



Carbon Reduction Plan

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PPN 006



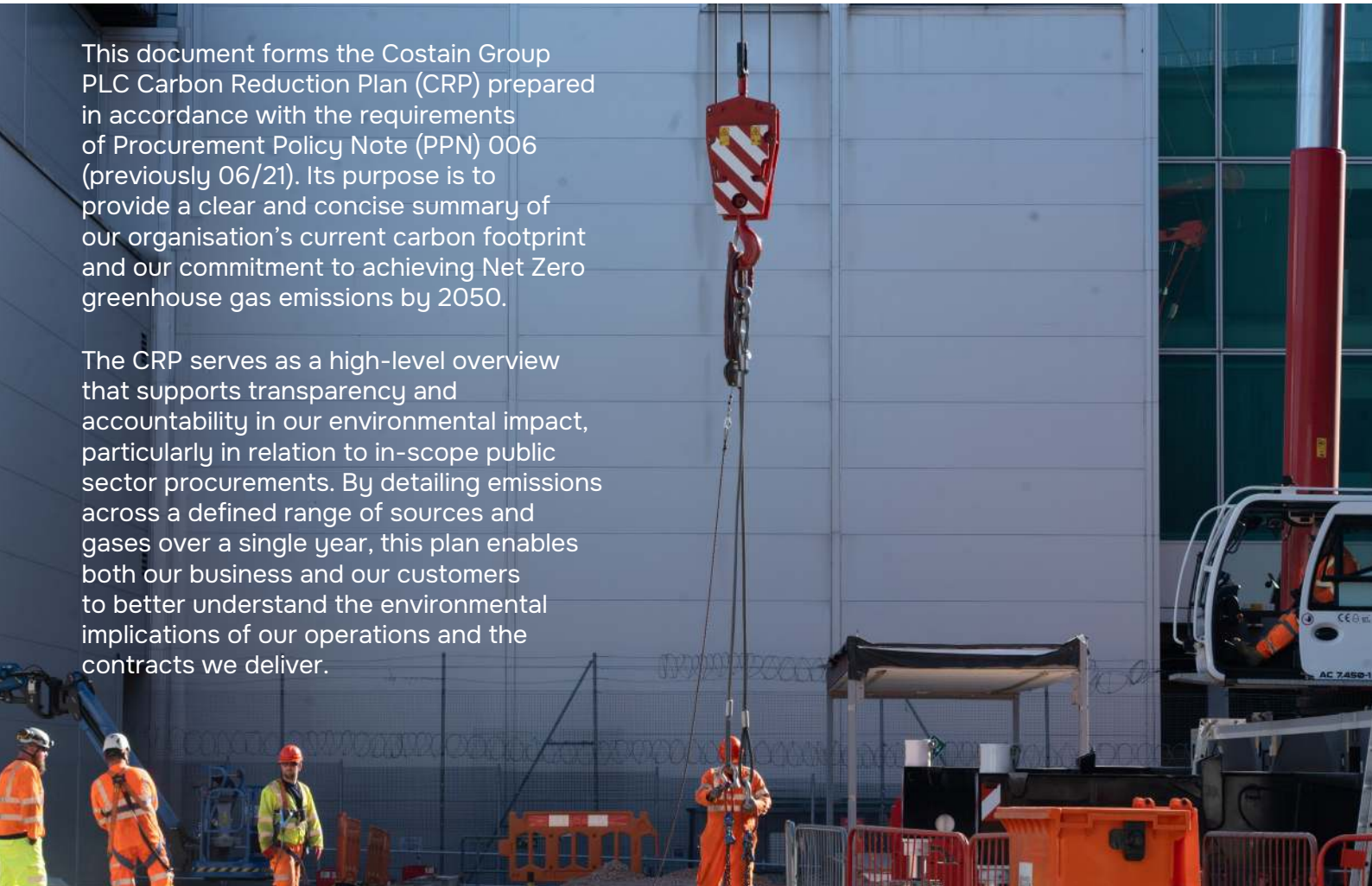
Together we **shape, create, deliver**

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This document forms the Costain Group PLC Carbon Reduction Plan (CRP) prepared in accordance with the requirements of Procurement Policy Note (PPN) 006 (previously 06/21). Its purpose is to provide a clear and concise summary of our organisation’s current carbon footprint and our commitment to achieving Net Zero greenhouse gas emissions by 2050.

