

This document is important and requires your immediate attention.

If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should seek your own advice from a stockbroker, solicitor, accountant, or other independent professional adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all your shares in Costain Group PLC (the 'Company'), please pass this document together with the accompanying documents to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.



Costain Group PLC

(incorporated and registered in England and Wales under No. 1393773)

Notice of 2022 Annual General Meeting

Your attention is drawn to the letter from the chair of the Company on pages 2 and 3 of this document and which recommends you to vote in favour of the resolutions to be proposed at the Annual General Meeting.

Notice of the Annual General Meeting of the Company, to be held at No.11 Cavendish Square, London W1G 0AN at 3.00pm on Thursday 5 May 2022, is set out on pages 4 to 6 of this document. Please complete and submit the form of proxy enclosed with this document in accordance with the instructions printed on the form. To be valid, the proxy form must be received by the Company's registrar, EQ (formerly known as Equiniti), by no later than 3.00pm on Tuesday 3 May 2022. Further instructions relating to the proxy form are set out on pages 7 to 9 of this document.

Registered Office
 Costain House
 Vanwall Business Park
 Maidenhead
 Berkshire
 SL6 4UB

30 March 2022

2022 Annual General Meeting

Dear Shareholder,

Having not been able to welcome shareholders to our Annual General Meeting (AGM) in person the last two years, we are pleased this year to invite you to attend our 2022 AGM at a new venue, No. 11 Cavendish Square, London W1G 0AN at 3.00pm on Thursday 5 May 2022.

Protecting the health and wellbeing of our shareholders, colleagues and other stakeholders is a priority for the Board of Directors (the "Board"). Accordingly, shareholders are requested not to attend the meeting in person if they display any symptoms of COVID-19 or have recently been in contact with anyone who has tested positive for COVID-19. In order to further reduce the risks posed by COVID-19, we are encouraging all attendees to take a lateral flow test before attending the 2022 AGM and to only attend if the result is negative. Hand sanitisers will be provided throughout the AGM venue.

We will continue to monitor the UK Government's COVID-19 guidance closely and should we be required to make any changes to the current AGM arrangements, these will be communicated to shareholders before the meeting through our website at www.costain.com/agm and, where appropriate, by an RIS announcement. Details of any updated entrance criteria to our meeting will also be available on our website at www.costain.com/agm.

Shareholders will be able to watch the AGM via a live webcast. For details of how to register for the webcast, please visit our website at www.costain.com/agm from 28 April 2022. You will need to provide your name, company and email address to register. If you are a private individual simply enter the word 'none' in the company field. If you are unable to observe the webcast live, it will be available to view on-demand after the AGM.

The Board recognises the importance for our shareholders to make an informed vote and ask questions. Registered shareholders, whether they intend to attend the meeting or otherwise, may submit questions to the Directors in advance of the meeting by sending an email to AGM@costain.com. The Company will answer these in due course including, where possible and appropriate, by publishing the response on the website at www.costain.com/agm before the proxy voting deadline or by answering the relevant question at the meeting.

The Board is also keen to ensure that you are able to exercise your right to participate in the meeting by voting. Details on how to submit your proxy vote by post, online or through CREST are set out on page 7 of this Notice.

Final Dividend

Given the final settlement payment made after the close of the financial year in respect of the Peterborough & Huntingdon contract, the Board does not consider it appropriate to recommend a final dividend this year, despite the Group's improved operating and adjusted cash performance.

We recognise the importance of dividends to shareholders and will continue to review the timing of the reinstatement of future dividends in the light of the Group's performance, cash flow requirements and the importance of maintaining a strong balance sheet.

In anticipation of the future payment of dividends, shareholders will be asked to approve a new scrip plan as the existing scrip plan, which was approved in 2019, will expire at the end of the 2022 AGM (see Appendix 1 on pages 15 to 17 of this document).

Changes to the Board and its Committees

Since the last AGM, Neil Crockett was appointed as Non-executive Director on 6 October 2021. On 12 January 2022, we announced that, after eight years of dedicated service, Alison Wood, senior independent director and chair of the Remuneration Committee, would step down on 28 January 2022. We thank Alison for all that she has done for the Company and wish her well for the future.

On 12 January 2022, Tony Quinlan, chair of the Audit Committee, additionally became the Company's senior independent director and Jacqueline de Rojas became chair of the Remuneration Committee on an interim basis.

On 28 March 2022, we announced that Fiona MacAulay will be appointed as Non-executive Director with effect from 6 April 2022. As this appointment has been made after the date of signature of the 2021 Annual Report and Accounts, full biographical details, including Fiona's skills and experience, are provided on page 11 and in Appendix 4 on page 20 of this document. In accordance with the Company's current Articles of Association, a resolution will be proposed at the AGM to elect Fiona MacAulay as a Non-executive Director. Fiona will become chair of the Remuneration Committee with effect from the conclusion of the AGM on 5 May 2022, subject to election by shareholders. As a result of Fiona's appointment, our percentage of females on the Board will increase from 29% to 38%.

As announced on 9 March 2022 alongside our preliminary results for the year ended 31 December 2021, I have decided to step down as chair and Non-executive Director within the next 12 months. The Nomination Committee, led by Tony Quinlan as senior independent director, will begin a search for my successor who I will work with to ensure a well managed and orderly transition.

Resolutions and Voting

Details of all the resolutions that will be put to shareholders are set out in the formal Notice of the AGM on pages 4 to 6 of this document. Explanatory notes for all business of the AGM are set out on pages 10 to 14 of this document.

Shareholders will be asked to approve the Costain 2022 Sharesave Plan (the "2022 Sharesave"). This plan is a replacement for the Costain Group Sharesave Plan which was approved by shareholders at the 2012 AGM and which will reach the end of its ten year life on 8 May 2022. A summary of the principal terms of the 2022 Sharesave, which is very similar to the Costain Group Sharesave Plan, is set out in Appendix 2 on pages 18 and 19 of this document.

Another of the resolutions this year is to adopt new Articles of Association. Our Articles of Association were last amended in 2019 and so the proposed changes are to reflect developments in market practice and to provide clarification and flexibility in certain areas. The principal changes are summarised in Appendix 3 on page 19 of this document.

Your votes are important to us and, once again this year, you will be asked to vote on each of the resolutions on a poll rather than by a show of hands. A poll vote accurately reflects the number of voting rights exercisable by each member and is in line with corporate governance recommendations and best practice.

Annual Report and Accounts

Those shareholders who have elected to receive paper copies of shareholder information will receive a copy of the Annual Report and Accounts for 2021 under cover of this letter. For those shareholders who have elected to receive shareholder information electronically via the Company's website, the Annual Report and Accounts for 2021 is now available for viewing and downloading online from the Company's website at www.costain.com.

Action to be Taken

As I mentioned above, it is very important to the Company that shareholders have the opportunity to ask their questions either in person at the meeting or in advance of the AGM if you are unable to attend. Shareholders are therefore encouraged to submit any questions they may have in the manner set out above.

It is similarly important to the Company that shareholders have the opportunity to vote, even if they are unable to attend in person. A form of proxy is enclosed for use by shareholders so that they can nominate someone else to attend the meeting and vote on their behalf. One option is to nominate the chair of the meeting as proxy to vote on the shareholder's behalf at the meeting, either in the manner they direct or at the chair's discretion.

Please complete and return the form of proxy in accordance with the instructions on the form in order that it may be received by the Company's registrar, EQ (formerly known as Equiniti), as soon as possible and, in any event, no later than 3.00pm on Tuesday 3 May 2022. The completion and return of the form of proxy will not prevent you from attending and voting in person at the meeting should you so wish.

Recommendation

The Board considers that all the resolutions to be put to the AGM are in the best interests of the Company and its shareholders as a whole. Your Board will be voting in favour of them in respect of their own shareholdings (other than in respect of resolutions in which they hold an interest) and unanimously recommends that you do so as well.

