



COSTAIN

Sustainability programme 2030*

Together we
shape, create, deliver

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



“ In line with the priorities of the National Infrastructure Commission’s Second National Infrastructure Assessment, the Government’s five Missions and 10-year Infrastructure Strategy, we are strategically well positioned in our four chosen markets of Transport, Water, Energy and Defence. These markets are essential to ensuring the country has the infrastructure to meet critical national needs for a more **prosperous, resilient** and **decarbonised** UK. ”

Alex Vaughan, Chief Executive Officer

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Foreword

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

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

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

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

This starts with our...

Purpose... To improve people's lives

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

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

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

But our Sustainability programme is not just about environmental and social goals, it is also about the governance enablers and fundamentally underpinned by issue specific implementation plans and strategies (climate change action plan; Inclusion strategy; safety, health & environment (SHE) strategy...)

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

Catherine Warbrick,
Chief People and Sustainability Officer



Our 2030 goals and ambitions

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

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

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

Our Sustainability ambitions are to:



Create a positive lasting legacy for our people and communities



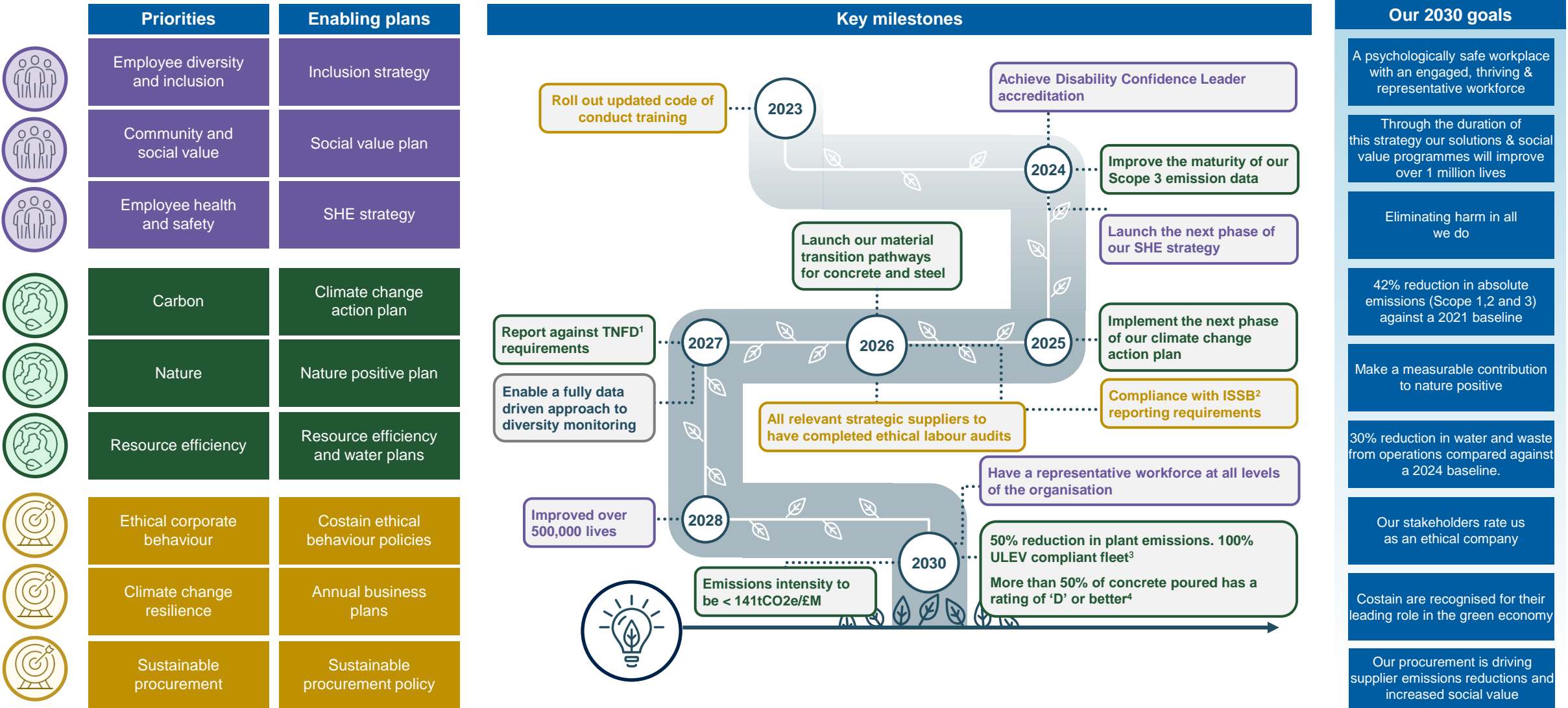
Safeguard our planet's future



Deliver strong sustainable, financial and ethical performance for our stakeholders