The CRP serves as a high-level overview that supports transparency and accountability in our environmental impact, particularly in relation to in-scope public sector procurements. By detailing emissions across a defined range of sources and gases over a single year, this plan enables both our business and our customers to better understand the environmental implications of our operations and the contracts we deliver.



1. Our Business

Vision

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

Mission

We shape, create and deliver pioneering solutions that transform the performance of the infrastructure ecosystem and meet critical national needs. Everything we do supports the creation of a sustainable future, and a more prosperous, resilient and decarbonised UK.

Where we operate

Our focus is on four strategic markets in the UK: Transport, Water, Energy and Defence. Everything we do is rooted in delivering solutions and is organised around our customers

Road



Rail



Integrated Transport



Water



Energy



Defence and Nuclear Energy



We are focused on creating a sustainable future by ensuring our projects and programmes deliver infrastructure through low carbon engineering, efficient use of resources, circular economy principles and incorporating resilience to climate change. We are acting today to tackle the environmental challenges facing our planet, ensuring we safeguard its future for generations to come. Our focus encompasses the intricate nature of sustainability, aiming to mitigate our impact, enhance biodiversity and contribute to a low carbon future.



Creating a sustainable future

Purpose	Improving people's lives					
Vision	To create connected, sustainable infrastructure enabling people and the plant to thrive					
Sustainable future	A more prosperous UK		A more resilient UK		A decarbonised UK	
Strategic focus	 Growth in strong markets	 Predictable best in class delivery	 A resilient customer mix	 A meaningful consultancy service	 To be an admired growing company	
Markets	Working strategically with Tier 1 customers to meet critical national needs					
	Transport			Natural Resources		
	Road	Rail	Integrated Transport	Water	Energy	Defence & Nuclear Energy
Expertise	We deliver major capital programmes and provide valued consultancy services through out broad capabilities					
	Engineering & Construction	Maintenance & Renewals	Advisory & Digital Solutions	Engineering & Design	Delivery Partner	



2. Commitment to achieving net zero

Costain Group PLC is committed to achieving net zero emissions by 2045.

We are focused on accelerating Costain's decarbonisation trajectory through our Climate Change Action Plan and are committed to decarbonising our operational Scope 1 & 2 emissions by 2035 and reach net zero across all Scopes by 2045.

Our net zero targets



The Science Based Targets initiative (SBTi) have validated our previously stated near-term and long term target to reduce absolute Scope 1, 2, and 3 greenhouse gas (GHG) emissions by 42% by 2030, from a 2021 base year* and net zero target to reduce absolute Scope 1, 2 and 3 GHG emissions by 90% by 2050, from a 2021 base year*. In 2025, Costain established an updated and more ambitious climate target as outlined above. We are in the process of updating our science-based targets submission to align internal commitments with externally validated goals. Direct emission reductions will be prioritised, and remaining residual emissions will be neutralised in accordance with SBTi criteria prior to achieving net-zero.

Alongside decarbonisation, we are committed to ensuring the UK's infrastructure is resilient to the impacts of climate change. From providing

a resilient water supply to climate-adaptive transport networks, we are integrating climate risk into the design, delivery, and maintenance of critical assets. By harnessing innovation, data, and collaboration, we're building a resilient built environment equipped to meet the challenges ahead.

We also recognise that building infrastructure for a net zero future must go hand in hand with restoring and protecting nature. While there can be tensions between development and biodiversity, we are committed to delivering solutions that enhance natural capital, minimise ecological impact, and contribute to nature's recovery.

*The target boundary includes land-related emissions and removals from bioenergy feedstocks

3. Baseline Emission Footprint

Baseline emissions are a record of the greenhouse gases that have been produced in the past and were produced prior to the introduction of any strategies to reduce emissions. Baseline emissions are the reference point against which emissions reduction can be measured.

