of employees told us they have a mental health condition



Wellbeing

Mental health

Every day, it is reported that two construction workers take their own lives in the UK and Ireland, which is why mental health remains a core pillar of employee wellbeing at Costain. We have partnered with Samaritans for over ten years, fundraising, raising awareness and using their resources to support for our people.

In 2025, we have kept momentum in this area and have delivered several preventative, supportive and responsive initiatives to provide emotional support to our people at the point of need.



Senior leadership mental health awareness training

In 2025, we trained 58 members of our senior leadership team in mental health awareness to equip them with the knowledge and skills to lead with empathy, while also fostering a supportive workplace culture that drives performance.



We've become a company supporter of the Lighthouse Construction Industry Charity

The Lighthouse Construction Industry Charity is the only charity that provides emotional, physical and financial wellbeing support to the construction community and their families.

In 2025, we became a company supporter, helping the charity continue to provide vital emotional, physical and financial wellbeing services.

Through this partnership, we've been able to expand our offerings to colleagues working for us and within our supply chain by providing additional support to our teams through access to Lighthouse charitable services. This includes access to counselling, training and monthly awareness campaigns and assets for all colleagues and the supply chain.



#MakeItVisible tour to our Southern Water Burnham site team

The team working on Southern Water welcomed the Lighthouse Charity to visit the sites as part of the charity's #MakeItVisible tour. The event was open to everyone working on the scheme, including supply chain partners, and created a supportive and open space for discussing mental health and wellbeing. The charity shared powerful, personal stories and highlighted the resources available to those who may need support.

Wellbeing

Wellbeing campaigns

In 2025, we ran a series of wellbeing campaigns to support our long-term strategic wellbeing goals. The topics included financial wellbeing, women's and men's health and mental wellbeing.



Let's talk about financial wellbeing

In April, we supported Financial Wellbeing month - a workplace campaign ran by FinWell, Mental Health First Aid England and Ripple, suicide prevention charities.

Being on track with finances provides freedom and security, but it can also reduce stress, improve overall physical and mental wellbeing, making it easier for colleagues to be at their best every day.

Throughout the month, we helped colleagues to assess their financial wellness by launching a new Money Check tool. The tool is a quick and easy financial wellbeing assessment that gives helpful tips and guidance on the support that Costain offers. We also provided a series of free educational webinars to help colleagues better understand and manage their finances.



Workplace wellbeing really can help save lives

In 2025, we ran campaigns that focused explicitly on women's and men's health to help raise awareness of the diverse well-being needs of the workforce.

The back-to-back monthly campaigns centred on sharing personal stories from our people, coupled with education and awareness campaign material specific to breast cancer, menopause, mental health and prostate cancer.

The personal stories demonstrated the importance of workplace awareness campaigns. Two colleagues, Mark and Andre, bravely shared their stories of being diagnosed with prostate cancer. Neither Mark nor Andre had symptoms, but both were diagnosed early thanks to previous workplace initiatives that raised awareness and prompted potentially lifesaving action. Colleagues were signposted to available workplace support and educational material.



Mental Health Campaign- December

Last year, on one of our contracts, ten colleagues asked to work on Christmas Day to protect their mental health. We have learned from speaking with our front-line management teams that this isn't an isolated request.

Throughout December we ran a Group-wide mental health awareness campaign to recognise the often hidden struggles faced by many and to encourage our teams to think about how we can support each other at this time of year.

Using our wellbeing champions as advocates for the campaign, they led the initiative at a local level, encouraged our teams to discuss mental health and wellbeing, and signposted them to support services.

The teams used a mental 'Elf' to give practical hints and tips on boosting wellbeing and to raise the profile of mental health first aiders on our sites and in our offices.

Social value

We continue to focus on measuring and generating social value across the UK working to meet our goal of improving one million lives by 2030.

In 2025, we continued to strengthen our commitment to delivering meaningful social value, ensuring that the communities we serve remain at the heart of our operations. The adoption of our new social value reporting tool marked a key milestone, providing a consistent framework for measuring impact across projects and supporting our ambition to embed social value earlier in our decision-making.

The introduction of PPN 002, the UK Government's Procurement Policy Note on social value, has supported alignment with procurement requirements and strengthened governance across teams. Alongside this, the C160 volunteering campaign, launched to mark Costain's 160th anniversary, has mobilised colleagues to contribute their time and skills to local communities, becoming a force for meaningful engagement and measurable impact.

Together, these developments have improved the visibility, accountability and consistency of our social value performance. As we continue to grow, we remain committed to building a culture where social value is embedded in everyday practice, empowering our people and partners to drive long-lasting benefits for the communities we serve.

In 2025, we:

£119k
contributed to charitable causes

7,500
hours spent volunteering in the community

1,200
people supported with their employability skills

1,900
hours supporting school engagement initiatives

£310m
spent with SME

200+
charities/organisations engaged with as part of the C160 volunteering initiative

Costain's social value priorities:



Inspiring the next generation

We were delighted to become an official regional partner with Primary Engineer, a not-for-profit whose mission is to inspire and engage primary school pupils in the exciting world of STEM. Research shows that children need to be exposed to STEM by the age of 10 if they're to seriously consider STEM-related careers in the future.

Throughout 2025, our colleagues volunteered with Primary Engineer as judges for their "If You Were an Engineer, What Would You Do?" competition and attended their award ceremony, which celebrated some incredibly talented pupils. The competition invites children to identify problems and design engineering solutions to solve them, sparking creativity and problem-solving while introducing pupils to real-life engineers.

“It was great to be able to support Primary Engineer. Over 70,000 young people entered the 2025/26 competition, with a near 50/50 gender split, and it was incredible to see the imagination on show. A worthwhile way to use a volunteering day.”

Bob Anstey, Defence and Nuclear Energy Sector Director, who judged a number of entries



Social value

Highlight on 160th anniversary volunteering campaign

In 2025, we launched the C160 volunteering campaign to celebrate Costain's 160th anniversary. C160 was designed to empower colleagues to use their two volunteering days in a purposeful and impactful way. The campaign encouraged colleagues to dedicate one day to improving career prospects across the UK by supporting students, job seekers and those facing barriers to employment, and a second day to supporting the local communities where we work and live, helping to strengthen the social fabric of the places that matter most to us. Through the campaign, colleagues have collectively volunteered 7,500 hours and reached 20,000 people, demonstrating a strong commitment to creating positive change. C160 has created opportunities, strengthened communities and enabled our people to contribute their time, skills and passion in ways that deliver lasting impact. We continue to build on the success of C160, championing volunteering as a key driver of social value.



C160: Transforming futures with Key4Life

Key4Life is a charity dedicated to breaking the cycle of reoffending through mentorship, emotional resilience and employability support. In 2025, eight colleagues including CEO Alex Vaughan and members of the executive team, took part in Key4Life programmes which included a visit to HMP Thameside to support young men preparing for release.

Activities included employability workshops and a Dragon's Den-style pitch event. Colleagues described the experience as thought-provoking and inspiring, with Alex reflecting, "It was fantastic to meet so many passionate and capable individuals who for many reasons made some bad choices earlier in their lives, and to help unlock a positive future." With the support of Key4Life, we are now creating work taster opportunities for prison leavers at Costain, helping to break the cycle of reoffending.

Community

Being a trusted neighbour

Being a good and trusted neighbour is crucial to how we operate and our ability to deliver our construction projects safely, on time and within budget. Our teams strive to positively contribute to the community.



A1 Birtley to Coal House: Delivering a complex upgrade ahead of schedule

We successfully delivered one of the North East's most complex highway upgrades on the A1 Birtley to Coal House scheme, widening a four-mile stretch between junctions to improve safety, mobility and journey times for communities in Tyne and Wear. Despite a demanding construction environment, major road closures and complex interfaces, the programme maintained excellent accuracy scores throughout. A significant challenge arose when a historic adit unexpectedly opened in the A1 verge, forcing the road to operate on a single lane during the busy Easter bank holiday. We responded quickly with coordinated communications and daily stakeholder briefings to maintain confidence and transparency.

