



Integrated pay gap report

Gender and ethnicity 2024

Together we **shape, create, deliver**

Foreword

Costain is committed to being a diverse and inclusive employer. Transparency is core to this, and that is why we voluntarily publish our ethnicity pay gap data alongside our gender pay gap reporting.

We are clear in our understanding that to have no gender or ethnicity pay gap requires us to have a fully representative and proportional workforce at all levels. We are working hard to achieve this, and in recognition of our commitment and progress, we were delighted that Costain was recognised as a Times Top 50 Employer for Gender Equality 2024.

We are committed to being an inclusive employer. We work hard to make sure Costain is a great place to work, where people can be at their best and thrive. In 2024, we have delivered improvements in:

- Reward and benefits, enhancing entitlements for maternity, paternity and carer's leave beyond the industry norm.
- Unlocking our talent, which is one of our business priorities, and we continue to invest significantly in our people. In 2024, we ran our second cohort of Empower, our programme to support female career progression.
- Transparency of career progression and reward through the implementation of a new job architecture and career framework.

Despite making progress in recent years, our 2024 median gender pay gap increased by 2.2% year-on-year. This is the first increase we have seen in our gender pay gap since 2021. Our analysis tells us that the median increase is mainly related to the increase in women joining the business in the lower pay quartile through our apprentice and graduate schemes. This has led to a substantial increase in the proportion of women in the lower pay quartile, and we expect that over time, as these colleagues progress their careers, they will contribute to the sustainable reduction in our gender pay gap.

We've also seen a 3.9% increase in the median pay gap for Asian colleagues, largely due to a reduction in Asian representation in the upper pay quartile by 1.4%. However, we are reporting decreases in our median ethnicity pay gaps by 2.7% for Black colleagues and 2.4% for Mixed Heritage and Other Heritage ethnicity colleagues.

While the increases in our gender and some of our ethnicity pay gaps are disappointing, it does not undo the steps we have taken this year towards equality and equity. 57% of our Board and 50% of our Executive Board are female. We are delighted to see an improvement in the gender diversity of our wider leadership population to 20% female and 38% for senior management roles (2023: 33%). We also have one member of our Executive Board from an ethnic minority background.

We value honest feedback from employees to help us improve as a business. Over the last year, we have run listening circles with our employee networks (ethnicity and disability) to understand different experiences of progression and reward.

We know that psychological safety is key to creating a work environment which thrives on feedback. We strive to create a more accessible and more inclusive Costain, and we were delighted to be accredited as a Disability Confident Leader in 2024.

This report is made on behalf of Costain Group PLC, Costain Limited, and Costain Engineering and Construction Limited and was approved by the Costain Group PLC Board on 10 March 2025.



Alex Vaughan
Chief Executive Officer

Costain's pay gaps at a glance

Our goal is to have an employee population representative of the communities in which we operate. We go beyond just sharing our gender pay gap, which we have done since 2017, and include in this report our ethnicity pay gaps (voluntarily reported since 2022).

Our 2025 Inclusion Plan builds on the successes of our previous four-year inclusion strategy, which developed a data-led approach to equality, equity, diversity and inclusion and drove company-wide education to develop a more inclusive workplace.

We are actively working to decentralise inclusion such that every employee is responsible for creating a psychologically safe working environment and delivering an equitable approach to progression and reward.

Our senior leadership teams are working on divisional and sector-level equality, diversity and inclusion (EDI) plans, and our business functions have derived data-informed actions, which will be monitored through a centrally coordinated action plan.

- Our 2024 median gender pay gap is 26.7%, an increase of 2.2%. This is due to a substantial increase (4.9%) in the proportion of women in the lower pay quartile.
- Women represented 29.2% of the employee population in April 2024.
- Ethnic minorities represented 15.8% of the employee population in April 2024.
- Our 2024 median ethnicity pay gap for Black employees is 17.3%, a decrease of 2.7%.
- Our 2024 median ethnicity pay gap for Asian employees is 17.8%, an increase of 3.9%.
- Our 2024 median ethnicity pay gap for Mixed Heritage and Other Heritage employees is 14.5%, a decrease of 2.4%.
- Our 2024 median gender bonus pay gap reduced to 31.3% and for the first time we have a negative mean bonus pay gap for women at -20.3% due to significant improvements made to the gender balance at senior level.