Baseline Year: 2021

Baseline Year	2021 tCO2e
Scope 1	11,561
Scope 2, location-based	1,697
Scope 2, market-based	1,032
Scope 3	264,879
Scope 3 breakdown	
Purchased goods and services	253,709
Capital goods	21
Fuel and energy-related activities	5,148
Upstream transportation and distribution	3,099
Waste generated in operations	1,156
Business travel	1,151
Employee commuting	503
Upstream leased assets	92
Total tCO2e	277,473
Total tCO2e/£M	244.63
Total Outside of Scope tCO2e	1,206

Table 1: 2021 baseline year emission breakdown

In line with our GHG Protocol Corporate Accounting and Reporting Standard aligned approach, all other Scope 3 categories – including Category 9: Downstream Transportation and Distribution a PPN006 mandatory reported emission category – are not included in our annual carbon emissions assessments, as they are considered either not applicable or of limited materiality to Costain’s operations.

Additional Details relating to the Baseline Emissions calculations:

We have restated greenhouse gas (GHG) data for the base year, 2021, in accordance with our accounting and reporting principles to ensure relevance, completeness, transparency and accuracy.

Updated methodology:

The revised numbers are a result of an updated methodology approach within our spend-based SIC allocation, an update to the DEFRA consumption-based emission inventory kgCO₂e/£ carbon factors and historical updates to exclude VAT from our spend ledger calculations, previously included in error.

In line with Costain's recalculation policy, the above changes led to emission changes of more than 5%, as such, both the base year and previous years emissions were recalculated using the same consistent methodology and assumptions and formed part of the 2024 emission audit review of Costain's current and historical emissions. The re-baseline figures were independently and externally verified through Toitu Carbon Reduce scheme in line with the GHG Corporate Protocol and ISO 14064-1 and 3 standards.

Our emissions data is calculated in line with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard. Costain applies an equity share approach to our GHG emissions boundary and where we operate in a joint venture, we account for Costain's proportionate equity percentage of GHG emissions. All our emissions are incurred in the UK.



4. Reporting Year Emissions

Reporting Year: 2024

Baseline Year	2024 tCO ₂ e
Scope 1	4,772
Scope 2, location-based	888
Scope 2, market-based	193
Scope 3	272,558
Scope 3 breakdown	
Purchased goods and services	262,955
Capital goods	93
Fuel and energy-related activities	3,188
Upstream transportation and distribution	4,350
Waste generated in operations	566
Business travel	691
Employee commuting	620
Upstream leased assets	95
Total tCO₂e	278,218
Total tCO₂e/£M	222.38
Total Outside of Scope tCO₂e	7,843

Table 2: 2024 reporting year emission breakdown

In line with our GHG Protocol Corporate Accounting and Reporting Standard aligned approach, all other Scope 3 categories – including Category 9: Downstream Transportation and Distribution a PPN006 mandatory reported emission category – are not included in our annual carbon emissions assessments, as they are considered either not applicable or of limited materiality to Costain's operations.



Additional Details relating to the reporting year emissions calculations:

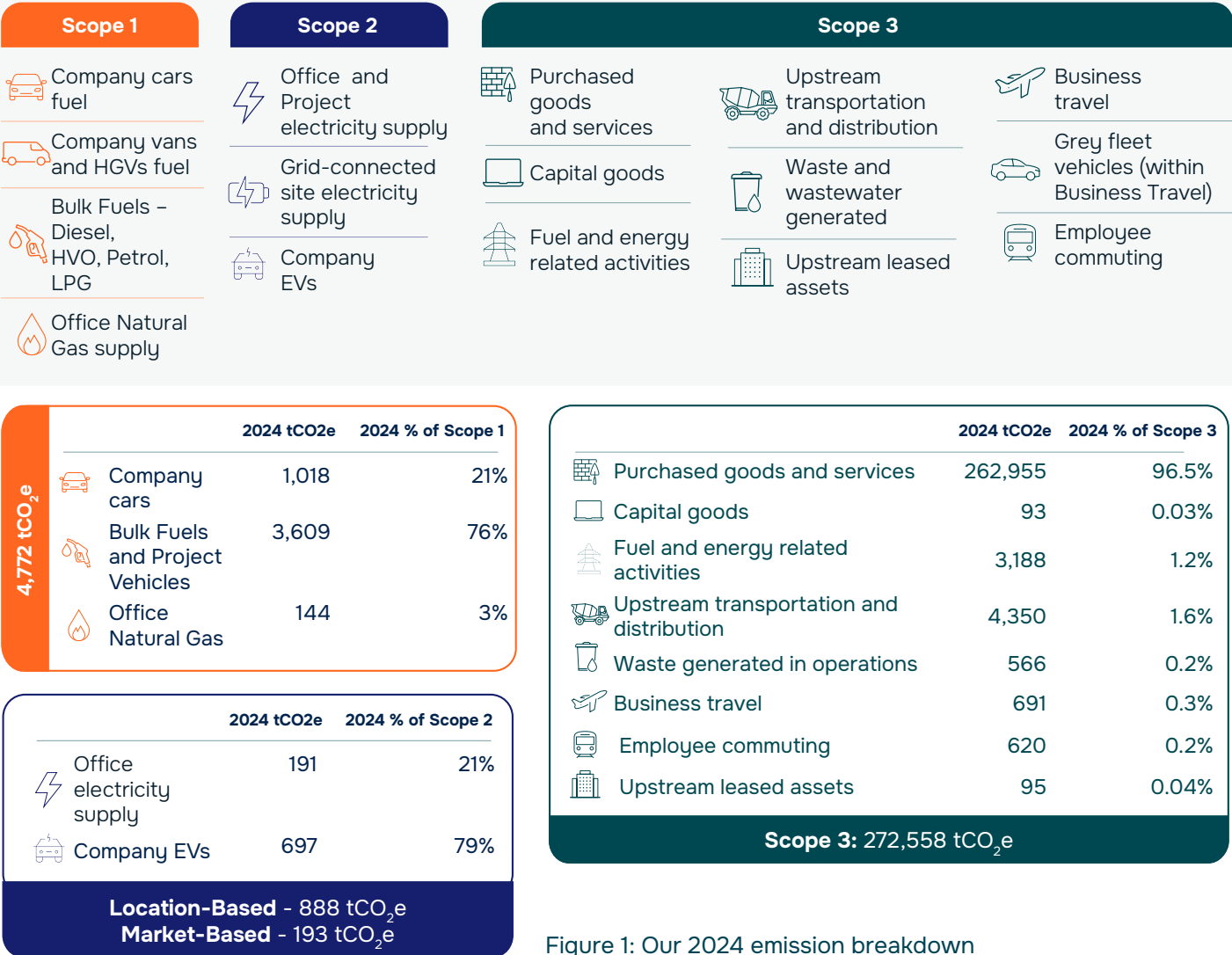


Figure 1: Our 2024 emission breakdown

Scope 1

We have reduced our Scope 1 emissions for the third consecutive year, achieving a 59% decrease since our 2021 baseline. Hydrotreated vegetable oil (HVO) constituted 68% of our fuel mix. While we recognise HVO as a transitional solution, we remain committed to integrating lower-carbon alternatives into our energy mix. In 2025, we will release our updated energy transition plan and minimum plant standards, with a focus on increasing the use of low-carbon alternatives, this will drive further emissions in line with our Scope 1 reduction target. We achieved a 43% reduction in natural gas emissions compared to the previous year, driven by decreased consumption following property upgrades and the relocation of three offices. Notably, heating system improvements at our Manchester office have eliminated the need for natural gas entirely, with all energy requirements now met through electricity tariffs

backed by renewable energy certificates. In parallel, our fleet decarbonisation efforts continue to progress, with 98% of our company car fleet now comprising ultra-low emission vehicles (ULEVs). Looking ahead, our focus will shift to transitioning our vans, 4x4s, and HGVs to low-carbon alternatives.

Scope 2

Our Scope 2 emissions have reduced by 32% from 2023 and 14% against our 2021 base year. This reduction is primarily a result of a change in energy intensive activities on our sites. We have seen company electric vehicle (EV) related emissions increase year on year as we achieve our fleet decarbonisation plan goals, with EVs now making up 79% of our electricity impact. We offer extensive charging facilities at our offices and sites, 100% of which are served by Renewable Energy Guarantees of Origin (REGO) backed tariffs.

Scope 3

We operate a hybrid methodology approach to our carbon assessment for Scope 3 emissions in line with the Greenhouse Gas Protocol. We collect supplier and product-level emissions data from our suppliers and supplement our assessment with secondary data using an extended input-output approach (EEIO) linking our financial spend to emission factors based on sector level averages. While spend-based accounting is a valuable tool to screen Scope 3 emissions and identify carbon hotspots, we acknowledge its limitations and are focused on prioritising primary data where possible. We are working with our supply chain and project teams to increase the use of primary data within our carbon assessments, for the past four years we have used supplier-sourced carbon data for purchased material and transportation related emissions into our Category 1 and Category 4 emissions. In 2024 we incorporated project-sourced data from our Environment Data Tracker into our Scope 3 accounting, as such we were able to incorporate 32% of product and supplier-level primary data into our Category 1 purchased goods and services emission assessments.