Despite additional complications, the upgraded lanes were opened to traffic early in December 2024. The team also completed the highly complex demolition of the Allerdene Bridge over the East Coast Main Line in early 2025, across seven meticulously planned possessions, delivering 33,800 hours of work with zero operational delay minutes to the railway. Alongside engineering excellence, the project delivered lasting social value, providing construction skills and qualifications to over 100 ex-service personnel through our partnership with Building Heroes.

Community

In 2025 Costain's average Considerate Constructors Scheme score was 46/50, compared to the industry average of 41/50. This continued positive performance reflects our consistent focus on respectful engagement with local communities, maintaining high standards across our sites and embedding social value into project delivery. It demonstrates the well established strength in our site leadership, high standards for site set up and our ongoing commitment to minimising disruption.



Average CCS score	2025	2024	2023	2022	2021
Costain	45.6	45.5	45.3	45.2	44.8
Industry	40.8	40.7	40.3	39.8	38.2

Social value on tap at Burham WSW

Southern Water's Burham Water Supply Works (WSW), built in the late 1960s, is undergoing a £170 million refurbishment by Costain and MWH Treatment (CMDP) to ensure long-term resilience. With work spanning from 2019 to 2031 and the project team based in a rural location for several years, the challenge has been to deliver meaningful social value while respecting site confidentiality and the operational importance of the facility.

CMDP and Southern Water responded by embedding a programme focused on workforce wellbeing, education, inclusion, community engagement and environmental stewardship. Initiatives included Lighthouse Construction Charity mental health talks, onsite Mental Health First Aiders and fundraising activities such as Macmillan Coffee Mornings and seasonal donations for the Young Lives Foundation.

This long-term programme has delivered sustained benefits across the region. In 2025, CMDP and Southern Water delivered STEM and Water Ambassador sessions in local schools, supported Special Educational Needs careers fairs, hosted work experience and offered placements for graduates and apprentices. Partnerships with the Young Lives Foundation, RBLI and Demelza Hospice strengthened inclusion and supported vulnerable groups, while initiatives such as litter picks, food bank collections and collaboration with the Felix Project promoted environmental responsibility.

All activities were measured through our social value calculator, supporting transparent reporting and contributing to the site receiving an outstanding Considerate Constructors Scheme score of 45 out of 50. Despite the restrictions associated with operating a secure water site, the programme successfully strengthened community connections, maintained high workforce morale and enhanced the reputation of both Southern Water and CMDP, demonstrating the long-term value of committed, responsible community investment.



Delivering high customer satisfaction in the East of England

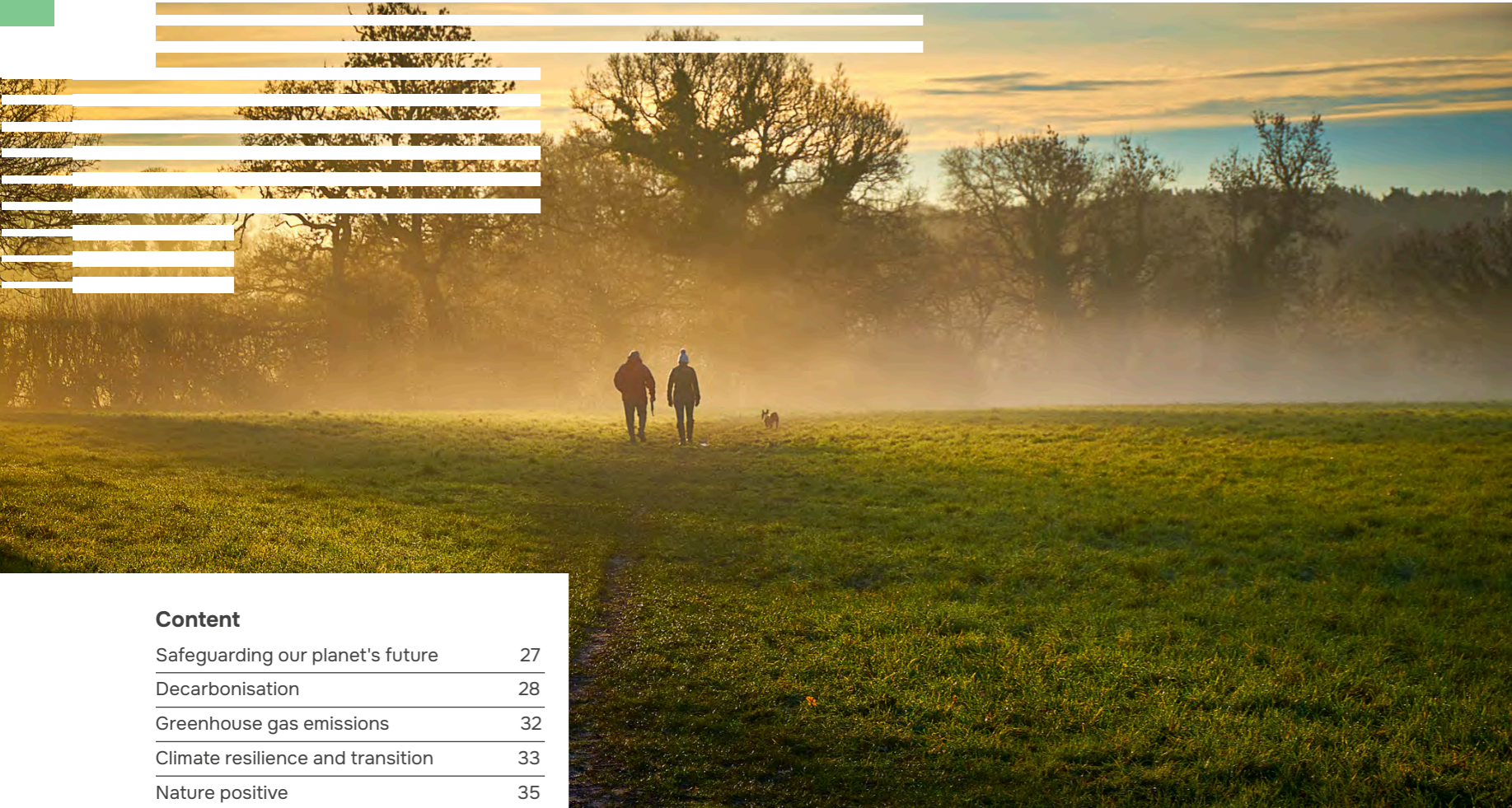
In Year five of Costain's programme with Cadent Gas, more than 272km of gas mains have been replaced and new gas mains and services have been installed in over 21,000 homes, helping to secure a safe, resilient and reliable energy supply for communities across the UK.

Cadent is the UK's largest gas distribution network, managing over 80,000 miles of pipeline and supplying gas to 11 million customers. This project focuses on replacing gas mains and services across Cadent's East of England network, the largest of Cadent's five networks, alongside the delivery of reinforcement, diversion and governor projects. These essential upgrades reduce the risk of supply disruption for households and businesses, while delivering important safety and environmental benefits.

Providing an excellent customer experience is a key priority and the introduction of a new customer management system has enabled the team to manage complaints more efficiently, reduce customer enquiries and improve support for vulnerable customers. This approach has resulted in a consistently high customer satisfaction score, currently at 9.20 and the best OFGEM Guaranteed Standards of Performance (GSOP) figures ever recorded for the project.

Safeguarding our planet's future

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



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We are focused on creating a more sustainable world by collaborating with our customers and supply chain to deliver sustainable infrastructure through our low carbon engineering offering, efficient use of resources, following circular economy principles and incorporating resilience to climate change.