Our Sustainability route map



Roll out updated code of conduct training

2023

2024

2025

2026

2027

2028

2030

Achieve Disability Confidence Leader accreditation

Improve the maturity of our Scope 3 emission data

Launch the next phase of our SHE strategy

Implement the next phase of our climate change action plan

Compliance with ISSB² reporting requirements

Have a representative workforce at all levels of the organisation

50% reduction in plant emissions. 100% ULEV compliant fleet³

More than 50% of concrete poured has a rating of 'D' or better⁴

Emissions intensity to be < 141tCO₂e/£M

Improved over 500,000 lives

Report against TNFD¹ requirements

Enable a fully data driven approach to diversity monitoring

All relevant strategic suppliers to have completed ethical labour audits

Launch our material transition pathways for concrete and steel

Our 2030 goals

A psychologically safe workplace with an engaged, thriving & representative workforce

Through the duration of this strategy our solutions & social value programmes will improve over 1 million lives

Eliminating harm in all we do

42% reduction in absolute emissions (Scope 1,2 and 3) against a 2021 baseline

Make a measurable contribution to nature positive

30% reduction in water and waste from operations compared against a 2024 baseline.

Our stakeholders rate us as an ethical company

Costain are recognised for their leading role in the green economy

Our procurement is driving supplier emissions reductions and increased social value

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

Creating a positive lasting legacy for our people and communities



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

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

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

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

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

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



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



James York,
Corporate Responsibility Director

Creating a positive lasting legacy for our people and communities

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



Safeguard our planet's future



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

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

We are committed to achieving a nature-positive future by implementing the Science Based Targets for Nature framework and contributing meaningfully to ecosystem restoration and resilience. We started by

setting biodiversity net-gain targets and are actively working on our nature positive strategy which will include consideration of indirect impacts and advancing the awareness and implementation of nature-based solutions.

Being more efficient with precious resources such as water will become an ever increasingly important business issue. We are placing a greater emphasis on water consumption, especially from water scarcity regions.

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




Costain is committed to supporting the UK's net zero transition by reducing our emissions and delivering low carbon nature-positive solutions that enhance biodiversity across our projects.



Geraint Rowland,
Group Environmental Director

Safeguard our planet's future

Costain's ambition	Material issues	Business case for action	Our 2030 goal	How we will measure our performance
 Safeguard our planet's future	Carbon <i>This issue refers to the greenhouse gas (GHG) emissions that Costain generates from activities including scope 1 (direct emissions from owned or controlled sources), 2 (indirect emissions from electricity, heating and cooling) and 3 (indirect emissions up and downstream of our value chain). GHG emissions are the major cause of climate change.</i>	Making a clear ambitious commitment to reducing carbon emissions often provides greater efficiency as colleagues find ways to improve processes, reduce material inputs/ waste and lower energy consumption. Regulatory pressures will mean reducing emissions is directly linked to the ability to win work (PPN 06/21). To ensure alignment to both client and government net zero targets.	Reduce emissions in line with our near-term science-based target (42% reduction in absolute emissions across Scope 1,2 and 3 by 2030 against a 2021 baseline).	<ul style="list-style-type: none">• Absolute reduction in Scope 1,2, and 3 emissions (tCO2e) against a 2021 baseline• Carbon intensity tCO2e/£M spend• % of concrete placed rated 'D' or better in line with Arup Embodied carbon classification scheme• % of ULEV fleet vehicles.
	Nature <i>This issue refers to the stock of capital and ecosystem services derived from biological diversity and ecosystems as well as natural resources.</i>	Business relies on nature for resources and ecosystem services, both in their own operations and supply chains, and for our employees and customers.	Make a measurable contribution to nature positive.	<ul style="list-style-type: none">• Biodiversity net gain on applicable projects• Disclose and reduce nature-related impacts across our value chain.
	Resource efficiency <i>This issue refers to the management and conservation of water resources and wastewater from operations affecting water quality and availability. This issue also considers material and waste from our construction processes as we move to more circular solutions.</i>	Water is intrinsically linked to both nature and climate change. Infrastructure and the construction process is reliant on water and can have significant impact on these resources. Minimising our use of virgin materials and eliminating waste creates environmental, carbon and cost efficiencies.	30% reduction in water and waste from operations compared against a 2024 baseline. Costs are reduced by 10% through designing out waste and material optimisation.	<ul style="list-style-type: none">• Water consumption• Water consumption from water scarcity regions• Water extraction• Waste diverted from landfill.

