

COSTAIN

Together we shape, create, deliver



Modern slavery statement 2024

This statement has been published as per Section 54(1) of the Modern Slavery Act 2015, covering the period 1 January 2024 – 31 December 2024.

This statement is made on behalf of Costain Group PLC (Costain) and entities:

- Costain Limited
- Costain Engineering and Construction Limited.

It sets out Costain's approach to preventing slavery and human trafficking from occurring in our business or our supply chain.

Our business

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

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

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

Costain is a UK-based organisation, with c3,000 direct employees and additionally on average 14,500 supply chain colleagues working on our sites across the UK. Our reach is wide, spending circa £1.2 billion annually with a supply chain of over 4,000 companies. 98% of our direct spending is with UK-registered companies.

Further information about Costain can be found [here](#).

Why ethical conduct is important to us

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

The safety of our workforce is a core value for Costain, and this extends beyond physical site safety to include psychological and personal safety.

We believe the risk of modern slavery occurring for our direct employees is low. However, we are aware that with an indirect workforce of 14,500 there will be a risk of ethical labour abuses occurring. As such, we collaborate across the industry to tackle the wider societal challenge of modern slavery and human trafficking.

Human rights-related governance:

Corporate governance is central to our responsible and value-oriented management and Board oversight activities. The Board has overall accountability for all sustainability-related activities and for ensuring that policies and strategies are aligned with the wider business objectives.

The Executive Board is responsible for the management of strategic risks and is supported by divisional leadership to manage operational risks, including those related to people or human rights.

Our governance structure enables accountability and responsibilities for human rights-related matters to be held at the right level. This delegates appropriate authority to manage risks to support local decision-making for operational matters.

The Costain modern slavery working group, formed in 2016 provides advice to the business on its risk position and mitigation requirements.

Policies

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

In addition to our policies, we take a firm stance on corruption and bribery, employing a specialist fraud and ethics investigator, and operate an independent whistleblowing process to ensure that we maintain high standards in all areas. Costain's continuous improvement team and policy owners review the effectiveness of and compliance with our policies annually.

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

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

The clauses also include the right to audit, for non-UK companies to comply with UK law, even when outside of the UK; the requirement to maintain policies and procedures; obligation to carry out right to work checks; and the keeping of employment records.

The Costain policies that are related to modern slavery or ethical labour are set out below:

- Costain's **social value policy** aligns with the UK Government's social value model, which has a priority theme related to tackling work inequality. Sponsor: The chief people and sustainability officer.
- The Costain **people policy** encompasses recruitment, development, reward, equality and diversity, health and wellbeing, compliance with labour/employment and data protection laws and regulations wherever we work. Sponsor: The chief people and sustainability officer.
- The Costain **ethical business conduct policy** covers bribery prevention, fair and open competition, insider dealing prevention, fraud prevention, and whistleblowing. Sponsor: The general counsel and company secretary.
- The Costain **modern slavery and human trafficking policy** specifies the mandatory conditions of employment and contractual conditions for our suppliers. Sponsor: The chief people and sustainability officer.
- The Costain **sustainable procurement and supply chain policy** stipulates the conditions of all procurement activity, aligning outcomes to Costain's ESG programme. Sponsor: The chief financial officer.
- The Costain **counter fraud policy** was introduced in 2024 to set clear expectations that all Costain colleagues have a shared responsibility to prevent and report instances of fraud. Sponsor: The general counsel and company secretary.
- Costain's **gifts and hospitality policy** sets out the expectation that our people must not be biased or perceived to be (e.g. in their relationships with suppliers or subcontractors). Sponsor: The general counsel and company secretary.

Risk assessment

In 2024 we conducted a desktop review of Costain’s procurement categories and future secured contracts to understand our exposure to ethical labour risks. We concluded that our exposure to ethical labour risks remains unchanged and, while not high risk, the risk is greatest within our supply chain.

The supplier categories that pose our highest risk are those that provide labour in its various forms (general labour suppliers, formwork contractors, security, PPE manufacturing, painting, and cleaning services).

In 2024 we commenced the development of a new risk assessment and evaluation criteria, and in Q4 2024, we began trialling it in large construction project tenders. The evaluation criteria tests procurement packages against the likelihood of the following indicators:

- Low-paid work
- Low-skilled work
- Use of temporary/transient labour
- Vulnerable demographic
- High-risk country sourcing

While it is too early to report on the impact, any procurement packages that identify these indicators now have heightened risk mitigation requirements included within the tender process and will be subject to auditing.



Industry collaboration

Robust procurement processes, policies, auditing and supplier engagement alone are insufficient to prevent this highly complex issue. By participating in industry working groups, we keep ourselves appraised of the latest trends and where possible share information and details of any action we have taken.

Costain are members of the:

- Supply Chain Sustainability School Built Environment Against Slavery Group
- Supply Chain Sustainability School Labour Group
- RSSB Modern Slavery Solution Sharing Group.