Yours faithfully,

Dr Paul Golby CBE
Chair

NOTICE OF ANNUAL GENERAL MEETING

Costain Group PLC (the 'Company')

This year's AGM will be held at No.11 Cavendish Square, London W1G 0AN on Thursday 5 May 2022 at 3.00pm. You will be asked to consider and pass the resolutions listed below. Resolutions 17 to 21 will be proposed as special resolutions. All other resolutions will be proposed as ordinary resolutions.

Ordinary Resolutions

Annual Report and Accounts

1. To receive the audited accounts for the financial year ended 31 December 2021, together with the reports of the Directors and auditor thereon.

Directors' Remuneration Report

2. To approve the Directors' Remuneration Report (other than the part summarising the Directors' Remuneration Policy) for the financial year ended 31 December 2021.

Election and Re-election of Directors

3. To re-elect Paul Golby as a Director of the Company.
4. To re-elect Alex Vaughan as a Director of the Company.
5. To re-elect Helen Willis as a Director of the Company.
6. To re-elect Bishoy Azmy as a Director of the Company.
7. To elect Neil Crockett as a Director of the Company.
8. To re-elect Jacqueline de Rojas as a Director of the Company.
9. To re-elect Tony Quinlan as a Director of the Company.
10. To elect Fiona MacAulay as a Director of the Company.

Re-appointment of Auditor and Auditor's Remuneration

11. To re-appoint PricewaterhouseCoopers LLP ('PwC') as auditor of the Company until the conclusion of the next Annual General Meeting of the Company.
12. To authorise the Directors to determine the auditor's remuneration.

Political Donations

13. That, in accordance with Part 14 of the Companies Act 2006, the Company and every other company which is now or may become a subsidiary of the Company at any time during the period for which this resolution has effect is hereby authorised to:
 - (a) make political donations to political parties and/or independent election candidates;
 - (b) make political donations to political organisations other than political parties; and
 - (c) incur political expenditure,

up to a maximum aggregate amount of £50,000 in total (as such terms are defined in Sections 363 to 365 of the Companies Act 2006) during the period of one year beginning with the date of the passing of this Resolution, provided that the sums referred to in (a), (b) and (c) above may be comprised of one or more amounts in different currencies which, for the purposes of calculating that authorised sum, shall be converted into pounds sterling at such rate as the Board of Directors in its absolute discretion may determine to be appropriate.

Powers of the Board to Allot Shares

14. That the Board of Directors be generally and unconditionally authorised pursuant to and in accordance with Section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company:

- (i) up to an aggregate nominal amount of £45,824,957, (such amount to be reduced by any allotments or grants made under paragraph (ii) below in excess of such sum); and
- (ii) comprising equity securities (as defined in Section 560(1) of the Companies Act 2006) up to a further nominal amount of £91,649,914 (such amount to be reduced by any allotments or grants made under paragraph (i) above) in connection with an offer by way of a rights issue:
 - (a) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
 - (b) to people who are holders of other equity securities if this is required by the rights of those securities or as the Board of Directors otherwise considers necessary,

and so that the Board of Directors may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in, or under the laws of, any territory or any other matter, such authorities to apply in substitution for all previous authorities pursuant to Section 551 of the Companies Act 2006 and to expire at the end of the next Annual General Meeting of the Company or, if earlier, at the close of business on 5 August 2023 but, in each case, during this period the Company may make offers and enter into agreements which would, or might, require shares to be allotted or rights to be granted to subscribe for or convert any security into shares after the authority ends and the Board of Directors may allot shares or grant rights to subscribe for or convert securities into shares under any such offer or agreement as if the authority had not expired.

Renewal of the Scrip Dividend Scheme

15. Subject to Resolution 14 being approved, that the Directors be and are hereby authorised to offer and allot ordinary shares to ordinary shareholders in lieu of a cash dividend from time to time or for such period as they may determine pursuant to the terms of the Company's Articles of Association, provided that the authority conferred by this resolution shall expire at the end of the third Annual General Meeting of the Company after the date on which the resolution is passed.

Costain 2022 Sharesave Plan

16 That:

- (a) the rules of the Costain 2022 Sharesave Plan (the "2022 Sharesave"), in the form produced to the meeting and initialled by the chair of the Meeting for the purposes of identification and the principal terms of which are summarised in Appendix 2 to this document, be and are hereby approved and the Directors be and are generally authorised to do all acts and things that they consider necessary or expedient to give effect to the 2022 Sharesave; and
- (b) the Directors be and are hereby authorised to adopt further schemes based on the 2022 Sharesave but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further schemes are treated as counting against any limits on individual or overall participation in the 2022 Sharesave.

Special Resolutions

Disapplication of Pre-Emption Rights

17 That, if Resolution 14 above is passed, the Board of Directors be given power to allot equity securities (as defined in the Companies Act 2006) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if Section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such authority to be limited:

- (a) to the allotment of equity securities and sale of treasury shares in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph (ii) of resolution 14, by way of a rights issue only):
 - (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
 - (ii) to holders of other equity securities, as required by the rights of those securities, or as the Board of Directors otherwise considers necessary,

and so that the Board of Directors may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

- (b) in the case of the authority granted under paragraph (i) of resolution 14 and/or in the case of any sale of treasury shares, to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (a) above) up to a nominal amount of £6,873,743,

such power to expire at the end of the next Annual General Meeting of the Company (or, if earlier, at the close of business on 5 August 2023) but, in each case, during this period the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power ends and the Board of Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not expired.

18. That, if Resolution 14 is passed, the Board of Directors be given the power in addition to any power granted under Resolution 17 to allot equity securities (as defined in the Companies Act 2006) for cash under the authority given under paragraph (i) of Resolution 14 and/or to sell ordinary shares held by the Company as treasury shares for cash as if Section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such authority to be:

- (a) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £6,873,743; and
- (b) used only for the purposes of financing a transaction which the Board of Directors of the Company determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice or for the purposes of refinancing such a transaction within six months of it taking place,

such power to expire at the end of the next Annual General Meeting of the Company (or, if earlier, at the close of business on 5 August 2023) but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power ends and the Board of Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

NOTICE OF ANNUAL GENERAL MEETING continued

Purchase of Own Shares

19. That the Company be and is hereby unconditionally and generally authorised for the purpose of Section 701 of the Companies Act 2006 to make one or more market purchases (as defined in Section 693(4) of the Companies Act 2006) of ordinary shares of 50p each in the capital of the Company on such terms and in such manner as the Board of Directors may determine provided that:

- (a) the maximum number of shares which may be purchased is 27,494,974;
- (b) the minimum price which may be paid for each share is 50p;
- (c) the maximum price (exclusive of expenses) which may be paid for an ordinary share shall not be more than the higher of:
 - (i) an amount equal to 105% of the average market value of an ordinary share, as derived from the London Stock Exchange Daily Official List, for the five business days prior to the day on which the ordinary share is purchased; and
 - (ii) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent purchase bid for an ordinary share on the trading venue where the purchase is carried out at the relevant time, including when the shares are traded on different venues,

this authority shall expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, at the close of business on 5 August 2023, but during this period the Company may enter into a contract for the purchase of ordinary shares which would, or might, be completed or executed wholly or partly after the authority ends and the Company may purchase ordinary shares pursuant to any such contract as if the authority had not expired.

Articles of Association

20. That with effect from the conclusion of the Annual General Meeting, the Articles of Association produced to the meeting, and initialled for the purpose of identification by the chair, be and are hereby adopted as the Articles of Association of the Company, in substitution for, and to the exclusion of, the existing Articles of Association.