We are making a meaningful contribution to achieving a nature-positive future by implementing the Science Based Targets for Nature framework and contributing to ecosystem restoration and resilience. We started by setting biodiversity net-gain targets and are actively implementing our nature positive strategy which includes consideration of indirect impacts and advancing 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 withdrawal, especially from water scarce regions.

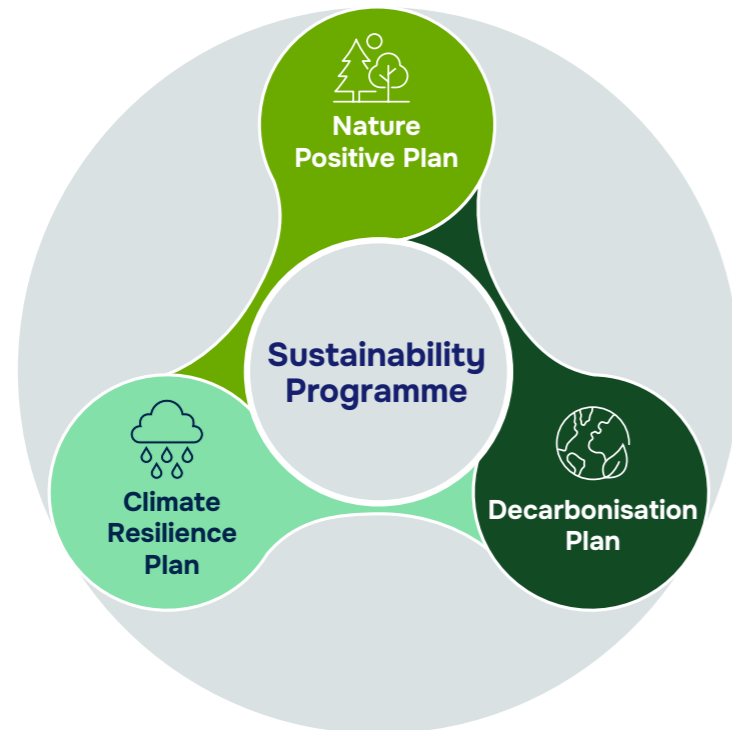
Safeguarding our planet's future

Safeguarding the plant's future is central to Costain's delivery of sustainable infrastructure.

This section sets out our environmental priorities, progress and performance across decarbonisation, nature and biodiversity, resource efficiency and wider environmental management. It signposts our key environmental policies, plans and supporting documents, detailing how our disclosures align with relevant regulatory requirements and reporting frameworks.

Together, these elements demonstrate how we manage environmental impacts responsibly and transparently, whilst highlighting notable achievements during the year.

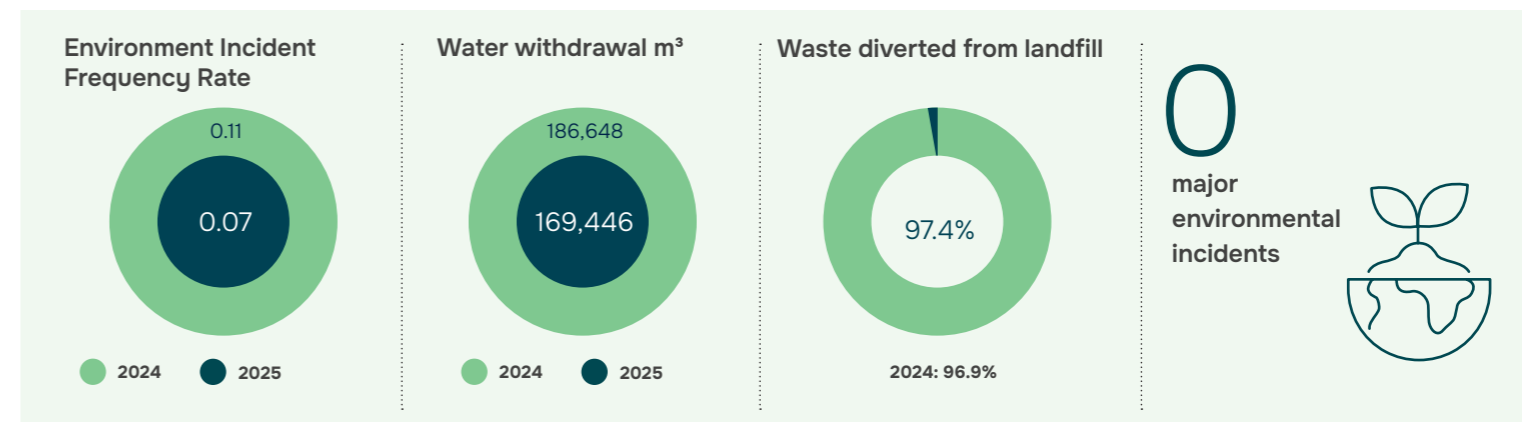
Our environmental policies are set out through three interconnected plans: decarbonisation, nature positive and climate resilience. Supported by our ISO 14001:2015 Environmental Management System and PAS 2080:2023 verification, they provide a practical framework for a cohesive, integrated approach to tackling these complex, interrelated challenges and help create a sustainable future.



To support alignment with industry best practice, we participate in voluntary and mandatory certification and disclosure initiatives that support our carbon management.

Disclosure	Score / held since	Information
PAS 2080:2023	Voluntary	Costain previously held PAS 2080:2016 since 2020 and in 2024 were verified with PAS 2080:2023
CDP	Voluntary	2025 questionnaire scores: Climate Change - "B" Water Security - "B-" Forests - "C"
ISO 14064-1:2018	Voluntary	Audited annually by Achilles Toitu Scope 1 and 2 - Reasonable Assurance Scope 3 - Limited Assurance
PPN006 Carbon Reduction Plan	Mandatory	Annually updated in line with Policy Procurement Note 006
Energy Saving Opportunities Scheme (ESOS)	Mandatory	Phase 3 Compliance - 2024/25 Action Plan Progress Update 1 - 2025

Our environmental KPIs measure how effectively we are reducing impacts and managing risk across our operations, including incident prevention and resource efficiency. Through our Environmental Data Tracker, we are strengthening data visibility and accountability across projects, enabling teams to identify hotspots, improve controls and drive measurable reductions against previous years.



Decarbonisation

Focusing on delivering decarbonisation pathways

Decarbonisation is fundamental to Costain's purpose of improving people's lives and central to our mission to deliver infrastructure for a more prosperous, resilient and decarbonised future. As a trusted delivery partner across the UK's essential infrastructure sectors, we recognise that reducing carbon is a business-critical imperative.

In January 2026 our Sustainability Committee approved our new decarbonisation plan which focuses on priority pathways aligned to our emissions hotspots, industry challenges and customer needs. These pathways shape our key actions and will guide our decarbonisation efforts over the next five years, evolving as delivery progresses and milestones are achieved.

We will harness our engineering-led approach, combining value engineering and production thinking to accelerate decarbonisation across our projects focused on these priorities:



Rigorously applying our carbon management system

We will apply and fully embed our PAS 2080:2023 carbon management system across all functions integrating carbon management into decision making and embedding carbon requirements into our contracts, leadership and procurement to drive accountability and measurable action.