Our workforce

Costain’s workforce is made up of permanent and temporary colleagues, some of whom are employed via one of our approved labour agencies (see page 5).

When onboarding any new employee, our HR department, supported by Morson Group, undertakes a baseline personnel security standard (BPSS) assessment. The BPSS is the recognised standard for the pre-employment screening of individuals with access to government assets. The BPSS assessment includes: Identity (ID); Right to work (RTW) in the UK; Employment history; and Criminal record (unspent convictions) checks.

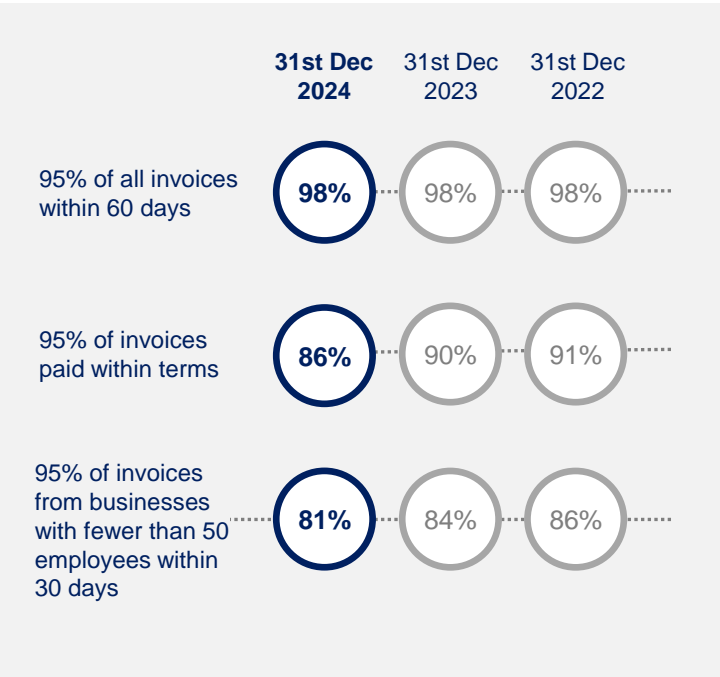
All new colleagues undertake a thorough onboarding, which includes signing an employment contract and receiving training on our code of conduct and our policies, which includes modern slavery and whistleblowing.

Real living wage

We are committed to paying our employees at least the Real Living Wage, as set by the Living Wage Foundation. We have written into our standard contract terms that sub-contractor employees working on a Costain contract must be employed as a PAYE employee and receive an hourly rate of pay no less favourable than set by the Construction Industry Joint Council for the Building Industry, the Civil Engineering Contractors Association or the recognised wage-fixing body which applies to the works. These rates are regularly reviewed and, as a minimum, are in line with the Real Living Wage.

Prompt Payment Compliance

Not only do we expect our workforce to be paid fairly and timely, but we prioritise paying our suppliers fairly and promptly, understanding it is our ethical responsibility to do so. We take pride in being consistently recognised as one of the industry's fastest-paying tier-one contractors. We monitor performance monthly and have worked with our project teams to continue processing payments fairly and timely.



Supply chain due-diligence

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

- **73 strategic supply chain partners**
- **201 preferred supply chain partners**
- **3,831 verified suppliers**

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

1. External accreditation

All relevant strategic partners must be accredited by an Achilles scheme (Building Confidence being the preferred option). Achilles, as an independent partner, verifies our strategic partners (where significant risk exists) against our sustainable procurement requirements. Achilles provides data to our buyers, identifying concerns and potentially influencing procurement decisions.

Costain also accepts Common Assessment Standard (CAS) assessments undertaken by the two industry-approved CAS accreditation bodies (CHAS and ConstructionLine).

2. Internal verification

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

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

We regularly monitor external media and use screening services to check for reports, fines, or sanctions against our suppliers, as well as any intelligence gained via our industry collaborations.

Strategic labour desk

We recognise that direct labour supply has historically represented an industry risk and to mitigate this, Costain operates a strategic labour desk. The strategic labour desk supports a more efficient approach to resourcing our construction contracts and the reduction of people-related risks.

The process for selecting strategic labour suppliers involved engaging prospective suppliers in various aspects of their social responsibilities, including ethical labour, the real Living Wage, diversity, and inclusion. Furthermore, suppliers are required to provide evidence of a recent (past 24 months) independent ethical labour audit.

Raising awareness and speaking up

In 2024 Costain’s annual online Code of Conduct training was focused on the updated Fraud Policy, Gifts and Hospitality Policy and process, Competition Law, Conflicts of Interest, Subsistence, Data Protection and Whistleblowing.

The code of conduct training is built around hypothetical scenarios, requiring colleagues to apply learning to pass the training module.

3,255 directly employed and agency colleagues completed this annual training in 2024.