Notice Periods for General Meetings (other than Annual General Meetings)

21. That a general meeting other than an Annual General Meeting may be called on not less than 14 clear days' notice.

By order of the Board

Sharon Harris
Company Secretary

30 March 2022

Registered Office:
Costain House
Vanwall Business Park
Maidenhead
Berkshire
SL6 4UB

Registered in England and Wales No. 1393773

NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend, to speak and to vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact the Company's registrar, EQ, on +44 (0)371 384 2250 (please use the country code if calling from outside the UK). Lines are open 9.00am to 5.00pm, Monday to Friday, excluding public holidays in England and Wales. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
2. In order to be valid, a completed proxy form or other instrument appointing a proxy must be returned to EQ by one of the following methods:
 - (i) in hard copy form by post or (during normal business hours only) by hand to EQ, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA;
 - (ii) in electronic form (a) by logging onto the website www.sharevote.co.uk and entering your Voting ID, Task ID and Shareholder Reference Number shown on your form of proxy, or (b) if you have already registered with EQ's online portfolio service, Shareview, by submitting your form of proxy at www.shareview.co.uk by logging onto your portfolio using your user ID and password. Once logged in simply click 'View' on the 'My Investments' page, click on the link to vote then follow the on screen instructions. Full instructions are given on both websites;
 - (iii) in the case of CREST members, by utilising the CREST electronic proxy appointment service (as described in note 12 below),

and in each case must be received by EQ no later than 3.00pm on Tuesday 3 May 2023. Please note that any electronic communication that is found to contain a computer virus will not be accepted. If two or more valid but differing proxy appointments are received in respect of the same share for use at the AGM, the one which is last received (regardless of its date or the date of its signature) shall be treated as replacing and revoking the others as regards that share; if the Company is unable to determine which was last received, none of them shall be treated as valid in respect of that share.
3. The return of a completed proxy form or other instrument (whether in hard copy form, electronically or by utilising the CREST electronic proxy service), will not prevent a shareholder attending the AGM and voting in person if he/she wishes to do so.
4. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
5. If a member appoints more than one proxy and the proxy forms appointing those proxies would give those proxies the apparent right to exercise votes on behalf of the member at the AGM over more shares than are held by the member, each of those proxy forms will be invalid and none of the proxies so appointed will be entitled to attend, speak or vote at the AGM.
6. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
7. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes For or Against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the AGM.
8. Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
9. The statement of the rights of shareholders in relation to the appointment of proxies in notes 1 and 2 above does not apply to Nominated Persons. The rights described in these notes can only be exercised by shareholders of the Company. Nominated Persons are reminded that they should contact the registered holder of their shares (and not the Company) on matters relating to their investment in the Company.
10. To be entitled to attend and vote at the AGM (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company at 6.30pm on Tuesday 3 May 2022 (or, in the event of any adjournment, by 6.30pm on the day which is two working days before the time of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING continued

11. As at 22 March 2022 (the latest practicable date prior to the publication of this Notice), the Company's issued share capital consists of 274,949,741 ordinary shares of 50 pence each, carrying one vote each. Therefore, the total voting rights in the Company as at 22 March 2022 are 274,949,741. The Company does not hold any shares in Treasury.
12. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual (available via www.euroclear.com). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
13. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (the 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Ltd's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by 3.00pm on Tuesday 3 May 2022. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
14. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Ltd does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
15. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
16. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
17. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
18. Each of the resolutions to be put to the meeting will be voted on by poll and not by a show of hands. A poll reflects the number of voting rights exercisable by each member and is in line with corporate governance recommendations and best practice. The results of the poll will be published on the Company's website and notified to the UK Listing Authority as soon as practicable after the votes have been counted and verified. Following a poll vote, any shareholder who has voted on the poll is entitled under section 360BA of the Companies Act 2006 to request from the Company information which will allow them to determine whether their vote was validly recorded and counted.
19. Any member or duly appointed proxy attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if:
 - (i) to do so would interfere unduly with the preparation for the meeting; or
 - (ii) to do so would involve the disclosure of confidential information; or
 - (iii) the answer has already been given on a website in the form of an answer to a question; or
 - (iv) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

Whether or not they intend to attend the AGM, registered shareholders may submit their questions to the Directors in advance of the meeting by sending an email to AGM@costain.com. The Company will answer these in due course including, where possible and appropriate, by publishing the response on the website at www.costain.com/agm before the proxy voting deadline.

20. A copy of this notice, and other information required by Section 311A of the Companies Act 2006, can be found at www.costain.com/agm.
21. Under Section 527 of the Companies Act 2006 members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to:
- the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or
 - any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Companies Act 2006.

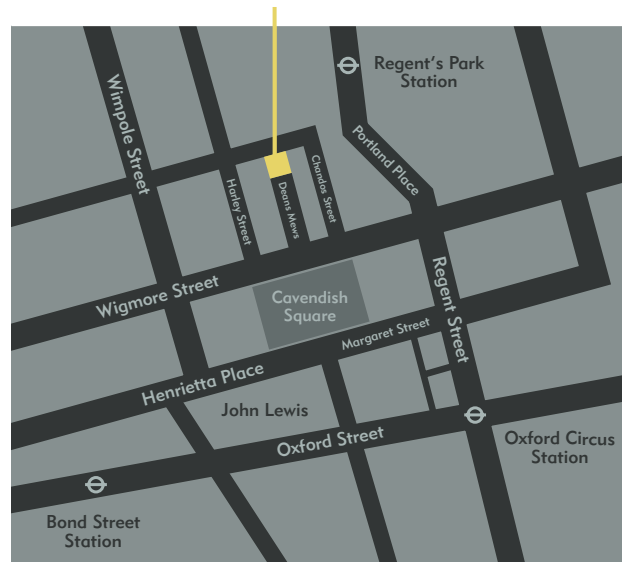
The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.

22. Except as provided above, members who have general queries about the AGM should use the following means of communication (no other methods of communication will be accepted):
- By contacting the Company's registrar EQ in writing addressed to Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA or by telephoning their shareholder helpline on +44 (0)371 384 2250 (please use the country code if calling from outside the UK). Lines are open 9.00am to 5.00pm, Monday to Friday, excluding public holidays in England and Wales.
 - By contacting the Company Secretary in writing addressed to Costain House, Vanwall Business Park, Maidenhead, Berkshire SL6 4UB or by telephoning 01628 842444 or by emailing ir@costain.com.

Please note that shareholders may not use any electronic address provided in either this document or any related documents (including the proxy form) to communicate with the Company for any purposes other than those expressly stated.

23. Inspection of documents: the New Articles (highlighting the proposed changes against the Current Articles), the 2022 Sharesave, copies of directors' service contracts and letters of appointment of Non-executive Directors will be available for inspection at the AGM at least 15 minutes prior to the start of the meeting and up until the close of the meeting. These documents will also be available on request for inspection at the registered office of the Company during normal business hours on any weekday (weekends and public holidays excluded) and upon request via email from AGM@costain.com until the conclusion of the AGM.
24. The location of No.11 Cavendish Square, London W1G 0AN is indicated on the map below:

KING'S FUND ENTRANCE IN DEAN'S MEWS



EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

The notes on the following pages give an explanation of the proposed resolutions.

Resolutions 1 to 16 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 17 to 21 are proposed as special resolutions. This means that for each of these resolutions to be passed, at least three-quarters of the votes cast must be in favour of it.

Resolution 1: Annual Report and Accounts

The Company is required to present its report and accounts to shareholders at its AGM. The Annual Report and Accounts for the year ended 31 December 2021 are available on the Company's website at www.costain.com and have been sent to those shareholders who have elected to receive a hard copy.

Resolution 2: Directors' Remuneration

Resolution 2 concerns the approval of the Annual Report on Remuneration of the Directors, together with the Remuneration Committee interim chair's Summary Statement, contained within the Directors' Remuneration Report of the 2021 Annual Report and Accounts. The Company is required to seek shareholders' approval in respect of the contents of this Report and Statement on an annual basis. The vote is advisory in nature in that payments made or promised to Directors will not have to be repaid, reduced or withheld in the event that this resolution is not passed.

You can find the Directors' Remuneration Report on pages 84 to 107 of the 2021 Annual Report and Accounts.