Driving the uptake of low carbon materials

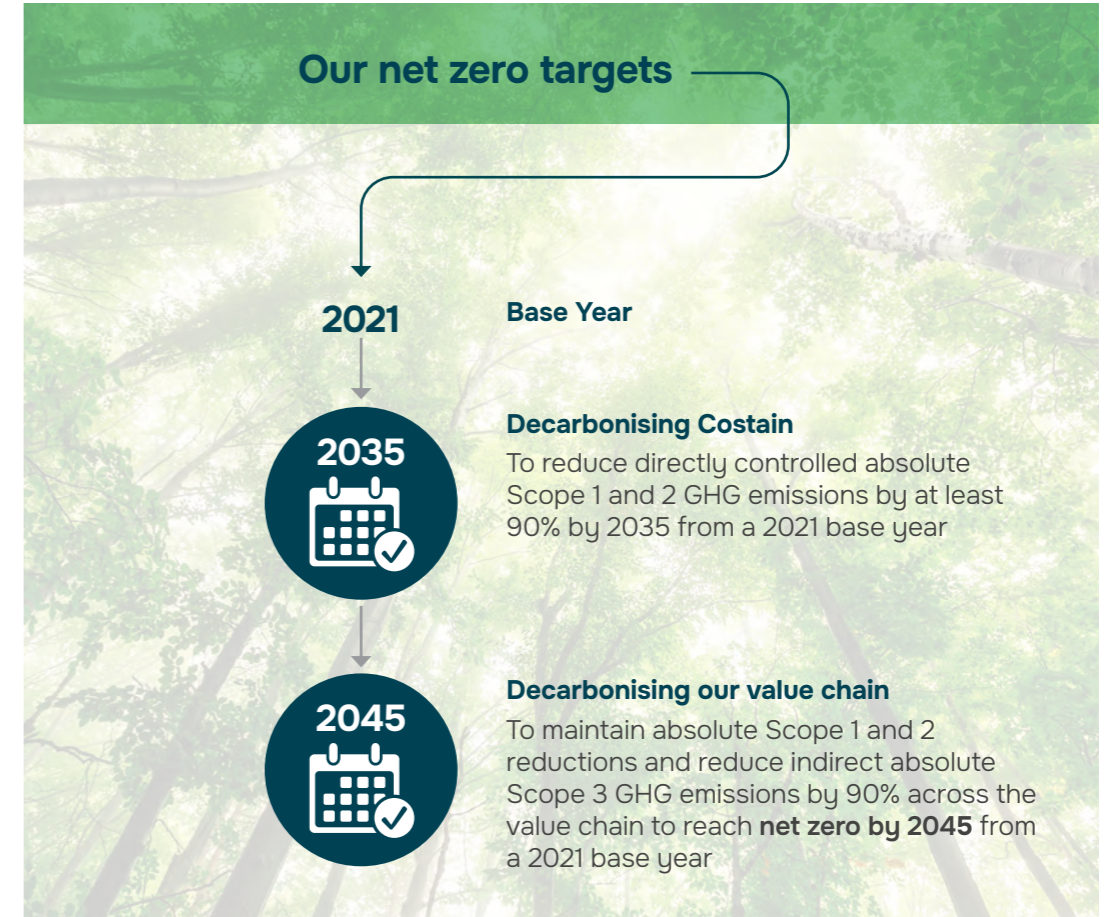
We will work with our customers, project teams and design partners to optimise low carbon design solutions. We will launch and implement a material transition strategy focused on our most carbon intensive materials. Initial focus will be on concrete and steel, embedding low carbon specifications into design and delivery.



Decarbonising energy

We will phase out diesel by 2029, integrate an ultra-low emission vehicle fleet by 2030 and deliver fossil fuel-free sites by 2035 through electrification, renewables and energy-efficient construction activities.

These priority areas are aligned to the Construction Leadership Council's Five Client Carbon Commitments and have informed our sustainability foundations and actions.



SBTi verified near term 42% reduction by 2030 and net-zero by 2050 targets*

* The SBTi is an important, globally-recognised measure for standardising and setting ambitious emissions reduction targets in line with the latest climate science. It's a key requirement for our customers across all our sectors. The above SBT target wording is an abbreviation of the official validated target wording. This target will be updated to 2045 to align to our updated internal goal.

Decarbonisation

Applying our carbon management system

We are proud to maintain our verification by the British Standards Institution (BSI) to the PAS 2080:2023 standard for carbon management.

We are recognised for demonstrating a strong awareness of carbon management and for having robust processes to reduce carbon, which are applied across our infrastructure projects. This verification reflects our commitment to sustainable infrastructure and to managing and reducing carbon emissions from our projects.

Building on our foundations established last year, we have expanded the use of our Carbon Design Tool and Environmental Data Tracker across the business, strengthening our understanding of carbon emissions and how this informs decision-making on projects.

The Carbon Design Tool 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.

Over the year, monthly reporting through the Tracker has improved the quality and coverage of primary data. In 2025 the use of supplier or project sourced data replaced 40% of purchased goods and services scope 3 calculated emissions, which would otherwise be measured using a spend-based approach.

10 Dock, Devonport: Delivering BREEAM Infrastructure Excellence and PAS 2080:2023 for Babcock

The 10 Dock project at Babcock's Devonport Royal Dockyard is a major infrastructure upgrade, with Costain and Mott Macdonald (CosMott JV) acting as a delivery partner in support of prime contractor, Babcock. Our CosMott JV team at Devonport have been providing construction sustainability leadership and expertise to Babcock in regard to embedding carbon management, resource efficiency and collaboration throughout project delivery.

The project adopted BREEAM (Building Research Establishment Environmental Assessment Method) Infrastructure to guide sustainability, achieving an "Excellent" rating and exceeding client expectations. This reflects the Babcock and CosMott team's unwavering commitment to sustainable design, innovation and best practice.



- **Stronger management and governance:** BREEAM provided a clear framework that unified activities, strengthened cross-team collaboration and embedded sustainability requirements into all tenders and contracts. The ongoing development of the Project Environmental Strategy (PES) has underpinned environmental risk and opportunity management on 10 Dock, in alignment with Babcock's ISO 14001:2025-certified Environmental Management System.
- **Carbon management with PAS 2080:2023 and resource efficiency:** Development of an overarching Project Carbon Reduction Plan (PCRP) was crucial for embedding PAS 2080:2023 principles, covering project carbon targets, whole life carbon assessment methodology and carbon reduction opportunities, ensuring there was a clear process for realising potential carbon and wider sustainability opportunities. Establishment of a Resource Management Plan

and monthly performance dashboard improved control of material use, waste, energy and water. BREEAM targets were cascaded into subcontractor requirements.

- **Social value delivery:** BREEAM supported structured delivery of community benefits, including local employment support, volunteering and sustainable travel planning.
- **Robust risk and resilience measures:** High scores were achieved due to strong natural hazard data and comprehensive ecological and security risk management, including targeted mitigation for protected species.
- **Innovation:** Led to the creation of the Low Carbon Concrete in Temporary Works Design Guide, addressing an industry gap and now being shared through the Temporary Works Forum.

Decarbonisation

Our priorities: Driving the uptake of low carbon materials

The use of low carbon materials is integral to our corporate strategy, driving down embodied carbon across the infrastructure lifecycle. By embedding low carbon material optioneering into early design, procurement and construction processes, we align our delivery with national net zero targets and client sustainability expectations. Concrete and steel make up 50% of our scope 3 purchased goods and services emissions in 2025 and will continue to be significant sources of emissions. A key part of our decarbonisation plan workstreams is launching and integrating our material transition pathways.

This started in 2025 with our Concrete Transition Pathway which is an appendix to Costain's decarbonisation plan and will be accompanied in 2026 with our Steel Transition Pathway, both of which have incremental material threshold targets to be achieved by 2045. Our Concrete Transition Pathway is benchmarked against Arup's Embodied Carbon Classification For Concrete system and uses information on our 2024 concrete use to establish our base year data. 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.



Concrete innovation in action

For the past few years, we have been part of the calcined clay trials at HS2 SCS alongside our JV partners Skanska and STRABAG. 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.

