




COSTAIN

Modern Slavery Act Transparency Statement 2017

Improving people's lives, working well together

A man in a striped shirt is working on a server rack. He is looking up and to the right, holding a black cable. The server rack has many cables plugged into it, and the numbers 22, 23, and 24 are visible on the front panel. The background is a blurred server room.

Modern slavery is a crime and a violation of our fundamental human rights. It takes various forms, such as slavery, servitude, forced and compulsory labour and human trafficking. Costain is committed to operating responsibly, particularly with regard to human rights issues and we will not tolerate human trafficking and other kinds of slavery within our operations.

In accordance with Section 54(1) of the Modern Slavery Act 2015, this statement sets out the steps that Costain has taken in 2017 to ensure that slavery and human trafficking is not taking place in any part of its business, or that of its supply chain. This statement is made on behalf of Costain Group PLC and its subsidiary companies ("Costain") pursuant to Section 54(1) of the Modern Slavery Act 2015.

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Costain helps to improve people's lives by deploying technology-based engineering solutions to meet urgent national needs across the UK's energy, water and transportation infrastructures. We have been shaping the world in which we live for the past 150 years.

Costain employs over 4,000 people in UK, safely delivering contracts, that incorporate our broad range of innovative services across the whole life-cycle of our clients' assets. We do this through the delivery of integrated consultancy, technology, asset optimisation and complex delivery services.

We buy a vast range of materials and services for the operation of our business, including those used in the development of the assets that we engineer. Our supply chain consists of over 5,350 companies, 2,913 of which provide operational goods and services. These companies are classified as strategic, preferred and verified suppliers to Costain.

Our policies



In 2016 we implemented our Modern Slavery and Human Trafficking policy, making its requirements a mandatory condition of employment and a contractual condition for our suppliers. In 2017 we conducted a review of all our existing policies and made updates where appropriate.

Our suite of relevant policies, which are publicly available at costain.com, include:

- Corporate Responsibility policy
- Equality, Diversity and Inclusion policy
- Ethical Business Conduct policy
- Modern Slavery and Human Trafficking policy
- Sustainable Procurement policy
- Whistle Blowing Policy.

Our employees



On 31 December 2017 there were 4,008 people employed by Costain, with 861 employees joining the Company during the year.

All new employees undergo pre-employment checks, to ensure their right to work in the UK and to confirm their identity. All employees are provided with information about their statutory rights, including, sick pay, holiday entitlements, parental leave, flexible working and any other benefits to which they may be entitled.

We have a dedicated confidential whistleblowing helpline, which is available 24 hours a day and is independently managed to ensure confidentiality. There were no reports of human rights, slavery or human trafficking via the whistleblowing line in 2017.

Raising awareness



Ensuring that our employees are aware of the human rights aspects of slavery and trafficking is a fundamental step in preventing it occurring within any part of our business or our supply chain.

Employees performing the following roles were required to complete mandatory modern slavery training by the end of 2017: executive board; commercial; contract management; procurement/supply chain management; senior management; facilities; human resources; internal audit; legal; operational management and procurement.

In total over 1,800 Costain employees completed the mandatory training.

Costain pays all its employees **at least the minimum living wage** and we ensure our recruitment agencies comply with all legal requirements.



Risk assessment

In October 2017, we conducted a risk assessment of our business operations to ensure we continue to focus our attention on the highest risk areas. We do not believe our risk exposure has changed since our last statement. The supply chain remain our highest risk.

We completed our risk assessment reviewing the likelihood of the following three traits of slavery and human trafficking occurring within a supplier organisation:

- Unfree recruitment
- Work and life under duress
- Impossibility of leaving an employer

The supplier categories that we believe pose our highest risk are those who provide labour in its various forms.

Costain supply chain managers have worked with the highest risk suppliers ensuring they complete relevant training, provided by the Supply Chain Sustainability School.

Costain's own Supply Chain Academy, which supports small and medium enterprises (SMEs), delivered a dedicated training module on slavery and human trafficking awareness. This is particularly important to raise awareness as many of the SMEs have a turnover less than £36m and were not required to publish a public statement.

Next steps

Sharing best practice across the industry is a key step and we will continue to work with our clients, joint venture partners and suppliers to share best practice.

We will continue to roll out our modern slavery awareness training to employees and will welcome another intake to our Supply Chain Academy.

We have set a target to meet the standard of ISO 20400:2017 Sustainable Procurement by the end of 2018. To meet this important standard, we will be reviewing our procurement processes and ensuring that modern slavery and ethics features prominently.

This statement covers the period 1 January 2017 to 31 December 2017 and has been approved by the board of directors of Costain Group PLC.

Andrew Wyllie CBE
Chief Executive
March 2018

Governance

Maintaining a high calibre supply chain is crucial for Costain to help reduce risk and to develop high performing strategic relationships. There are two supplier assessment routes:

- Externally via Achilles, a reputable accreditation scheme provider (Building Confidence being the preferred option, or UVDB, FPAL or Link-up)
- Internally via the Costain materials, plant or subcontract questionnaire. Notwithstanding, all preferred and strategic partners must be accredited in one of the latter Achilles schemes.

Achilles as an independent partner verifies our preferred and strategic partners against our sustainable procurement requirements. Achilles provide data to our buyers, helping them to make informed procurement decisions.

Achilles also completes supplier audits on behalf of Costain, this process includes compliance with the Modern Slavery Act.

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 as part of the process.



Sharing best practice across the industry is a key step and we will continue to work with our clients, joint venture partners and suppliers to share best practice.



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Publication date 1 March 2018