What do we mean by gender and ethnicity pay gaps?

This report covers the differences in the mean and median hourly pay between men and women (gender pay gap) and different ethnic groups (ethnicity pay gaps) within our business.

These are expressed as a percentage difference between the majority demographic and the specific demographic being reported.

We also report our bonus payment gaps for gender and ethnicity, which are similarly expressed as a percentage difference between the majority demographic and the specific demographic being reported.

Pay Gap

What do we mean by gender pay gap?

The gender pay gap is a measure designed to show the difference between the gross hourly earnings for all men in an organisation and the gross hourly earnings for all women.

What do we mean by ethnicity pay gap?

The ethnicity pay gap is a measure designed to show the difference between the gross hourly earnings for all white employees in an organisation and the gross hourly earnings for ethnic minority groups in an organisation.

What is included in our hourly pay?

Hourly pay includes basic pay, car allowances, shift pay, on-call and stand-by allowances. Excluded are payments for overtime, redundancy, and benefits-in-kind along with employees on family or sick leave.



Bonus pay gap

What do we mean by gender bonus gap?

The gender bonus gap is the difference between the average bonus received by men and women across Costain.

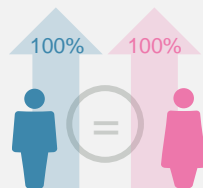
What do we mean by the ethnicity bonus gap?

The ethnicity bonus gap is the difference between the average bonus received by white employees and employees from different ethnic groups across Costain.

Pay gap terminology

Equal pay

Equal pay means that people doing the same work should be paid equally. We regularly conduct equal pay reviews to ensure this is the case for all employees.



Pay gap

The pay gap between populations within an organisation is a representation of the distribution of pay between compared groups.



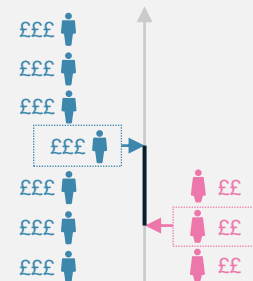
Mean

Calculating the mean hourly pay involves adding up all the salaries for a particular demographic and dividing the result by the number of people in that population. The mean pay gap is the difference between the two populations' mean hourly pay, expressed as a percentage of the typically majority group.



Median

Calculating the median hourly pay involves listing all salaries in numerical order and identifying the middle salary value. The median pay gap is the difference between the two populations' median hourly pay, expressed as a percentage of the typically majority group.



Reporting requirements and commitments

The figures quoted in this report are for all Costain Group companies as of 05 April 2024. On this date, the Costain Group employed 2,921 employees, with two trading entities each employing more than 250 people.

As per our statutory reporting responsibilities, we set out the gender and ethnicity pay gap figures for Costain Engineering and Construction Ltd and Costain Ltd on page 12.

There is currently no statutory requirement to report the ethnicity pay gap, however, we are disclosing this for the third consecutive year because we believe transparency is core to being a responsible business. In 2020, Costain committed to voluntarily disclose our ethnicity pay gap as part of our commitment to the Business in the Community (BITC) Race at Work Charter.

We have not calculated a single pay gap for ethnicity as we recognise that different ethnic groups have different experiences of reward and progression in the workplace. Therefore, we have reported four pay gaps to provide us with a greater understanding of these experiences so that we can take appropriate action to address our ethnicity pay gaps.