For your information, the Company is separately required to present the Company's Policy on the remuneration of its Directors to shareholders for approval at least every three years and such vote is binding on the Company. This is the Company's forward-looking policy on Directors' remuneration and the current Policy was approved by shareholders at the 2020 AGM and applies until replaced by a new or amended policy and a summary can be found on pages 89 to 92 of the Directors' Remuneration Report in the 2021 Annual Report and Accounts. The Company is not able to make remuneration payments to a Director, or loss of office payments to a current or past Director, unless the payment is consistent with the approved Policy or has been otherwise approved by shareholders.

Resolutions 3 to 10: Election and re-election of Directors

Resolutions 3 to 10 concern the election and re-election of the Directors. In accordance with the requirements of the 2018 UK Corporate Governance Code, all the Directors are standing for election or re-election by the shareholders at this year's AGM. Neil Crockett and Fiona MacAulay, both Non-executive Directors, who have or will have been appointed to the Board since the 2021 AGM, will be seeking election by shareholders for the first time.

The Board has confirmed, following an internally conducted performance review, that all Directors standing for election and re-election continue to perform effectively and demonstrate commitment to their roles and that they deliver an appropriate balance of skills and knowledge, all contributing to the long-term success of the Company as a whole.

Recognising shareholders' concerns regarding overboarding, the Nomination Committee spent time considering all Board members' other appointments and the impact on their time availability. The Nomination Committee is satisfied that all Board members have, and commit, the time required to discharge their roles at Costain effectively and this has been evidenced during the 2021 year when a total of 13 Board and 8 Audit Committee meetings were held with high attendance levels (see page 70 of the 2021 Annual Report and Accounts).

The Board has considered whether each of the Non-executive Directors is free from any relationship that could materially interfere with the exercise of their independent judgement. The Board determined that each Non-executive Director, with the exception of Bishoy Azmy who is the director representative of ASGC (a 15.15% shareholder of the Company), continues to be independent.

The Board believes the wide-ranging experience of the Directors standing for election and re-election will continue to be invaluable to the Company. The biographies of each of the Directors can be found on pages 50 and 51 of the 2021 Annual Report and Accounts. A biography for Fiona MacAulay can be found in Appendix 4 on page 20.

In addition, set out below are additional reasons to support the respective resolution for each Director:

Resolution 3: Re-election of Paul Golby as a Director

Paul has a lifelong passion for engineering and innovation, and has spent his career in the energy, government and regulatory sectors. In his role as chair of the Board and chair of the Nomination Committee he draws on his broad business and governance experience from the executive and non-executive positions he has held. Paul adds a valuable perspective to debates on UK regulatory and strategic issues and his specific experience in safety and risk management is also evident in his oversight of the operations of the Company.

Following a review of the chair's performance conducted by the senior independent director, with input from the other Directors, it was determined that Paul continues to exercise objective judgement, has a detailed understanding of the business and promotes constructive relationships amongst all Board members.

Paul's current three year term expires on 5 May 2022, the date of the AGM. Paul has decided to step down as chair and Non-executive Director within the next 12 months and will ensure a well managed and orderly transition.

Resolution 4: Re-election of Alex Vaughan as a Director

Alex joined Costain in 1992 and has been a member of the Executive Board since 2006, before his appointment as Chief Executive Officer in May 2019. Alex played a leading role in Costain's transformation into a smart infrastructure solutions business through his leadership of the development and growth of the Group's consultancy and technology services. In his role as MD, Natural Resources Division, Alex delivered significant growth in profit and margin. Alex brings to the Board varied experience, having also worked on infrastructure projects in the UK and internationally and, additionally, held various corporate roles across HR, strategy, M&A and corporate development. Together with the Chief Financial Officer, he maintains a constructive dialogue with institutional investors on Group strategy and performance.

Resolution 5: Re-election of Helen Willis as a Director

Helen has a strong financial background underpinned by her profession as a chartered accountant. She is an experienced public company chief financial officer with a good level of understanding of investor relations and change programmes, including in organisations undergoing periods of strategic change. She has also driven finance transformation programmes to significantly improve processes, systems and culture. Helen has worked in multiple sectors and is highly commercial, able to balance both short and long term goals, develop strategic options and contribute broadly to the business. Together with the Chief Executive Officer, she maintains a constructive dialogue with institutional investors on Group strategy and performance.

Resolution 6: Re-election of Bishop Azmy as a Director

Bishop is the designated Board representative of ASGC, a shareholder of the Company. Bishop brings a wealth of market knowledge, management and commercial expertise together with construction sector experience. Bishop is an engineer with a strong focus on safety and risk management. He has dynamically led new market expansion, digital transformation and operational innovation strategy thereby bringing a strong strategic focus to Board discussions. The Company benefits from the knowledge and insights he has accumulated during his career.

Resolution 7: Election of Neil Crockett as a Director

Neil brings passion and a strong track record in digital innovation and transformation. In 2018 he was named in the global top 150 business transformation executives as voted by peers, vendors and industry analysts (Constellation).

Neil also has strong experience of the wider UK digital innovation community and was the founding CEO of Digital Catapult, a UK Government funded digital innovation organisation.

Neil previously held both European and UK leadership positions. He is currently a non-executive director of Catalyst, a not-for-profit organisation accelerating innovation and growth in the Northern Ireland knowledge economy.

Resolution 8: Re-election of Jacqueline de Rojas as a Director

Jacqueline brings to the Board a wealth of global experience in fast moving technology businesses, having previously held senior roles in major global technology companies. She brings a deep understanding of how technology can be used to transform a business and insight into the development of new commercial models that deliver attractive economics.

Jacqueline is a passionate advocate for diversity and inclusion in the workplace and was awarded a CBE for services to international trade in technology in 2018.

Resolution 9: Re-election of Tony Quinlan as a Director

Not only does Tony, a Chartered Accountant, have a wealth of financial experience gained during multiple senior roles in high profile large companies and as a chair of audit committees, he also brings to the Board experience in running and turning around a company in which he was CFO then CEO. Tony possesses the recent and relevant financial experience in accounting and auditing required to effectively chair the Audit Committee. Tony is the senior independent director and works closely with the Group chair of the Company, acting as a sounding board and providing support, leading on the Group chair's annual performance review and also being available for any institutional shareholders matters not addressed adequately through normal channels.

Resolution 10: Election of Fiona MacAulay as a Director

Fiona is an experienced non-executive director within the resources and industrial sectors and has significant credentials in Environmental, Social and Governance (ESG) which will be important in supporting the delivery of our strategy which is focused on decarbonisation. Fiona has chaired an ESG-focused board committee at Ferrexpo plc for nearly three years, during which time that company's external ESG rating has increased. Additionally, Fiona has completed Diligent's Climate Leadership Certificate Program and is a member of Chapter Zero, a community of business leaders taking ownership of the climate challenge.

Fiona also has a wealth of experience chairing remuneration committees and, accordingly, is well placed to lead the review of Costain's remuneration policy for 2023.

During a career spanning 35 years, Fiona previously held senior roles and board positions in the upstream oil and gas sector across a number of large and small cap companies. Please see page 20 for full biographical details.

Resolution 11: Re-appointment of Auditor

The auditor is required to be reappointed at each AGM at which accounts are presented. The Board, on the recommendation of the Audit Committee which has evaluated the effectiveness and independence of the external auditor, is proposing the re-appointment of PwC as auditor of the Company and they have indicated their willingness to continue as auditor of the Company.

EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING continued

Resolution 12: Auditor's Remuneration

This resolution gives the Directors authority to determine the remuneration of the auditor. The Board will delegate this authority to the Audit Committee in accordance with the Competition and Markets Authority ('CMA') Audit Order 2014.

Resolution 13: Political Donations

Part 14 of the Companies Act 2006 requires companies to obtain shareholders' authority for donations to registered political parties and other political organisations totalling more than £5,000 in any 12-month period, and for any political expenditure, subject to limited exceptions. The definitions of donation and expenditure in this context are very wide and extend to bodies such as those concerned with policy review, law reform and the representation of the business community. It could include special interest groups, such as those involved with the environment, which the Company and its UK subsidiaries might wish to support, even though these activities are not designed to support or influence support for a particular political party.