Cutting carbon through smarter steel procurement

This year, Costain supported the design of a new baggage system in Heathrow Airport's Terminal 2A, a project requiring 980 tonnes of structural steel. Heathrow Airport Limited (HAL) is committed to both the UK Steel Charter, which promotes the use of UK-made steel, and the Construction Leadership Council's (CLC) Carbon Commitments which include eliminating carbon-intensive products and adopting PAS 2080:2023 principles.

British Steel is currently transitioning from the traditional blast furnace steelmaking (BOF) to electric arc furnace (EAF) production, expected by 2027. EAF steel can reduce carbon emissions by up to 92% compared to BOF, presenting major opportunities for steel-intensive projects. As British Steel does not yet produce EAF steel, Costain's sustainability engineers worked collaboratively with HAL designers and the supply chain to balance locally sourced steel with minimising embodied carbon.

A blended procurement strategy achieved a 16/84 percentage split between British BOF and European EAF steel, achieving a 65% reduction in embodied carbon and a saving 1,631 tonnes of CO₂e. Early collaboration across the value chain, a key principle of PAS 2080:2023, enabled identification and sourcing of steel with the lowest available carbon intensity. This approach enabled HAL to meet both UK Steel Charter and CLC Carbon Commitments, while positioning itself to significantly increase its use of UK-made steel as EAF production becomes available in the UK, supporting both UK industry investment and the shift to low carbon materials. The project sets a strong precedent for sustainable steel procurement on major aviation infrastructure and contributes to the long-term resilience of the UK steel industry.



Supply chain collaboration driving concrete carbon reduction

Transport for London's Gallows Corner project is an exemplar project for implementing PAS 2080:2023 and working collaboratively with the customer, designers and supply chain. Now in the construction stage, we are working with suppliers to validate our carbon reduction assumptions made during the design.

Poundfield, who supplies the pre-cast concrete decks for the refurbished flyover and have been engaged since the decking was identified as a carbon hotspot during design, have confirmed that we have saved 147 tCO₂e (42% reduction) by using a CEMIII/A concrete mix with 50% GGBS as a cement replacement. The steel used within the pre-cast slabs was produced using an electric arc furnace, saving an additional 406 kgCO₂e/t (56% reduction). This project demonstrates how hotspot identification and proactive supply chain engagement can drive substantial carbon savings.

Decarbonisation

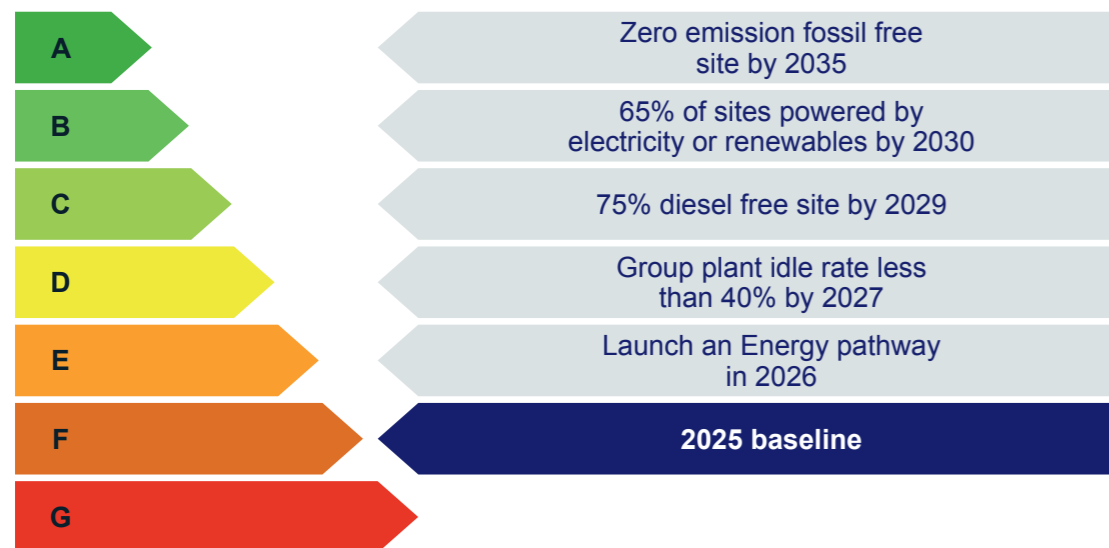
Our priorities: decarbonising energy

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, design for low carbon solutions, deliver low carbon construction, embed on-site monitoring to drive efficiency and collaborate with our subcontractors and suppliers. All of which contribute to implementing sustainable practices from the earliest stages of a construction project.

In 2026 we will be launching 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.

Our energy transition targets:



Costain fleet decarbonisation

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. We continue to focus on site connectivity, logistics, commercial vehicle options and our grey fleet requirements to support the transition of our fleet and ensure we remain on track to achieve our 2030 fleet target.

Solar welfare units

Throughout summer and winter months our projects have integrated use of solar welfare units hired through our supplier, Speedy Hire, and their collaboration with GroundSure. The 12ft and 20ft towable units run on solar energy generated by panels on the roof and walls, supported by a small generator which, coupled with rain harvesting and water recycling systems, provide our teams with a fully equipped canteen and drying room set up. The units have been used in both urban and rural environments and showcase our continued commitment towards fossil fuel-free sites by 2035.

Greenhouse gas emissions

Our carbon emissions performance

Greenhouse gas inventory

Our inventory details our absolute greenhouse gas emissions, including Scope 1, 2 & 3, over the last 5 years, including our base year in 2021.

Our emissions data has been independently verified by Achilles Toitū Carbon Reduce programme, aligned to ISO 14064 Part 1:2018 and to the GHG Protocol Corporate Accounting and Reporting Standard (2015).

Where Costain operates in a joint venture, we have divided emissions proportionately in line with our equity share of each contract. We continue to report outside of scope emissions associated with the use of hydrotreated vegetable oil (HVO) fuel.

Restated data

Costain is currently using a spend-based methodology to calculate some scope 3 emissions. In 2025 we updated the EEIO (Environmentally Extended Input-Output) matching approach to purchased goods and services alongside updating the revised DEFRA carbon factors and adjusting for inflation. We have restated GHG data from 2021, 2022, 2023

and 2024 in accordance with our accounting and reporting principles to ensure relevance, completeness, transparency and accuracy. Data marked with an asterisk (*) in the table below has been restated.

Total Emissions

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.