The Prince's
Responsible
Business Network

Race at Work Charter signatory

Our approach to ethnicity pay gaps

Our ethnicity pay gap figures have been calculated for the following groups:

All Black: Black/Black British

- African
- Caribbean
- Any other Black/Black British background

All Asian: Asian/Asian British

- Chinese
- Indian
- Pakistani
- Any other Asian/Asian British background

All mixed heritage and other ethnicities

- Arab
- White and Asian
- White and Black African
- White and Black Caribbean
- Other multiple ethnic groups
- Other ethnic groups

Unknown ethnicity

- Unknown
- Prefer not to say.

Those in the Unknown ethnicity category represent 5.2% of the employee population.

The pay gap is calculated in comparison to the “all white” group, which comprises:

- British
- Gypsy or Irish Traveller
- Other white background.



Our approach to gender pay gap

Our gender pay gap figures currently report the binary gender identities of men and women.

The current gender pay gap legislation does not cover the reporting of non-binary employees. Costain has omitted non-binary identities from the calculation, in line with Government Equalities Office advice.

We are aware that the gender identification that employees have on record may not match how the employee self-identifies. We encourage all staff to update their gender identification records if they wish to do so.

What does our pay gap tell us?

A positive pay gap percentage demonstrates that the specific population (women or ethnic minority groups) has overall lower pay or bonus payments compared to the majority demographic (men or white population).

A negative pay gap percentage demonstrates that the represented community (women or ethnic minority populations) has overall higher pay or bonus payments compared to the majority demographic (men or white population).

We capture this data annually to compare how the figures have changed over time. A negative change value implies that the gap has decreased, whereas a positive change value shows that the gap has increased.



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Alex Vaughan

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Costain Group PLC gender pay gap (2019-2024)



	2019	2020	2021	2022	2023	2024
% Mean	20.46	18.32	19.10	21.85	15.81	21.09
% Median	23.65	22.48	28.70	26.63	24.42	26.66

Costain Group PLC ethnicity pay gaps (2022-2024)



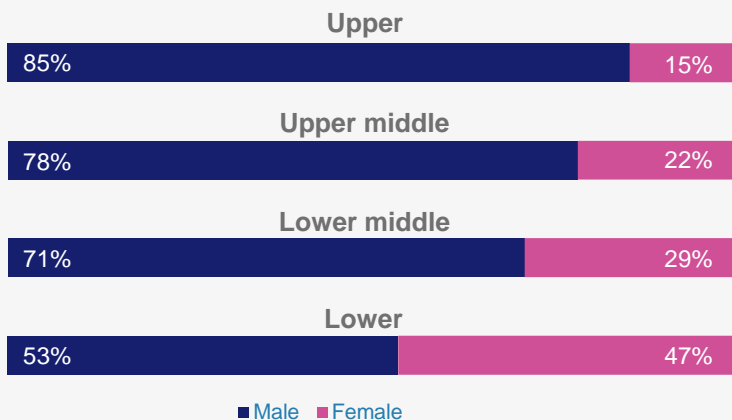
All Black Employees	% Mean	22.15	21.31	24.81
	% Median	20.28	20.03	17.32
All Asian Employees	% Mean	12.87	12.56	16.70
	% Median	12.12	13.87	17.77
All Mixed and Other heritage employees	% Mean	17.4	21.06	17.19
	% Median	15.5	16.95	14.52

Costain Group PLC 2024 Gender quartile representation

In 2024, women represented 29.3% of our employee population, 38% of senior management roles and 50% of our Executive Board.

We increased our graduate and apprentice intake in 2024, which partly contributed to an overall increase in gender diversity and to a 4.9% increase in the proportion of women in the lower quartile. When coupled with a reduction in the proportion of women in the middle quartiles by approximately 1.5% and minimal growth in female representation in the upper quartile, Costain's gender pay gap increased.

The below graph shows the distribution of genders within each pay quartile.