It is the policy of the Company not to make political donations or to incur political expenditure, as those expressions are normally understood. However, to avoid inadvertent infringement of the Companies Act 2006, the Directors are seeking shareholders' authority for the Company and its UK subsidiaries to make political donations (as defined in the 2006 Act) and to incur political Resolution expenditure (as defined in the 2006 Act) for the period from the date of the AGM to the conclusion of next year's AGM up to a maximum aggregate amount of £50,000.

No political donations were made during the year ended 31 December 2021.

Resolution 14: Renewal of Authority to Allot Shares

At the Company's AGM held on 6 May 2021, shareholders granted an authority (the 'General Authority') to the Directors to allot ordinary shares up to an aggregate nominal amount of £45.8m. As at 31 December 2021, no shares had been allotted.

As the General Authority is due to expire at the end of this year's AGM (or, if earlier, on 6 August 2022), shareholders will be asked to renew and extend the authority, given to the Directors at the last AGM, to allot shares in the Company, or grant rights to subscribe for, or to convert any security into, shares in the Company for the purposes of Section 551 of the Companies Act 2006 (the 'Allotment Resolution').

The authority in the first part of the Allotment Resolution will allow the Directors to allot new shares in the Company, or to grant rights to subscribe for or convert any security into shares in the Company, up to a nominal value of approximately one-third of the total issued ordinary share capital of the Company. As at the latest practicable date prior to the publication of the Notice of AGM this is £45,824,957.

In line with guidance issued by the Investment Association, the authority in the second part of Resolution 14 would give the Directors authority to allot ordinary shares or grant rights to subscribe for or convert any securities into ordinary shares in connection with a rights issue in favour of ordinary shareholders up to an aggregate nominal amount that is equivalent (before any reduction) to approximately two-thirds of the total issued ordinary share capital of the Company. As at the latest practicable date prior to the publication of the Notice of AGM this is £91,649,914.

The Company has no present plans to undertake a rights issue or to allot new shares other than in connection with the Company's share schemes and scrip dividends. However, the Directors consider it appropriate to maintain the flexibility this authority provides.

If the Allotment Resolution is passed the authority will expire on the earlier of the close of business on 5 August 2023 and the end of the AGM to be held in 2023.

Resolution 15: Renewal of the Scrip Dividend Scheme

At the 2019 Annual General Meeting, shareholders approved the renewal of the scrip dividend scheme (the 'Scheme') which authorises the Directors to offer and allot ordinary shares in lieu of cash dividends to those shareholders who elect to participate in the scrip dividend. This authority was granted for a period of three years (until the conclusion of the 2022 Annual General Meeting) in line with the guidelines of the Investment Association (IA). Shareholder approval is therefore being sought at this AGM to renew the Directors' authority to offer a scrip dividend scheme. The Scheme applies to both interim and final dividends and enables shareholders to increase their holding in the Company without incurring dealing costs or stamp duty. Those shareholders who have already elected to join the Scheme will not need to take any action. Shareholders wishing to join the Scheme should return a completed mandate form to the Company's registrar, EQ. The relevant contact details for EQ can be found on page 179 of the 2021 Annual Report and Accounts. Copies of the mandate form and the scrip dividend booklet may be obtained from EQ or from the Company's website at www.costain.com. The terms and conditions of the Scheme, which are also contained in the scrip dividend booklet, are set out in Appendix 1 on pages 15 to 17 of this document.

Resolution 16: Costain 2022 Sharesave Plan

This resolution seeks shareholder approval for the Costain 2022 Sharesave Plan (the "2022 Sharesave"). This plan is a replacement for the Costain Group Sharesave Plan which was approved by shareholders at the 2012 AGM and which will reach the end of its ten year life on 8 May 2022.

A summary of the principal terms of the 2022 Sharesave is set out in Appendix 2 on pages 18 and 19 of this document. Resolution 16 also seeks approval for the establishment of further schemes based on the 2022 Sharesave but modified for overseas operation. Whilst there is no current intention to adopt any such schemes, the provision is included in line with usual practice and for future flexibility given the 10 year life of the 2022 Sharesave.

A copy of the 2022 Sharesave will be available on request for inspection at the registered office of the Company during normal business hours on any weekday (weekends and public holidays excluded), and on the Company's website from the date of this Notice until the close of the meeting. The 2022 Sharesave will also be available for inspection at the AGM at least 15 minutes prior to the start of the meeting and up until the close of the meeting and available on the National Storage Mechanism (<https://data.fca.org.uk/#/nsm/nationalstoragemechanism>) from the date of this Notice of AGM.

Resolutions 17 and 18: Disapplication of Pre-emption Rights

Subject to approval of Resolution number 14, authorising the Board of Directors to allot new shares, shareholders will be asked to pass two special resolutions to grant the Directors powers to disapply shareholders' pre-emption rights under certain circumstances the 'Pre-emption Resolutions'.

If the Directors wish to allot new shares and other equity securities, or sell treasury shares, for cash (other than in connection with an employee share scheme) company law requires that these shares are offered first to shareholders in proportion to their existing shareholdings. There may be occasions, however, when the Directors need the flexibility to finance business opportunities by the issue of shares without a pre-emptive offer to existing shareholders.

The Pre-emption Resolutions would give the Directors the authority to allot ordinary shares or sell any shares the Company holds in treasury for cash without having to offer them to existing shareholders in proportion to their existing shareholdings.

The power set out in the Pre-emption Resolutions is limited to the allotment of new shares, pursuant to the authority given by the Allotment Resolution, or to sell treasury shares for cash:

- (a) in connection with a rights issue or pre-emptive offer; and/or
- (b) otherwise up to a nominal value equivalent to 5% of the total issued ordinary share capital (excluding treasury shares) of the Company as at the latest practicable date prior to the publication of the Notice of AGM; and
- (c) in connection with the financing (or refinancing, if the authority is to be used within six months after the original transaction) of an acquisition or specified capital investment which is announced contemporaneously with the allotment or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotment (provided that the nominal value equivalent is no more than 5% of the total issued share capital of the Company, at the latest practicable date prior to the publication of the Notice of AGM, without the shares first being offered to existing shareholders in proportion to their existing holdings).

The Board intends to adhere to the provisions in the Pre-emption Group's Statement of Principles:

- (a) not to allot shares for cash on a non pre-emptive basis pursuant to the authority in the Pre-emption Resolutions in excess of an amount equal to 5% of the total issued ordinary share capital of the Company (excluding treasury shares); or
- (b) regarding cumulative usage of authorities, of no more than 7.5% of the total issued ordinary share capital of the Company (excluding treasury shares) within a rolling three-year period without prior consultation with shareholders, in each case other than in connection with an acquisition or specified capital investment which is announced contemporaneously with the allotment or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

The Allotment Resolution and the Pre-emption Resolutions comply with the Share Capital Management Guidelines issued by the Investment Association in July 2016.

If the Pre-emption Resolutions are passed, the authority will expire on the earlier of the close of business on 5 August 2023 and the end of the AGM to be held in 2023.

Resolution 19: Purchase of Own Shares

Authority will be sought from the shareholders to grant authority for the Company to purchase its own ordinary shares in the market. This authority will be limited to 10% of the ordinary shares in issue, excluding treasury shares. As at 22 March 2022, the latest practicable date prior to the publication of the Notice of AGM, this is 27,494,974 shares. The Company's exercise of this authority will be subject to the stated upper and lower limits on price as required by the Listing Rules. This authority will apply until the conclusion of next year's AGM (or, if earlier, the close of business on 5 August 2023). Any buyback would be by market purchase through the London Stock Exchange.

The total number of options to subscribe for ordinary shares outstanding at 22 March 2022, the latest practicable date prior to the publication of this document, was 6,640,132, which represented 2.42 per cent of the issued ordinary share capital at that date. If the Company were to purchase the maximum number of ordinary shares permitted under this resolution, the proportion of ordinary shares subject to outstanding options would represent approximately 2.68 per cent of the issued ordinary share capital as at 22 March 2022.

EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING continued

The Company can hold any such shares, which have been purchased as treasury shares, and either resell them for cash, cancel them, either immediately or at a point in the future, or use them for the purposes of its share schemes. The Directors believe that it is desirable to have this choice as holding treasury shares would provide the Company with additional flexibility in the management of its share capital. No dividends will be paid on, and no voting rights will be exercised in respect of, such treasury shares. The Company currently has no ordinary shares in treasury. The minimum price, exclusive of expenses, which may be paid for an ordinary share is 50p. The maximum price, exclusive of expenses, which may be paid for an ordinary share is the highest of (i) an amount equal to 105% of the average market value for an ordinary share for the five business days immediately preceding the date of the purchase and (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is carried out at the relevant time.

The Directors would only authorise such a purchase after careful consideration, taking account of the best interests of the Company, its shareholders generally and that it could be expected to result in an increase in earnings per share. The authority will only be used after careful consideration, taking into account market conditions prevailing at the time, other investment opportunities, appropriate gearing levels and the overall financial position of the Company. Shares held as treasury shares will not automatically be cancelled and will not be taken into account in future calculations of earnings per share (unless they are subsequently resold or transferred out of treasury).

If any shares purchased by the Company are held in treasury and used for the purposes of its employee share schemes, the Company will count those shares towards the limits on the number of new shares which may be issued under such schemes.

If the resolution is passed the authority will expire on the earlier of the close of business on 5 August 2023 and the end of the AGM to be held in 2023. The Board has no present intention to exercise the authority sought under the resolution.

Resolution 20: Articles of Association

This resolution seeks shareholder authority to adopt new Articles of Association (the "New Articles") which reflect developments in market practice and also provide clarification and additional flexibility. The intended purpose and effect of the major amendments are set out in Appendix 3 of this Notice on page 19, although changes of a minor, technical, or clarifying nature have not been detailed in full. A copy of the Company's current Articles of Association (the "Current Articles") and the New Articles (along with a version marked to show the proposed changes) will be available on request for inspection at the registered office of the Company during normal business hours on any weekday (weekends and public holidays excluded), and on the Company's website from the date of this Notice until the close of the meeting. The New Articles (highlighting the proposed changes against the Current Articles) will also be available for inspection at the AGM at least 15 minutes prior to the start of the meeting and up until the close of the meeting. The New Articles (highlighting the proposed changes against the Current Articles) will also be available to view on the National Storage Mechanism (<https://data.fca.org.uk/#/nsm/nationalstoragemechanism>) from the date of this Notice of AGM.

Resolution 21: Notice Periods for General Meetings (other than Annual General Meetings)

This resolution renews the authority that was given at the Company's last AGM. The notice period required by the Companies Act 2006 for general meetings of the Company is 21 clear days unless shareholders approve a shorter notice period, which cannot be less than 14 clear days. AGMs must always be held on at least 21 clear days' notice. At the Company's last AGM, shareholders authorised the calling of general meetings other than an AGM on not less than 14 clear days' notice, and it is proposed that this authority be renewed. The authority granted by this resolution 20, if passed, will be effective until the Company's next AGM when it is intended that a similar resolution will be proposed. The shorter notice period would not be used as a matter of routine for such meetings, but only where the flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole.

APPENDIX 1

Appendix 1 – Scrip Dividend Scheme (Resolution 15)

1. What is the Costain Group PLC Scrip Dividend Scheme (the 'Scheme')?

The renewal of the Scheme was approved at the 2019 Annual General Meeting. It enables shareholders, if you so wish, to receive new ordinary shares instead of cash for future dividends. This means you can build up your shareholding in Costain without going to the market to buy shares and so you will not incur any dealing costs or stamp duty. At the same time, Costain retains the cash which would otherwise have been paid as a dividend for reinvestment in the business.

The Scheme applies to your whole holding of ordinary shares registered in your name at close of business on each dividend record date. The price at which the shares are allotted is determined on each scrip reference price date. All dates are advertised on Costain's website (www.costain.com).

2. How do I join the Scheme?

To join the Scheme please complete the scrip dividend mandate form and return it to our registrar, EQ (formerly known as Equiniti), Share Dividend Team, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. Please remember to include your shareholder reference number which can be found on your share certificate. No acknowledgement of receipt will be sent. To be effective for a particular dividend you must complete and return your mandate so as to be received by the Company's registrar, EQ, no later than 15 business days before the dividend payment date.

3. Do I need to complete a new scrip dividend mandate form once I have submitted one?

No, once you have already completed a valid scrip dividend mandate form it will remain valid until you cancel your mandate. You are not required to return any further documentation if you wish to continue to receive the scrip dividend when one is offered in respect of future dividends.

4. What will be my entitlement to shares in the Scheme?

Your entitlement to new ordinary shares in respect of future dividends is calculated by taking the amount of the cash dividend to which you are entitled and dividing it by the scrip reference price.

No fractions of new ordinary shares will be allotted. The number of new ordinary shares to which you are entitled will be rounded down to ensure that the value of those shares (calculated by reference to the scrip dividend price) is, as nearly as possible, equal to but never greater than the cash amount of the cash dividend you would otherwise have received. Any surplus cash balance in respect of fractional entitlements is carried forward without interest to the next dividend payment date and added to the amount of cash dividend to which you are entitled in respect of that next dividend. The surplus cash balance in respect

of fractional entitlements will be paid to you if you cancel your scrip dividend mandate or dispose of your entire shareholding at any time.

The formula used in calculating your entitlement to new ordinary shares is as follows:

(Number of ordinary shares held at the dividend record date x cash dividend rate per share) + surplus cash (if any)

Scrip reference price

Costain will calculate the scrip reference price by reference to the average value of the middle market quotations for Costain's ordinary shares, as derived from the Daily Official List of the London Stock Exchange (or any other publication of a recognised investment exchange showing quotations for the Company's ordinary shares), for the five consecutive dealing days commencing on or after the relevant ex-dividend date. The scrip reference price will be notified on Costain's website (www.costain.com).

An example of how the entitlement to shares in the Scheme is calculated, for illustrative purposes only, is as follows:

The cash dividend is 2.0 pence per ordinary share, your shareholding is 1,000 ordinary shares, and the scrip reference price is £0.60:

- Value of cash dividend: $1,000 \times 2.0p = £20.00$
- Number of new shares: $£20.00 \div £0.60 = 33.33$ rounded down to 33 shares
- Value of new shares: $33 \times £0.60 = £19.80$, leaving a surplus cash balance of £0.20 which would be carried forward to the next dividend payment date.

5. Are my new scrip dividend shares included in the next scrip dividend?

Yes, all new ordinary shares issued as scrip dividend will be included in your shareholding on which the next entitlement to a scrip dividend will be calculated.

6. Do my new shares have the same rights as my existing shares?

Yes, the new ordinary shares will carry the same voting and dividend rights as your existing ordinary shares.

7. Are there any circumstances in which I won't be issued shares under the scrip dividend scheme?

If on any occasion your cash dividend entitlement, together with any surplus cash brought forward from previous dividends, is insufficient to acquire at least one new ordinary share, you will not be issued with any shares under the Scheme. You will, however, receive a statement explaining that no new shares have been issued to you under the Scheme and showing how much surplus cash has been carried forward to the next dividend.

The Directors may (and absent mitigating circumstances intend to) disregard scrip dividend mandates and pay a cash dividend instead if, in respect of a relevant dividend, the middle market quotation for Costain's ordinary shares on the final date for elections in respect of the relevant dividend is 15% or more below the scrip reference price.

APPENDIX 1 continued

The applicability of the Scheme to any particular dividend is always subject to the Directors' decision to offer the scrip dividend alternative in respect of that particular dividend. If the Directors decide not to offer the scrip dividend alternative in respect of any particular dividend, a cash dividend will be paid to you instead in the usual way. The Directors will not offer a scrip dividend alternative unless Costain has unissued shares authorised for issue and sufficient reserves or funds that may be capitalised to give effect to it after the basis of allotment is determined.