Scope 1: direct emission and removals

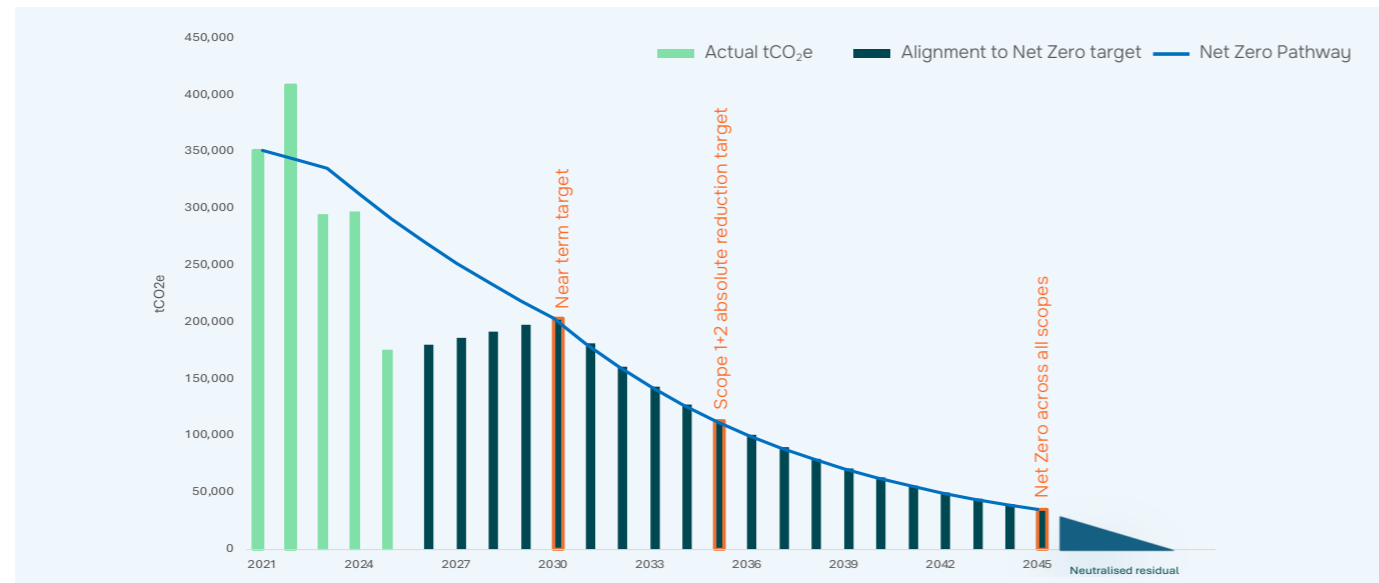
Costain's Scope 1 emissions fell 51% against the base year due to improved operational efficiency and construction changes, though they rose slightly year-on-year. This annual increase reflects a decline in HVO usage caused by rising costs and customer transitions. Following a 2025 procurement review, we remain committed to HVO as a transition fuel, with our 2026 focus shifting toward energy efficiency and electrification to reduce diesel reliance.

Scope 2: indirect emissions from imported energy

While Scope 2 emissions remain a small portion of our total footprint, they increased against the base year. This shift reflects the electrification of our car fleet (now >95% EV/PHEV) effectively migrating emissions from Scope 1 to Scope 2 alongside the integration of more comprehensive project electricity data for 2025.

Scope 3: upstream and downstream activities

Scope 3 emissions (predominantly Category 1 Purchased Goods and Services (95% of total)) remain our primary focus. In 2025/26, we transitioned to a multi-source data model using supplier reports, volumetric data, and environmental product declarations (EPDs) to refine our methodology away from spend-based accounting. This methodological shift has improved accuracy across upstream transport and waste categories, supporting more transparent supply chain reporting.



	2021 tCO ₂ e	2022 tCO ₂ e	2023 tCO ₂ e	2024 tCO ₂ e	2025 tCO ₂ e
Scope 1 - direct emissions and removals	11,561	6,426	4,876	4,772	5,637
Scope 2 - indirect emissions from imported energy (location based)	1,032	953	1,299	888	2,476
Scope 2 - indirect emissions from imported energy (market based)	1,697	56	187	193	273
Scope 3 - upstream and downstream activities	338,522*	401,687*	288,666*	291,463*	166,965
Purchased goods and services	327,352*	390,351*	277,823*	281,859*	159,132
Capital goods	21	33	15	93	74
Fuel and energy related activities	5,148	4,760	3,275	3,188	2,885
Upstream transportation and distribution	3,099	3,259	4,668	4,350	2,804
Waste generated in operations	1,156	952	325	566	100
Business travel	1,151	1,687	1,930	691	1,403
Employee commuting	503	565	579	620	432
Upstream leased assets	92	80	52	95	135
Total tCO₂e	351,114*	409,066*	294,840*	297,123*	175,078
Total tCO₂e/£M	308*	288*	223*	238*	167
Scope 1 + 2 tCO₂e	12,592	7,380	6,175	5,660	8,113
Outside of scope tCO₂e	1,206	9,870	10,855	7,843	3,844

For more detail on our performance refer to our Sustainability Data Book 2025 www.costain.com/sustainability/reports-and-downloads/

Climate resilience and transition

Task force on climate-related financial disclosures

We are pleased to make climate-related financial disclosures consistent with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and the requirements of LR 9.8.6. Our disclosure covers 1 January to 31 December 2025. Further detail is provided in our full TCFD disclosure in our Annual Report and Accounts.

Pillar	Disclosure response	Source
Governance	We describe the responsibilities of the Board and Executive Board in overseeing and evaluating climate-related risks and opportunities.	Annual Report and Accounts 2025 - Page 48 Sustainability Report 2025 - Page 05
Strategy	We have identified climate-related risks and opportunities facing Costain, assessed against a 2°C or lower scenario. Our strategy continues to demonstrate resilience across these risks and we are well positioned to respond to growing market demand as our customers seek to strengthen the climate resilience of their infrastructure. In all scenarios analysed, the opportunities presented outweigh the risks identified.	Annual Report and Accounts 2025 - Page 26
Risk management	Our climate risk management approach is embedded within our wider risk framework. We provide an outline to our risk management processes, followed by additional detail on Costain's principal risks including those related to climate change.	Annual Report and Accounts 2025 - Page 34-39
Metrics	We disclose the metrics used to track our transition to net zero, assess climate-related risks and support client decarbonisation. These include Costain's greenhouse gas emissions and associated performance indicators.	Annual Report and Accounts 2025 - Page 30-31 Sustainability Report 2025 - Page 07

Our detailed TCFD disclosures are published within the Annual Report and Accounts, where we describe how climate-related risks and opportunities are identified, assessed and managed across the business and how they are integrated into our strategy, governance and financial planning. At Costain, we recognise that climate change presents both transition and physical risks to our operations, supply chain and the infrastructure we help deliver and maintain. It also creates opportunities to support our customers in adapting to a low carbon, climate-resilient future. Our approach is embedded within our wider risk management framework and long-term strategy, ensuring that climate considerations inform decision-making at Board and Executive levels.

Further information, including our scenario analysis, principal- and climate-related risks and opportunities, and the metrics and targets we use to monitor progress towards net zero, can be found in the referenced sections of the Annual Report and in this report. Together, these disclosures demonstrate our continued commitment to transparency and resilience in the transition to a low carbon economy.

To find our full TCFD disclosure refer to our Annual Report and Accounts 2025 www.costain.com/investors/results-reports-presentations/

Climate resilience and transition

Strategic Pipeline Alliance: water resilience in action

Moving water from surplus areas to scarce areas through low carbon, resource-efficient, digitally-enabled design.

The Strategic Pipeline Alliance (SPA), delivered by Anglian Water with partners Costain, Jacobs, MMB and Farrans, is constructing hundreds of kilometres of new interconnecting pipelines to ensure long-term water resilience in the face of climate change. By moving water from surplus to drought-prone areas without increasing groundwater abstraction, the project supports the recovery of rivers and chalk streams across the region.

Phase 1 (IC1) began in 2020 and includes 320km of pipeline, two major reservoirs and nine pumping stations, with 250km completed by 2025. Phase 2 (IC2), designed in 2025, will add a further 260km from 2027 onward.

SPA has exceeded its ambitious targets (65% carbon reduction target for 2020-2025), achieving a 66.7% capital carbon reduction between 2020-2025, equivalent to 210,000 tCO₂e saved. Most savings came from efficient design choices such as re-routing pipelines, optimising diameters, material selection and recycling excavated material. Additional reductions were delivered through lower-carbon construction practices, alternative fuels (HVO) and innovative installation methods like pipe ploughing.

SPA's digital twin strategy enabled the pipe length and diameter reductions, while also minimising pumping system energy requirements. SPA simulated thousands of potential pipeline scenarios to identify the most efficient combination of length, diameter and pump power. This resulted in the capital savings detailed above, as well as a 70% reduction in operational carbon, well above the 27% operational target.

The project also delivered strong social value, including 2,000 trees planted, a new community orchard, as well as volunteering efforts and STEM engagement with schools and colleges. In total, 3,500 lives were positively impacted between 2020-2025.