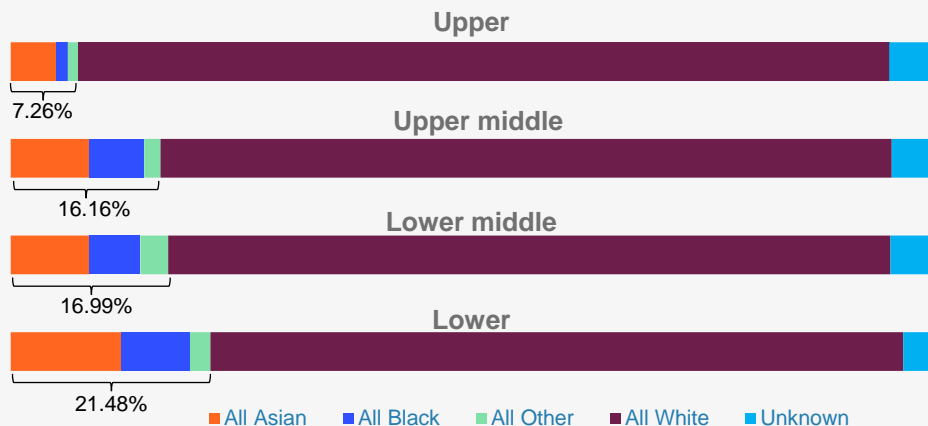


Costain Group PLC 2023 Ethnicity quartile representation

Ethnic minorities make up 15.8% of our employee population (5% Black colleagues, 8.6% Asian colleagues, 2.2% Mixed Heritage and Other Heritage colleagues).

There has been little shift in quartile representation at all levels for employees who are Black or Mixed or Other Heritage. There has been a 2% increase of White employees in the lower quartile and a 2% increase in the upper quartile, resulting in the reduction in median pay gaps for Black, and Mixed or Other Heritage, employees. A reduction in Asian representation in the upper quartile by 1.4% and an increase in the lower quartile of 1.2% appear to be the cause of an increase in the median Asian pay gap in 2024.

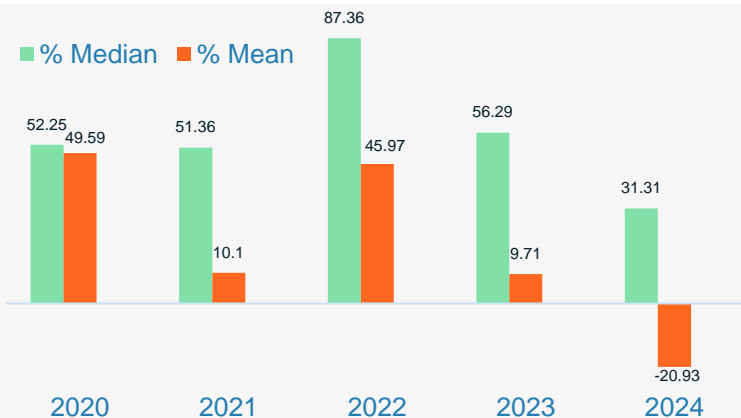
The below graph shows the distribution of ethnicities within each pay quartile.



Costain Group PLC gender bonus pay gap (2020 - 2024)

Percentage mean and median gender bonus pay gap over the last 5 years

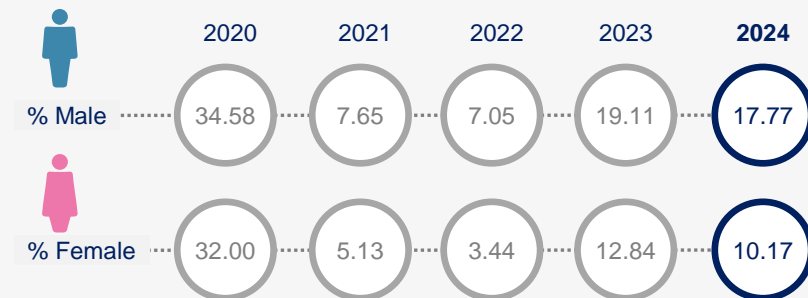
The bonus pay gap is calculated on the bonuses paid during the UK financial year up to 31 March 2024. In 2024, we saw a notable reduction in the median gender bonus gap of 24.9%, and we have a negative mean bonus pay gap for women, as reflected in the figure below. With fewer bonuses awarded to both men and women and increased gender diversity in the wider senior leadership population, the median bonus gap decreased.