In the unlikely event that the UK Listing Authority does not agree before the dividend payment date to admit the new ordinary shares to the Official List, no shares will be issued to you under the Scheme and you will receive your dividend in cash instead.

8. When will I be sent my new share certificate or CREST message?

A new share certificate in respect of the new shares (if any) issued to you under the Scheme will be posted to you on or about the same date as the cash dividends are posted. A statement will also be sent to you showing the number of new ordinary shares allotted, the scrip reference price, and the total cash equivalent of the new ordinary shares for tax purposes.

Shareholders who hold their existing shares in uncertificated form through CREST on the relevant record date will have their CREST account credited electronically on or about the day of the dividend payment date unless Costain is unable to do so under the provisions of the Uncertificated Securities Regulations 2001 or the facilities and requirements of CREST. If Costain is unable to credit the new shares to those shareholders' CREST accounts, Costain will instead issue the shares to which those shareholders are entitled in certificated form and share certificates will be posted to those shareholders.

9. Can I participate in the Scheme if I am resident outside the UK?

If you are resident outside the UK, you may treat this letter as an invitation to receive new ordinary shares unless such an invitation could not lawfully be made to you in compliance with any registration or other legal requirements. It is the responsibility of any person resident outside the UK wishing to elect to receive new ordinary shares to be satisfied as to full observance of the laws of the relevant territory, including obtaining any government or other consents which may be required and observing any other formalities in such territories.

10. Does the Scheme apply to all my holdings and joint holdings?

Yes, the Scheme applies to all your holdings. However, if for any reason your shares are registered in more than one holding, then unless you have arranged with Costain's registrar, EQ, to consolidate your holdings by the last day for receipt of your scrip dividend mandate form for a particular dividend, the holdings will be treated for all purposes as separate. You should complete separate mandates in relation to each holding. If you wish to amalgamate your accounts to avoid this happening

in future, please write to EQ, quoting the shareholder reference numbers shown on your share certificates. If you have a joint holding please ensure that all shareholders sign the scrip dividend mandate form.

11. What happens if I have recently sold or purchased ordinary shares?

If you have sold some of your ordinary shares before an ex-dividend date (which falls one business day prior to a record date) for a particular dividend, your scrip dividend election will apply for the remainder of your shares only.

If you buy any additional ordinary shares after an ex-dividend date (which falls one business day prior to a record date) for a particular dividend, you will not be entitled to any cash or scrip dividend which has already been declared in respect of those additional shares, but if you continue to hold them you will be entitled to receive future dividends in respect of those additional shares. However, if you wish to receive scrip dividends in relation to those additional shares, you may need to complete an additional scrip dividend mandate form in respect of those additional shares (unless the additional shares have been amalgamated with your other holdings and you have already completed a scrip dividend mandate form in respect of that holding).

12. Scrip dividend mandate form

12.1. What is the scrip dividend mandate form?

This is the form you will need to complete if you wish to participate in the Scheme for the current dividend and all future dividends for which a scrip dividend alternative is offered ('Relevant Dividends'). A cash dividend will automatically be paid on any shares in respect of which a valid mandate form has not been received.

Your mandate will remain valid and effective in respect of all Relevant Dividends unless and until cancelled by you. However, as explained in this document, there are circumstances where shares may not be issued to you under the Scheme even though you have not cancelled your scrip dividend mandate.

12.2. Can I complete a scrip dividend mandate form for part of my holding?

No, mandates can only be completed for your total shareholding for each Relevant Dividend. If you wish to receive the scrip dividend in relation to part only of your holding, you will have to split your holding into more than one holding.

Costain may, at its discretion, permit partial elections where a shareholder is acting on behalf of more than one beneficial owner (i.e. where a shareholder is a nominee shareholder). The partial election will remain in force in respect of the relevant part of the holding for all future dividends unless cancelled.

12.3. Can I cancel my scrip dividend mandate?

Yes, you may cancel your scrip dividend mandate at any time. Notice of cancellation must be given in writing to Costain's registrar, EQ, 15 working days before the relevant dividend payment date. A notice of cancellation will take effect on its receipt by EQ in respect of all dividends payable after the date of receipt of such notice.

Your mandate will automatically be cancelled if you sell or otherwise transfer all your ordinary shares to another person, with effect from the registration of the relevant transfer. Your mandate will also automatically be cancelled if, being a sole shareholder, you die, are declared bankrupt, go into liquidation (if you are a company) or suffer from mental incapacity, with effect from the date Costain receives notice of those relevant circumstances. If a joint shareholder dies, the scrip dividend mandate will continue to endure in favour of the surviving shareholder(s).

Upon cancellation of your mandate, any surplus cash in respect of fractional entitlements accumulated on your behalf will be paid to you in cash.

12.4. Can Costain change my scrip dividend mandate?

Yes, mandates may be modified at any time by Costain, without notice to the shareholders individually, except that individual notification will be given if any change is made to the way in which the entitlement of a shareholder to new shares is calculated. In the case of any modification, current mandates (unless otherwise specified by Costain) will be deemed to remain valid under the modified arrangements unless and until Costain's registrar, EQ, receive a notice of cancellation in writing from you.

12.5. What do I do if I need help or have any questions?

Please contact our registrar, EQ, at the following address: EQ, Share Dividend Team, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA or by telephoning EQ on +44 (0)371 384 2268 (please use the country code if calling from outside the UK). Lines are open 9.00am to 5.00pm, Monday to Friday, excluding public holidays in England and Wales

If you wish to continue to take your dividend in cash you need take no action. Your dividend will continue to be paid to you in cash.

If you intend to elect for the scrip dividend alternative, you must complete and return your scrip dividend mandate form so as to be received by Costain's registrar, EQ, no later than 15 working days before the Relevant Dividend's payment date.

Taxation

The comments set out below summarise certain United Kingdom taxation consequences of the Scheme for holders of ordinary Costain shares. They are based on current law and on what is understood by Costain to be current H.M. Revenue and Customs practice as at the date of this document. They apply only to holders of ordinary Costain shares who are resident for tax purposes in the United Kingdom, who hold their ordinary Costain shares as an investment and who are the absolute beneficial owners of their ordinary Costain shares.

Any holders of ordinary Costain shares who do not fall within the above description or who are in any doubt as to their taxation position in respect of the Scheme should consult their own professional advisers immediately.

Income tax

A shareholder who is an individual resident (for tax purposes) in the United Kingdom and who elects to receive new ordinary shares instead of a cash dividend from Costain will be taxable on the amount (the 'equivalent amount') which is equal to the cash equivalent of those new ordinary shares. The equivalent amount will be regarded as the top slice of the individual's income and the individual will be taxable on it as dividend income.

Since 6 April 2016 the Dividend Tax Credit has been replaced by a tax-free dividend allowance (the 'Dividend Allowance'). Under this regime, the individual is subject to income tax at a rate of 0% on any dividend income received in the tax year up to the amount of the Dividend Allowance. Any dividend income received in excess of the Dividend Allowance is subject to income tax at the following rates: from 6 April 2022, 8.75% on dividend income within the basic rate band; 33.75% on dividend income within the higher rate band; and 39.35% on dividend income within the additional rate band.

Note that dividend income that falls within the Dividend Allowance counts towards the individual's basic or higher rate limits and may therefore affect the rate of income tax that is due on any dividend income in excess of the Dividend Allowance.

The 'cash equivalent' of any new ordinary shares received in lieu of a cash dividend will be the amount of the cash dividend foregone unless the difference between that amount and the market value of the new ordinary shares received in lieu of the cash dividend on the first day of dealing on the London Stock Exchange is equal to or greater than 15% of that market value in which case the cash equivalent will be that market value.

Capital gains tax

A shareholder who is an individual resident (for tax purposes) in the United Kingdom and who elects to receive new ordinary shares instead of a cash dividend from Costain will not be treated for the purposes of capital gains tax as having made a disposal of the original holding in respect of which the new ordinary shares are received. The new ordinary shares will be treated as having been acquired for an amount equal to the cash equivalent (determined as set out above).