Despite a 1% reduction compared to 2023, we have seen a 3% increase in Scope 3 emissions against the base year. We account for 8 of the 15 Scope 3 categories, with purchased goods and services (PG&S) remaining our largest hotspot, making up 96% of Scope 3 emissions. Our three largest Scope 3 sources are subcontractor activities, concrete and steel. Our focus remains on collaborating with our supply chain, mobilising low carbon contracts, incorporating low carbon alternatives and utilising a ‘use less’ focus across all our activities.

Outside of Scope Emissions

In 2022 Costain introduced a Hydrotreated Vegetable Oil (HVO) Mandate. In 2024, 68% of the bulk fuels used on our construction sites was HVO. To ensure sustainability of our HVO supply we have also mandated that we only source HVO from International Sustainability and Carbon Certification (ISCC) suppliers, preferentially selecting feedstock from UK or EEA which are certified by the Renewable Fuels Assurance Scheme (RFAS), designed and managed by Zemo Partnership to ensure waste-input feedstocks are used. To ensure comprehensive and comparable reporting we report both the upstream production emissions from HVO in our Scope 1 total and the impact of direct fuel burn emissions by reporting N2O and ‘Outside of Scopes’ emissions to account for the biogenic emissions from HVO.

Greenhouse Gas Emissions

We report our emissions in tonnes of carbon dioxide equivalent (tCO2e), quantifying the seven greenhouse gases (GHG) named by the Kyoto Protocol. For increased transparency, we are also reporting our GHG emission breakdown from our baseline year 2021 through to the current year 2024.

GHG	2021	2022	2023	2024
Carbon Dioxide (CO2)	11,399	6,201	4,816	4,724
Methane (CH4)	10	7	5	3
Nitrous Oxide (N2O)	152	218	55	44
Total net emissions	11,561	6,246	4,876	4,772



We project that carbon emissions will decrease over the next five years to 160,934 tCO₂e by 2030. This is a reduction of 42%.

2021

2030

To reduce absolute Scope 1, 2 and 3 GHG emissions by 42% by 2030 from a 2021 base year

2035

To reduce directly controlled absolute Scope 1 and 2 GHG emissions by at least 90% by 2035 from a 2021 base year

2045

To maintain absolute Scope 1 and 2 reductions and reduce indirect absolute Scope 3 GHG emissions by 90% across the value chain to reach net zero by 2045 from a 2021 base year