Percentage of employees receiving a bonus by gender over last 5 years

2024 shows a difference of 7.6% in the proportion of men and women receiving a bonus payment. This has increased from 6.7% in 2022.

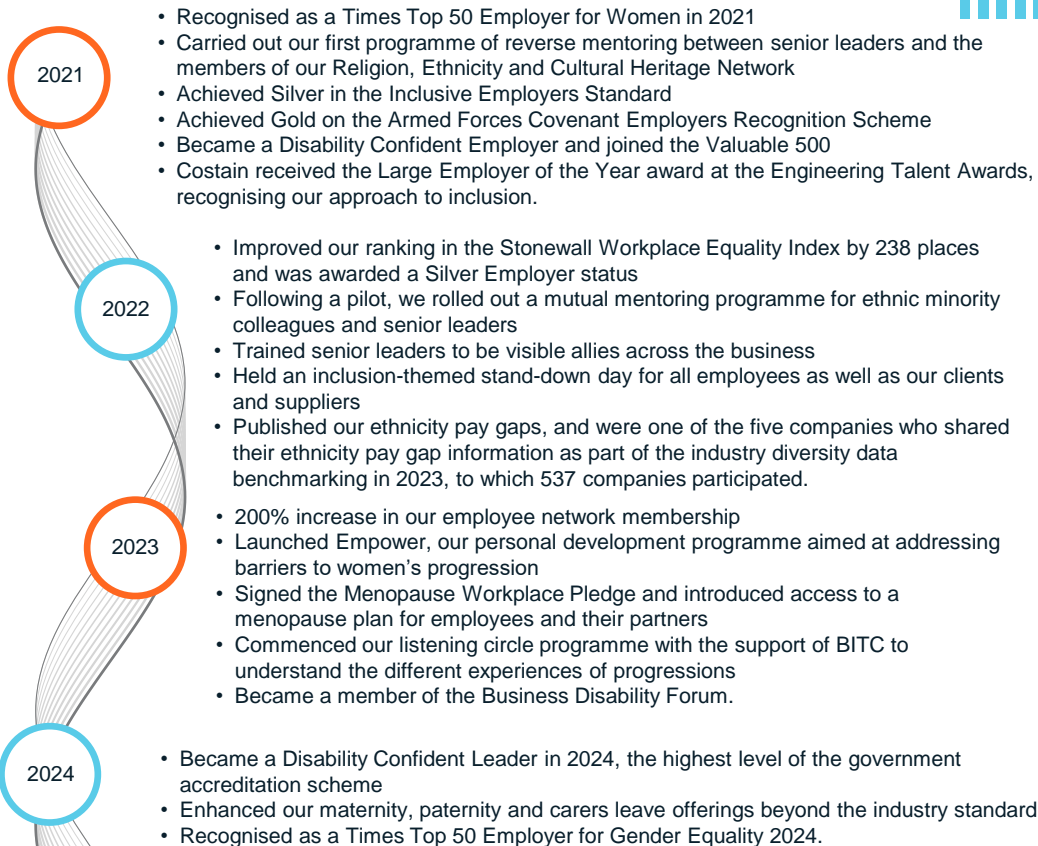
Please note that we currently do not calculate bonus figures through an ethnicity lens but may look to report these in future.



Our approach to inclusion

Our 2021 Inclusion Strategy set out our goal to have a workforce representative of the communities in which we operate by 2030. We have performed well against these demographic ambitions and are delighted to see the year-on-year progress in making Costain a more diverse and inclusive workplace for everyone. The timeline (right) highlights the actions we have taken in creating a workplace where everyone can be at their best. The four-year strategy ended in December 2024, completing with Costain's achievement of becoming a Disability Confident Leader.