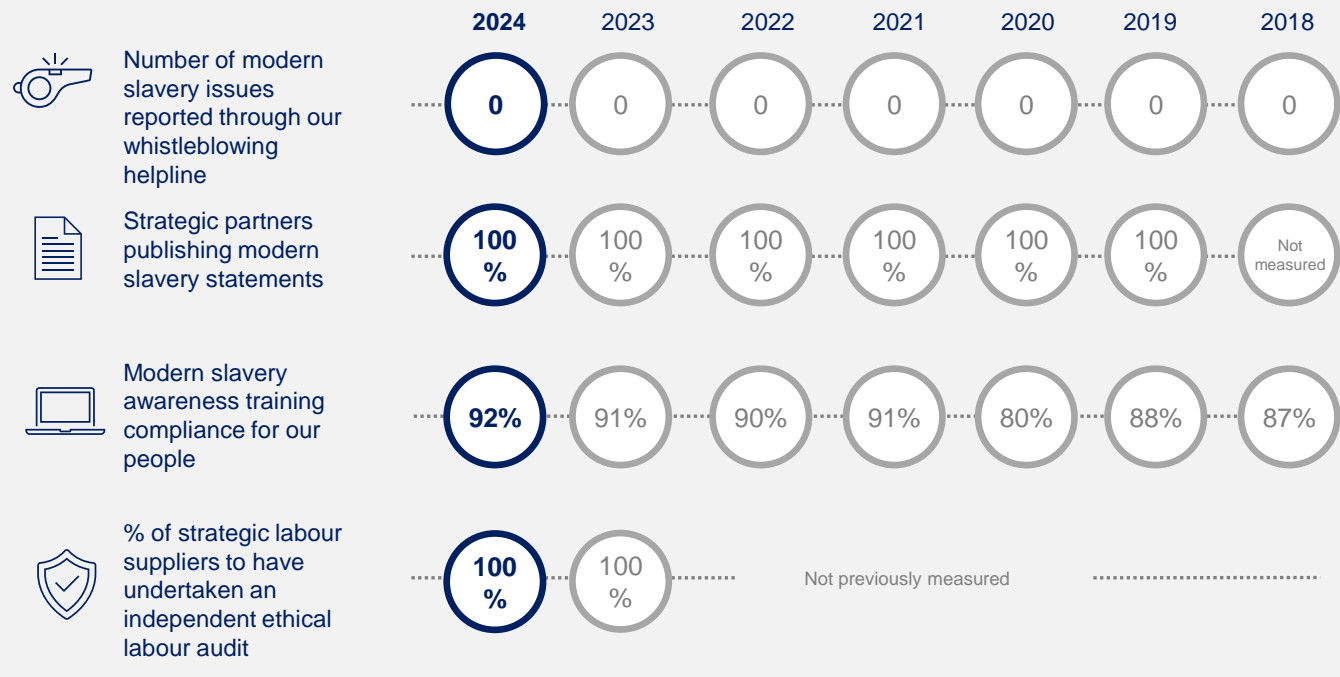
A key part of raising awareness of unethical practices is to create a clear means for colleagues, partners and suppliers to raise concerns. We encourage the reporting of concerns via our independent whistleblowing hotline or use the Costain EthicsPoint website.

Whistleblowing reports can be recorded anonymously (or not, should the whistle-blower wish to leave their details) and the hotline is staffed by independent and trained counsellors.

Alternatively, Costain colleagues can raise a whistle-blow direct with Costain’s Fraud & Ethics Lead or our General Counsel & Company Secretary

KPIs

We regularly monitor the following KPIs and report our progress annually. On page 7, we set out our look ahead to 2025 and our planned actions, which will include the development of a new procurement balanced scorecard that will take account of modern slavery indicators.



2024 in summary

Throughout 2024, we continued to set new standards for ethical conduct for our people and those working with Costain through our supply chain. We updated our employee code of conduct training and will in Q1 2025 be publishing an updated supplier code of conduct confirming exactly what is acceptable from our supply chain.

We noted our customers are placing greater scrutiny on modern slavery through their tender criteria and Costain's Cabinet Office modern slavery assessment score increased to 77% in 2024 (2023:70%) reflecting the actions taken, as disclosed in this statement.

To support our embedment of sustainable procurement and to further supplier development, we created a new role, head of sustainable procurement and supplier relationship management.

Looking ahead

We will be taking the following actions in 2025:

- Creating a new human rights due diligence and assurance working group, which will replace our modern slavery working group and maintain a broader focus.
- We are refining our approach to Supplier Relationship Management, which will include engagement activity designed to support upskilling and building capability to mitigate the risk of modern slavery within our supply chain.
- Embedding sustainable procurement requirements in our Gate 3 subcontract process and our how-to-buy processes, which includes the identification and management of modern slavery risks.
- Refine and embed a procurement balanced scorecard into the procurement processes, which will support modern slavery due diligence activity.
- We will improve our risk assessment processes and embed them across our sectors to ensure that we are undertaking targeted and effective due diligence activities.

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

Alex Vaughan
Chief Executive Officer