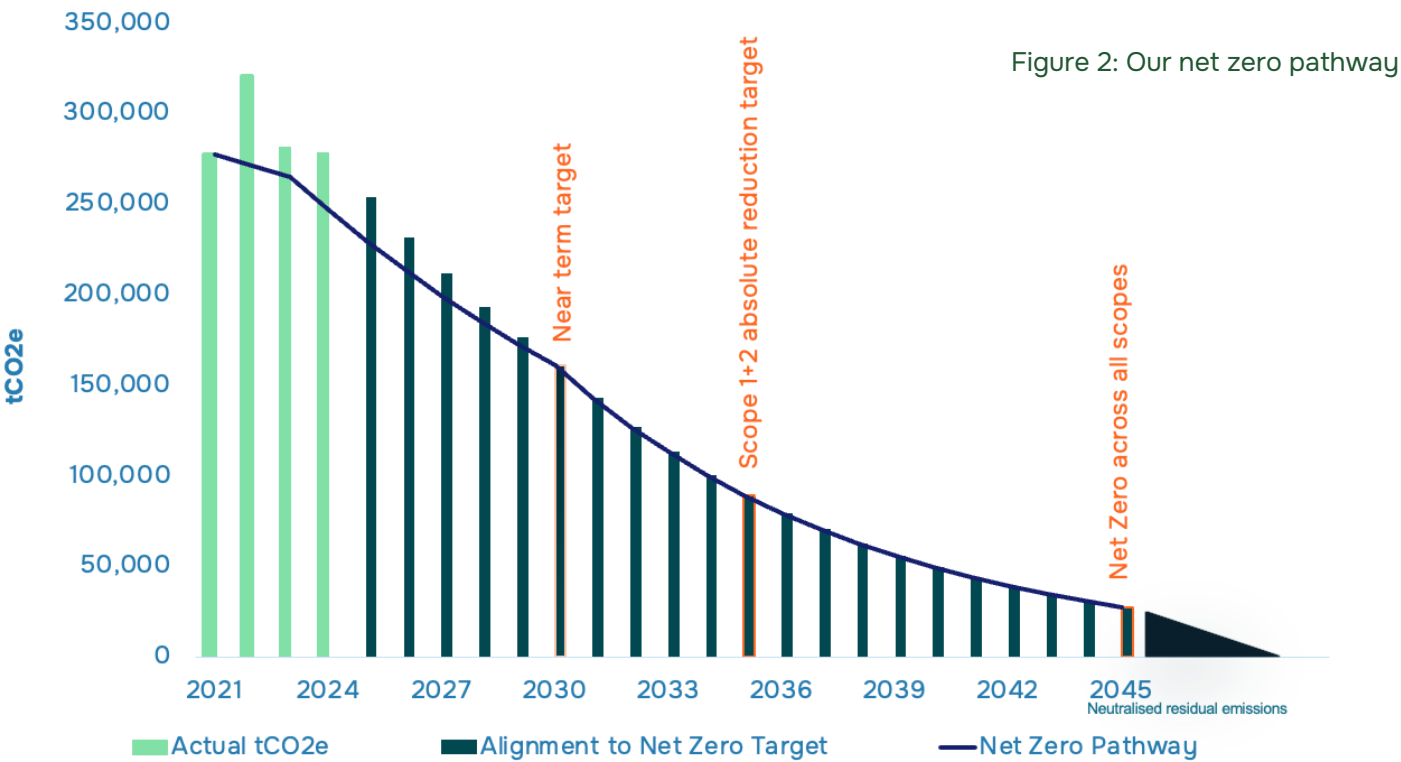
Our commitment to reducing emissions remains unwavering, and we are determined to accelerate the actions needed to deliver meaningful, long-term change.

While we can't tackle these challenges alone, we are actively investing in innovation through initiatives such as Future Roads Fellowship and low-carbon concrete research and collaborating with suppliers, competitors and customers. We've made strong progress in improving construction methods, design standards, and data quality, while supporting our partners in their own climate goals.

6.Reduction Performance

In 2024 absolute emissions reduced by 1% year-on-year but increased by 0.3% compared to our 2021 baseline. However, when normalised by turnover (tCO2e/£m) emissions reduced by 9% compared to our 2021 baseline.

While we know there is significant work to do to reduce emissions in line with our net zero pathway (see below) to meet our near term and net zero targets, we are pleased to report two consecutive years of year-on-year emission reductions.



Our efforts to reduce direct emissions are progressing well, with a combined reduction in Scope 1 and 2 emissions of 8% from the previous year and 55% from the base year. Scope 3 continues to be our largest emission source, with purchased goods and services accounting for 95% of overall emissions. The three largest hotspots within Scope 3 are subcontractor activities, concrete and steel. We have further integrated our hybrid approach to Scope 3 accounting, with the development of our carbon tracker. We are enhancing the use of primary data sources, providing a comprehensive view of emissions and enabling targeted actions to minimise hotspots. Progress against our net zero targets can be seen in the graph below.

Our Scope 3 emissions rose between 2021 and 2022, driven by increased construction activity, particularly tunnelling and road surfacing works, which are highly carbon intensive. Scope 3 emissions from 2022 to 2024 have reduced year on year, predominately as a reflection on a reduction in carbon intensive activities

on our sites. We understand that in the short term, we are able to demonstrate reductions in carbon intensity (CO₂e per £M turnover), while the impact of our supply chain and materials decarbonisation efforts continues to build. This approach allows us to show progress relative to business growth, ensuring that efficiency gains and low carbon practices are recognised while our absolute emissions take longer to show significant reductions. Figure 3 below illustrates absolute emissions and turnover over the past four years.