While our goal remains, we are now setting annual inclusion plans to prioritise targeted action. For 2025, we aim to decentralise equality, equity, diversity and inclusion, such that every sector, business function and employee understands their influence, responsibility and accountability to create an inclusive workplace. The plan focuses on the three pillars of talent and resourcing, culture and governance. The plan includes introducing new equality, equity, diversity and inclusion governance and training across our contracts and central business functions, creating a unified approach to diversifying our talent streams, creating inclusive teams and maintaining an accessible workplace.



Ongoing action to address our gender and ethnicity pay gaps

Talent & Resourcing

We advertise our vacancies on Diversity Job Boards to attract a diverse demographic of candidates.



We have improved the accessibility of our external website to WCAG 2.1 AA compliant.

We are a Disability Confident Leader and offer an interview to candidates who want to be considered under the scheme.



All hiring managers have undergone inclusive hiring training to help minimise bias and improve the accessibility of our recruitment process.

Empower, our development programme aimed at tackling barriers to women's progression into senior roles, will be entering its third cohort in 2025.

Our 2025 Early Careers strategy aims to employ 180 graduates, apprentices and interns, and remove barriers to entering the industry.

Culture

Our six employee networks are fundamental to creating psychological safety and providing employee feedback into the business:

- Disability and wellbeing network
- LGBT+ & Allies network
- Parenting and carers network
- Religion, ethnicity and cultural heritage network
- Services and service families network
- Women's network



Our senior leadership teams are undertaking allyship for leaders training.



Our improvement in our enhanced maternity, paternity, adoption and carers leave policies, a more transparent salary approach which better supports those on low pay, and our upcoming career path framework saw Costain recognised as a Top 50 Employer for Gender Equality 2024.

We review our engagement survey results through demographic lenses to better understand impacts on different employees.

We have held listening circles with groups of employees from different ethnic backgrounds to understand specific experiences of reward and progression.



We are supporting managers to have conversations about workplace adjustments, including for menopause and caring needs.

We piloted the Royal Academy of Engineering's Inclusive Leadership programme. Our team explored the impacts of different working preferences (introversion and extroversion) in career progression in the industry.

Governance

Our 2025 Inclusion Plan aims to decentralise EDI activities to drive a business-wide, coordinated approach to reducing our pay gaps.

We review annual salary increases and promotion data through gender and ethnicity lenses to identify bias hotspots.

We are introducing mandatory EDI training for all employees.

Gender and ethnic diversity in management and leadership have been made a business priority by embedding progress into long-term incentive plans.

Costain reporting entities

Costain Engineering and Construction Ltd.

GENDER PAY GAP	2023	2024	Change
% MEDIAN	22.92	24.21	1.29
% MEAN	16.05	19.66	3.61
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GENDER BONUS GAP	2023	2024	Change
% MEDIAN	52.52*	36.04	-16.48
% MEAN	10.27*	-25.51	-35.78
% Male receiving bonus	25.75*	22.80	-2.95
% Female receiving bonus	16.63*	10.94	-5.69
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SALARY QUARTILE BY GENDER	% Male in quartile 2024	% Female in quartile 2024	
Upper quartile	82.08	17.92	
Upper middle quartile	76.51	23.49	
Lower middle quartile	70.03	29.97	
Lower quartile	50.45	49.55	

Costain Ltd.

GENDER PAY GAP	2023	2024	Change
% MEDIAN	40.15	55.80	15.65
% MEAN	8.94	41.00	32.06
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GENDER BONUS GAP	2023	2024	Change
% MEDIAN	0.00*	100.00	0.00
% MEAN	0.00*	100.00	0.00
% Male receiving bonus	0.00*	2.14	2.14
% Female receiving bonus	0.00*	0.00	0.00
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SALARY QUARTILES BY GENDER	% Male in quartile 2024	% Female in quartile 2024	
Upper quartile	98.48	1.52	
Upper middle quartile	98.48	1.52	
Lower middle quartile	92.42	7.58	
Lower quartile	83.58	16.42	