“Together with our alliance partners, we’re delivering new drought-busting pipelines that will improve the region’s resilience as it confronts the challenges of climate change. Our award-winning team has pioneered a collaborative approach that resulted in significant reductions in carbon emissions. Throughout AMP8 we’ll be continuing to push the boundaries of innovation and efficiency to deliver on our upgraded carbon reduction targets.”

Bryan Williams, Construction Director and Framework Lead

The team’s work has won them two Civil Engineers awards: ICE East of England “Best Project - Sustainability” award and ICE East Midlands and “Carbon and Sustainability” Merit Award.



Being nature positive

Nature positive and the Taskforce on Nature-related Financial Disclosures

Nature positive is the global goal to halt and reverse nature loss by 2030 and achieve ecosystem recovery by 2050, as set out in the Global Biodiversity Framework.

In the UK, this ambition is legally underpinned by the Environment Act 2021, which mandates a 10% Biodiversity Net Gain (BNG) for new developments and supports the '30 by 30' target to protect 30% of land and sea by 2030. For Costain, this means reducing harm and delivering measurable positive impacts across our operations and value chain, while transparently demonstrating progress. Our approach is guided by the Science Based Targets Network (SBTN) and aligned with the Taskforce on Nature-related Financial Disclosures (TNFD), ensuring our strategy reflects global best practice and emerging reporting standards.

TNFD-aligned governance and risk management

Nature and biodiversity are embedded within our sustainability governance framework, overseen by the Sustainability Committee with delivery responsibility at Executive Board level. Such delivery is supported by SHE, ecological, sustainable design and procurement specialists to ensure nature is considered throughout project design, planning and procurement. We identify and manage nature-related risks, dependencies and opportunities across our operations and supply chain (see page 12). BNG plans are embedded into relevant contracts and biodiversity risks are assessed at tender stage to enable early mitigation and enhancement. Our 2026 procurement plan includes a robust assessment of high-impact commodities to identify categories where we will strengthen supply chain engagement.

Metrics, collaboration and next steps

In 2025, we enhanced our Environmental Data Tracker to incorporate TNFD-aligned metrics. We currently measure BNG performance, water interactions, pollution incidents and GHG emissions. We are expanding this to include land-use and material-related indicators, continuing to refine targets aligned with TNFD guidance and our 2030 nature-positive commitment. We collaborate through industry groups including the Supply Chain Sustainability School, Nature Recovery Leadership Group and the UK Business Biodiversity Forum to advance shared understanding and best practice. The publication of our nature positive plan in 2026 will formalise our TNFD-aligned approach and strengthen our contribution to biodiversity protection and restoration through sustainable infrastructure delivery.



Highlights of 2025

- Produced our first nature positive plan which was approved by the Sustainability Committee in January 2026.
- Incorporated nature (including natural capital, nature-based solutions and BNG) within our SHE leadership and management courses
- Integrated nature into our Sustainable Procurement Policy and our plan to assess and reduce the impacts within our supply chain.
- Recruited another ecologist to work with our teams to ensure we are delivering best practice in the mitigation hierarchy and BNG.
- Continued to work collaboratively and learn as part of the Supply Chain Sustainability School nature working group and UK Business Biodiversity Forum.



Goal



Outcome

By 2026

Embed the mitigation hierarchy and Biodiversity Net Gain (BNG) principles across all projects, driving consistent application and continuous improvement.



Reduced impacts on nature and stronger, more consistent biodiversity outcomes across project delivery.



By 2027

Build our capability to influence, lead and champion Nature-based Solutions (NbS) with customers from the earliest stages of project development, integrating them into design and decision-making.



Earlier and wider adoption of NbS, delivering more effective and scalable nature-positive solutions.



By 2027

Assess biodiversity impacts within our supply chain, prioritising high-impact commodities and improve transparency through disclosures aligned with TNFD and UK Sustainability Reporting Standards (SRS).



Clearer understanding of supply chain nature risks and impacts, supporting more responsible sourcing and informed decision-making.



Being nature positive

Integrating nature into delivery



Marazanvose Bridge: integrating biodiversity into the A30 upgrade

As part of National Highways' A30 Chiverton to Carland Cross upgrade, we have constructed the Marazanvose Bridge, a new green bridge spanning six lanes. One of only a few green bridges in the country, the bridge will provide safe passage for a wide range of species, including badgers, voles and birds, as well as pedestrians and horse riders.

Landscaping on the bridge includes the planting of two native hedgerows, hazel and hawthorn trees, alongside the seeding of grasses and wildflowers to strengthen insect populations and provide habitats for small animals. A circular economy approach has enabled the topsoiling to be generated from the scheme's earthworks, with approximately 960 tonnes of topsoil used across the bridge deck and embankments. Surpassing expectations, the wider scheme's forecast biodiversity net gain of over 20% places nature-positive outcomes at the heart of delivery. Green bridges play an important role in the sustainability of infrastructure projects and provide a safe crossing point for wildlife and recreational users, connecting habitats and making wildlife populations more resilient.



Driving nature-positive outcomes at UK airports

Costain was selected by Manchester Airport Group (MAG) to deliver biodiversity studies at both Manchester Airport and East Midlands Airport. These studies, led by our ecology and geographic information system (GIS) experts, support the development of a comprehensive biodiversity baseline at each location, helping MAG to achieve its biodiversity net gain (BNG) target by 2028. Our ecologists have recorded habitat areas, types and conditions, while our GIS specialists have managed and delivered surveys covering more than 1,500 hectares of grassland, ponds and urban habitats to measure each site's biodiversity value.

As landholders, MAG has a significant opportunity to protect and enhance biodiversity in support of its sustainability strategy: 'Creating a sustainable future for all.' This work enables MAG to budget for biodiversity ahead of future development, supporting proactive decision-making that maximises biodiversity improvement and the long-term protection of the natural environment. This landmark survey is the largest undertaken by Costain, strengthening our role at the forefront of nature-positive planning.

Being nature positive

Nature risks, dependencies and opportunities

This table summarises our key nature-related risks, dependencies and opportunities, providing a clear view of how environmental factors influence strategic decision-making and operational resilience. It supports TNFD-aligned disclosure by highlighting where nature impacts the business and where the business impacts nature across priority areas.