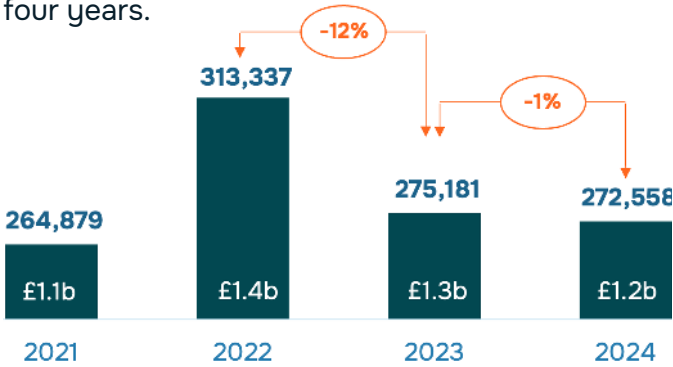


Figure 3: Scope 3 carbon emission reduction for the last 4 years with revenue

7. Carbon Reduction Projects

The following environmental initiatives and projects have been implemented or completed since the 2021 baseline. The Scope 1 and 2 carbon emission reduction achieved by these actions equate to 6,934 tCO₂e, a 51% reduction against the 2021 baseline. These along with our Scope 3 emission reduction measures will be in effect when performing the contract.

Completed carbon reduction initiatives

Carbon reduction initiatives completed to date:

Fleet transition

- Costain's Vehicle Fleet Transition Plan is designed to migrate our company car and car allowance fleets to fully ULEVs by 2030. Launched in 2020 as part of our 15-year Action Plan, our vehicle transition programme is just one of several milestones we achieved in the first year.
- In 2024, 100% of the new cars delivered to our staff have been ultralow or low emissions vehicles (ULEVs and LEVs).
 - 96% of our company car fleet is now made up of electric, plug in hybrid or mild hybrid vehicles.
 - 100% of the vehicles of our company car selection list are ULEVs and LEVs.
- Our forward-thinking vehicle fleet transition plan was shortlisted in the Transport/ Fleet Management Initiative of the Year category at the 2021 edie Sustainability Leaders Awards
- Costain are members of EV100, a global initiative bringing together forward-looking companies committed to accelerating the transition to electric vehicles, and report to them annually on car fleet transition progress.
- We have partnered with Mer as our charging point provider and now have a common EV (Electric Vehicle) charging platform across our business.
- EV charging points are available at all our offices with car parks and installation of charging points within our site compounds is now part of mandatory site set up. Costain charge points can be used with a non-subscription, pay-on-use service and we are offering employees discounted rates for the installation of home wall chargers.
- We have partnered with Enterprise Flex E-Rent to expand our electric van trials

across a range of different teams and workplace scenarios including an extended in-depth trial at Preston Western Distributor Road scheme in Lancashire, the A30 Chiverton to Carland Cross project near Truro in Cornwall, and the A12 widening scheme near Chelmsford in Essex. The project showcased the potential for electric vehicles in the construction sector at three major road infrastructure projects across the UK. Suitable charging infrastructure was installed at each project and electric vans were used for carrying lighter materials and equipment working within electric van payload guidelines. Telematics in the vehicles provided detailed insights on usage.

Design and materials

- As part of our Climate Change Action plan, in 2022 we established our Low Carbon Materials Working Group to ensure integration of low carbon materials into business as usual. A key output of the Working Group has been the publication of our Low Carbon Materials Mandate.
- A Low Carbon Materials mandate was released in 2022 and rolled out the business within Q1 of 2023. The mandate focuses initially on the use of concrete, asphalt, data tagging 3D models, and sustainable procurement practices. By 2023 67% of our design projects were able to implement the mandate during the period. The mandate includes three tangible requirements for our concrete and asphalt use and two mandated changes to the contract clauses of our designers and suppliers. Under the mandate, the following actions must be taken by our projects and suppliers:
 - Concrete mixes using 100% CEMI cement type must not be used or specified. *
 - Standardised prescribed concrete mixes (ST1-5) must not be used or specified. *

- innovation as well as behavioural change practices across our projects, as part of our long-term strategy to reduce carbon emissions.
- We have trialled a number of hydrogen generator set ups within our projects. This includes at our Preston Western Distributor Road where we worked alongside Hydrologiq, BOC (hydrogen fuel provider) and Wingate's (electrical contractor) to deploy a hydrogen generator to demonstrate the practical application of the technology and potential carbon savings from using green hydrogen.
- Costain hired two Volvo FE electric tippers for our M6 J21a-26 roads project. The two new Volvo electric wagons saved a combined 0.25 tCO₂e per day over the trial, with zero tail-pipe emissions helping to improve noise and air quality on site. As part of our green logistics strategy, we are actively exploring the expansion and integration of more electric plant into our operations.
- In 2022, together with our partners, we achieved HS2's first diesel free site at our SCS HS2 JV project (Canterbury Road Vent Shaft site). We are using lessons learnt from this mega project to inform our plant standards across the Company.