Delivering strong sustainable, financial and ethical performance for our stakeholders



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

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

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

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

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

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

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




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

Nicole Geoghegan,
General Counsel and Company Secretary



Delivering strong sustainable, financial and ethical performance for our stakeholders

Costain's ambition	Material issues	Business case for action	Our 2030 goal	How we will measure our performance
 <p>Delivering strong sustainable, financial and ethical performance for our stakeholders</p>	Ethical corporate behaviour <i>This issue refers to the moral code of conduct and guiding principles to the strategic and operational management of a business. It captures the management of risks and opportunities associated with ethical considerations, lawful behaviour, and compliance practice.</i>	Unethical business practice and conduct is a risk to profitability. Whereas good business ethics have the potential to increase profitability, develop deeper customer relationships and enable the securing of new business. Businesses with a clear ethical stance typically find it easier to attract and retain top talent.	Our stakeholders rate us as an ethical company.	<ul style="list-style-type: none"> • Engagement score • Repeat orders • Training completion • ESG ratings.
	Climate change resilience <i>This issue refers to the physical and transitional impacts, risks and opportunities presented by climate change and the transition to a low-carbon economy and adaptation and resilience measures adopted by companies.</i>	Climate change risks impact our operations and supply chains. Reducing emissions and enhancing resilience is crucial to stay competitive and meet regulations. We can aid the UK's energy transition and create climate-resilient infrastructure.	Costain are recognised for their leading role in the green economy.	<ul style="list-style-type: none"> • Breakdown of revenue as per the FTSE Green revenue criteria.
	Sustainable procurement <i>This issue refers to the social and environmental risks/ opportunities related to the sourcing of goods and services.</i>	Costain spends circa £1bn per annum with an extensive supply chain. Ensuring that goods and services are sourced not only with value for money in mind, but also as an enabler to achieving other sustainability goals or mitigating sustainability risks.	Our procurement is driving supplier emissions reductions and increased social value.	<ul style="list-style-type: none"> • % of strategic suppliers with SBTi's for climate change • Scope 3 emissions (tCO2e) • % of spend with VCSEs and SMEs • Social value created through procurement.

Our stakeholder commitments

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

Stakeholders						
	Customers	Partners	Suppliers	Colleagues	Communities	Shareholders
Our commitments to you	<ul style="list-style-type: none">• We will operate with integrity and always seeking to deliver value• We will be open and transparent in our relationship with you• We will develop and propose low carbon environmentally advantageous solutions	<ul style="list-style-type: none">• We will only enter partnerships with partners whose values align with our own• We will be open and transparent in our relationship with you	<ul style="list-style-type: none">• The safety of your people will always be our number one priority• We will ensure our commercial terms are fair• We will be open and transparent in our relationship with you• We will ensure timely payment of your invoices	<ul style="list-style-type: none">• Your safety will always be our number one priority• We will strive to ensure your workplace is inclusive• We are committed to your development	<ul style="list-style-type: none">• We will operate responsibly and respectfully• We will keep you informed and updated• We will create jobs and new community resources• Our solutions will be accessible	<ul style="list-style-type: none">• We will be selective in who we work for, ensuring we only work for customers whose values and ethics are similar to ours and that the work we do is driven by the need to improve people's lives• We will maintain robust governance processes
We ask in return:	<ul style="list-style-type: none">• For a fair balance of risk• Fair commercial terms	<ul style="list-style-type: none">• That you share our commitment to transparency and openness in our partnership• Collaborate to deliver the best outcome for our customers	<ul style="list-style-type: none">• That you share our commitment to transparency and openness• Collaborate to deliver the best outcome for our customers• Low carbon solutions	<p>That you act with :</p> <ul style="list-style-type: none">• Integrity• Customer focus• Environment and social responsibility• And safety and wellbeing is at the heart of everything you do	<ul style="list-style-type: none">• That you treat our workforce with respect• Engage with us to achieve the best social outcomes	<ul style="list-style-type: none">• That you hold us to account• Remain committed to improving people's lives.

Improving people's lives

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

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

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

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