	Risks	Dependencies	Opportunities
Policy and legal	<ul style="list-style-type: none"> Rising compliance costs e.g. offsetting for biodiversity net gain (BNG) making construction prohibitive for customers. Potential cost increase of natural resources. Failure to report against TNFD or meet future disclosure requirements. 	<ul style="list-style-type: none"> Availability of functioning ecosystems to delivering nature outcomes (BNG etc.) for customers. Access to data for TNFD-aligned reporting. 	<ul style="list-style-type: none"> Develop Nature-based Solutions (NbS) to help us to remain competitive in a rapidly changing market and position ourselves as a leader. Developing a nature positive plan aligns expectations with reporting and legal requirements and communication importance to the Board.
Market	<ul style="list-style-type: none"> Materials, particularly those sourced outside Europe may face issues like resource scarcity, social injustice and lack of transparency regarding their environmental impact. High impacts materials on nature include but are not limited to concrete, steel, aggregates, aluminium, plastics and timber. 	<ul style="list-style-type: none"> Reliable supply of natural resources and materials (aggregates, timber, water). Ecosystem services that support material extraction and processing. 	<ul style="list-style-type: none"> Mapping and addressing these supply chain risks may provide competitive advantage by offering solutions that support customers' nature-positive goals. Private sector investment in nature is likely to grow, generating new opportunities. Identifying and supporting the development and use of secondary or recycled products with lower nature impacts (and embodied carbon).
Physical	<ul style="list-style-type: none"> Our operations and supply chains depend on and affect natural and human-altered environments which may cause delays, have cost implications and affect insurability. Key risks include water scarcity, soil erosion, flood risk and soil instability. 	<ul style="list-style-type: none"> Water availability for construction and material production (e.g. concrete). Soil stability for earthworks and foundations. Natural flood regulation. 	<ul style="list-style-type: none"> NbS can enhance resilience. We have identified opportunities to help customers incorporate NbS into their infrastructure for better climate change resilience and nature outcomes. Support customers with catchment based and climate resilient solutions.
Technology	<ul style="list-style-type: none"> Skills and knowledge will be in short supply if/when Nature-based solutions (NbS) emerges as the go-to 'technology' driven by customers. 	<ul style="list-style-type: none"> Access to ecological datasets, natural capital mapping and environmental monitoring. Availability and experience of applying nature-based solutions. 	<ul style="list-style-type: none"> Upskilling and educating employees to meet customer needs and have identified key supply chain members with active nature strategies. Deploy geographic information system (GIS) mapping tools to identify high-risk areas, allowing us to advise customers on risks, support nature restoration and achieve BNG requirements.
Reputational	<ul style="list-style-type: none"> Actual or perceived negative impacts on biodiversity or community concerns may impact our brand and market share. 	<ul style="list-style-type: none"> Healthy local ecosystems that support community wellbeing and project acceptance. Landscape quality that influences planning approvals. 	<ul style="list-style-type: none"> Become a leader within the industry to bring positive reputation to development projects and support winning new business. Integrating nature more fully into our sustainability governance through the establishment of the Sustainability Committee to provide stronger oversight and governance of the nature positive plan.
Liability	<ul style="list-style-type: none"> Legal exposure from not complying with BNG legislation or future TNFD reporting. Contractual risk exposure from planting and landscaping failure. An increasing trend of litigation related to environmental damage and biodiversity loss. 	<ul style="list-style-type: none"> Ecosystem services that prevent environmental damage. Stable habitats that reduce project related ecological risk. 	<ul style="list-style-type: none"> Through the transformation of products and services that actively work to halt or reverse the loss of nature, including the implementation of conservation, restoration and NbS. Ensuring we have robust procedures and guidance to ensure the success of BNG and landscaping supporting our customers to deliver lasting benefits.

About this report

This report highlights our approach to being a sustainable business through governance, material issues, strategy and performance during 2025 (1 January 2025 to 31 December 2025), unless otherwise stated.

Our approach

This is our annual Sustainability Report, published 2 April 2026.

Any data reported in this report will have taken into consideration and have had applied the appropriate attribution before disclosure, with Costain applying an equity share approach. Where we operate in a joint venture we account for Costain's proportionate equity percentage of the measure, unless stated otherwise.

We may occasionally mention activities that occurred before or after the reporting period, when this helps provide a clearer picture of our performance.

We have included case studies as examples of our Sustainability Programme in action. The report covers Costain Group activities. It does not include activities or performance of our suppliers, contractors or partners, unless otherwise noted.

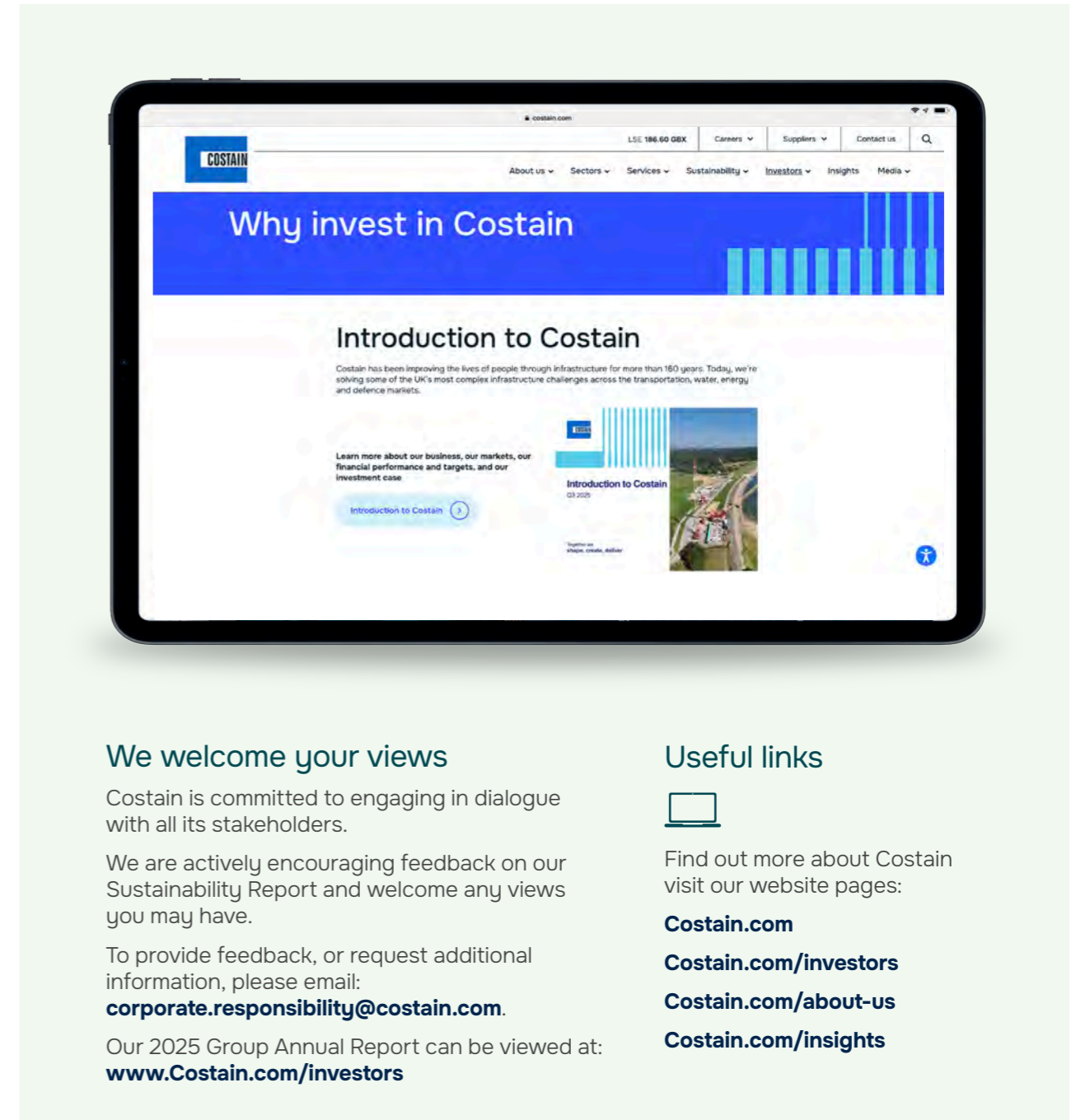
To provide better transparency and disclosure reporting, we have separated out our sustainability disclosures into our data book. This includes our GRI and SASB reporting.

Assurance

Costain commissions Achilles to undertake third party assurance on greenhouse gas emission measurements and ensure that reductions meet the Toitū Carbon Reduce programme, aligned to ISO 14064 and GHG Protocol.

For safety, health and environment (SHE) data, our internal assurance function performs validation assessments across our contracts, ensuring the integrity of our data and that our rigorous standards for SHE management are upheld.

In addition, compliance with internal policies is a key responsibility of our internal audit function and is regularly discussed by both our Audit and Risk Committee and Executive Board.



We welcome your views

Costain is committed to engaging in dialogue with all its stakeholders.

We are actively encouraging feedback on our Sustainability Report and welcome any views you may have.

To provide feedback, or request additional information, please email: corporate.responsibility@costain.com.

Our 2025 Group Annual Report can be viewed at: www.Costain.com/investors

Useful links



Find out more about Costain visit our website pages:

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- Costain.com/investors
- Costain.com/about-us
- Costain.com/insights