Low carbon management

- We were first accredited to PAS 2080:2016 in 2020, and in 2024, we were accredited to the new PAS2080 Carbon Management in Infrastructure and Buildings 2023 standard. Costain was recognised for demonstrating a strong awareness of carbon management and having robust processes to reduce carbon, which are utilised across all infrastructure projects. The verification demonstrates our commitment to the future of sustainable infrastructure, in addition to managing and reducing carbon emissions from our projects.
- In 2024 we launched a suite of updated carbon management resources for use within the business, this included 12 new templates, tools or guidance documents, including an updated Carbon Design Tool used to quantify whole life carbon baselines and assess opportunities.
- Since 2021, as part of our Safety Health and Environment (SHE) Plan annual targets, every major project has been required to quantify a baseline, set a reduction target, and report design and as-built carbon every month. This has led to tangible action and engagement

within projects across all divisions meaning active carbon reporting is now an integrated part of project requirements.

- Throughout 2024 we conducted quarterly Carbon Deep Dives on our projects, these assurance visits included a system and operational review, auditing our project data, reviewing implementation of action plans and engagement of project teams as part of our PAS2080 process. A total of 35 project reviews were completed in 2024, assurance of our project carbon management will continue in 2025.
- In 2024 we have successfully developed and trialled our Environment Construction Data Tracker that aims to standardise and improve our carbon emissions reporting across our projects. The tracker provides a standardised approach to capturing, quantifying and visualising as-built carbon data, working in conjunction with the suite of Costain carbon management resources to aid performance, data quality and decision making at both a project and corporate level. Data is now collated monthly on materials, transportation, energy, waste and water associated with a project's activities. Project teams have access to a project-level dashboard, where their as-built footprint is visualised alongside several other metrics and data to support carbon management
- More than 1,143 people have completed our Leading Carbon at Costain training programme sessions providing insight into climate change, industry impact and the growing pressure and opportunities to drive net zero and help decarbonise the UK. A further 2,950 have completed online carbon learning modules. In 2025 and 2026 we will be rolling out up-dated training throughout the business, including focused training for our senior leaders and role-specific training for our colleagues.
- In 2018 we launched our Resource Efficiency Matrix (REM) and by 2020 100% of our contracts achieved the Gold standard. Costain's aligned assurance system designed to help eliminate whole life emissions across infrastructure. Since its launch in 2018 the matrix has identified and recognised over £51m in operation and capital cost savings and over 1.9 million tonnes of embodied and operational emission carbon emissions equivalent (tCO₂e).

Future carbon reduction initiatives

In the future we will implement further measures such as:

- In 2025 we will publish our updated Climate Change Action plan and launch a new Nature Positive Plan
- We will launch our material transition pathways for concrete and steel, alongside our energy transition pathway which focuses on our on-site operational energy from plant and accommodation.
- Roll out a second update to our successful Material Mandate, with a focus on low carbon steel and concrete.
- Complete updated carbon training for all our staff, including role-specific training and sector specific training for our senior leadership teams. This will enable our teams to have the tangible knowledge and skills to engage with carbon on their projects, ensuring we integrate and apply climate weighting to our decision making process at every opportunity. By empowering our teams with the right tools, knowledge, and support, we're fostering a culture where climate responsibility is part of how we work, every day, driving environmental progress, from making low-carbon choices in project delivery to embedding sustainability into everyday decision-making.
- Continuing our ongoing engagement with supply and value chain partners to work collaboratively to improve our business-as-usual approach
- Release an update to our plant and compound standard, integrating our energy transition pathway goals into our plant, power generation and compound minimum standards.



Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard¹ and uses the appropriate government emission conversion factors for greenhouse gas company reporting².

This Carbon Reduction Plan has been reviewed and signed off by the board of directors (or equivalent management body).

C. W. Work ~~and~~

Date: 10/09/2025

³ <https://ghgprotocol.org/standards/scope-3-standard>





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