Corporation tax

A company which is resident (for tax purposes) in the United Kingdom and which elects to receive new ordinary shares instead of a cash dividend from Costain will not be liable to corporation tax on the receipt of the new ordinary shares. Instead, those shares will be treated as the same asset and as having been acquired at the same time and for the same consideration as the original holding in respect of which they are received. Consequently, the calculation of any chargeable gain or allowable loss on a future disposal of, or of part of, the enlarged holding will fall to be made by reference to the base cost of the original holding only.

APPENDIX 2 & 3

Appendix 2 – Summary of the Principal Terms of the Costain 2022 Sharesave Plan (Resolution 16)

Introduction

The Company has previously operated the Costain Group Sharesave Plan, which expires for the purposes of granting new options on 8 May 2022. It is proposed that the Costain 2022 Sharesave Plan (the “2022 Sharesave”) will replace the existing plan. The 2022 Sharesave is very similar to the existing plan, but has been updated to reflect current practice and legislative changes.

Overview

The 2022 Sharesave is an ‘all employee’ share option plan, which is intended to satisfy the requirements of Schedule 3 to the Income Tax (Earnings and Pensions) Act 2003 and will give participating employees the opportunity to acquire ordinary shares in the Company (“Shares”). The 2022 Sharesave will be administered and operated by the Board or a duly authorised committee, and references in this summary to the Board should be read accordingly.

Shares may be acquired using savings of up to £500 per month or such other amount permitted under the relevant legislation governing UK ‘tax-advantaged’ SAYE plans from time to time over a period of three or five years.

Eligibility

Each time that the Board decides to operate the 2022 Sharesave, it must invite all employees of the Company and designated participating subsidiaries of the Company who are UK-resident taxpayers (including executive directors) to apply for options over Shares. The Board may set a qualifying period of employment of up to five years.

Other employees (including executive directors) of the group may also be invited to participate.

Savings Contracts

Under the 2022 Sharesave, employees will be required to make regular savings under a savings contract (a “Savings Contract”) with a financial institution.

Exercise Price

The proceeds of the Savings Contract can be used to exercise an option to acquire Shares at an exercise price set at the date of invitation. The exercise price may not be less than 80 per cent. (or such other percentage as may be permitted by the relevant legislation from time to time) of the market value of a Share at the date of invitation.

When calculating the market value of a Share for setting the exercise price, share prices may only be used from within the six week period following: (i) the approval of the 2022 Sharesave by the Company’s shareholders; (ii) the announcement of the Company’s results for any period; (iii) any day on which changes to UK legislation affecting tax-qualifying sharesave schemes are proposed or made; (iv) any day on which a new Savings Contract is announced or comes into effect; or (v) any day on which the Board determines that exceptional circumstances exist.

However, if restrictions apply on dealing in Shares during these periods, share prices in the period of six weeks following the relevant restriction being lifted may be used.

Exercise of Options

Ordinarily, an option may be exercised within six months of the date the Savings Contract matures.

Cessation of Employment

If an employee or director dies while holding an option, the participant’s personal representatives will normally have up to a year from the date of the participant’s death to exercise the option.

Options may also be exercised early for a period of up to six months from the date the participant ceases to be an employee or director with the group because of: (i) their injury or disability; (ii) redundancy or retirement; (iii) the sale of the entity that employs the participant out of the group; or (iv) provided the option has been held for at least three years, any other reason apart from dismissal for misconduct.

If a participant ceases to be an employee or director with the group in any other circumstances, any option held by the participant will lapse on the date on which the participant ceases employment.

Corporate Events

In the event of a takeover or winding up of the Company (which is not an internal reorganisation of the group), options may be exercised early. Alternatively, options may be exchanged (with the agreement of the acquiring company) for equivalent options over shares in the acquiring company. Options will be exchanged (or will lapse) in the event of a takeover which is an internal reorganisation.

Overall Plan Limits

The 2022 Sharesave may operate over new issue Shares, treasury Shares or Shares purchased in the market.

In any ten-year period, the Company may not issue (or grant rights to issue) more than 10 per cent. of the issued ordinary share capital of the Company under the 2022 Sharesave and any other employee share plan adopted by the Company.

Treasury Shares will count as new issue Shares for the purposes of these limits unless institutional investors consider they need not count.

Variation of Capital

In the event of any variation of the Company’s share capital, the Board may make such adjustments as it considers appropriate to the number or description of Shares subject to an option or to the exercise price applicable to an option or the limits on the maximum number of Shares that may be used in connection with the 2022 Sharesave.

Any adjustment to an option may only be made in accordance with the requirements of the applicable legislation.

Alterations, Termination and Further Terms of the 2022 Sharesave

The Board may, at any time, amend the 2022 Sharesave in any respect, provided that prior approval of the Company's shareholders in a general meeting will be required for amendments to the advantage of participants relating to the rules governing eligibility, limits on participation, the basis for determining a participant's entitlement to, and the terms of, the Shares subject to an option and the adjustments that may be made to an option in the event of a variation of capital.

The requirement to obtain the prior approval of shareholders will not, however, apply to any minor alteration made to benefit the administration of the 2022 Sharesave, to take account of a change in legislation or to maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the group.

The 2022 Sharesave will terminate on the tenth anniversary of its approval by shareholders but the rights of existing participants will not be affected by any termination.

Options granted under the 2022 Sharesave are not transferable other than to the participant's personal representatives in the event of death. Options will not form part of pensionable earnings.

Appendix 3 – Explanatory notes on the principal changes to the Company's Articles of Association (Resolution 20)

Untraced shareholders

The New Articles amend the position in relation to untraced shareholders. Rather than requiring the Company to take out two newspaper advertisements, the New Articles require the Company to use reasonable efforts to trace the shareholder. 'Reasonable efforts' to trace a shareholder may include, if considered appropriate, the Company engaging a professional asset reunification company or other tracing agent to search for a shareholder who has not kept their shareholder details up to date.

In addition, the New Articles provide that money from the sale of the shares of an untraced shareholder will be forfeited if not claimed after two years, rather than six years. The Company may, if it so decides, put forfeited sums towards charitable causes.

Sub-division of shares

The New Articles clarify that any shares resulting from a sub-division of the Company's existing shares may, in addition to having any preference or advantage as compared with the Company's other shares, also have deferred or other rights. This change makes administering any sub-division of shares more straightforward.

Operation of General Meetings

The New Articles provide the chair with greater flexibility to take into account all circumstances of a particular meeting and determine the right method of participation for those attending the meeting electronically. The requirement that facilities at an electronic meeting must enable members attending to hear and be heard by each other has therefore been removed.

The New Articles also allow the Company, where appropriate, to make changes to the arrangements for general meetings (including the introduction, change or cancellation of electronic facilities) after notice of the meeting has been issued. The Company may give notice of any such changes in any manner considered appropriate (rather than via an advertisement in two national newspapers). The New Articles also explicitly allow the Company to introduce health and safety arrangements at its meetings.

These changes were introduced to provide the Board greater flexibility to align with evolving best practice, particularly in light of the COVID-19 pandemic and the uncertain duration of social distancing measures and restrictions on gatherings.

Directors below minimum through vacancies

The Current Articles provide that where the number of continuing directors falls below the minimum number or the number required for quorum of the board, they may only act either to appoint further directors themselves or summon general meetings. The New Articles provide greater flexibility as they allow continuing directors or a sole continuing director to act notwithstanding any vacancy (including to fill vacancies and summon general meetings for the purpose of appointing further directors). The Board considers it prudent to provide the directors with increased flexibility to ensure that the Company has a functioning board at all times.

Forfeiture of unclaimed dividends

The Current Articles provide that if a dividend or other payment due to members has not been claimed for twelve years after being declared or becoming due, it will be forfeited to the Company. Article 118 of the New Articles reduces this period from twelve to six years. The Company may, if it so decides, put forfeited sums towards charitable causes.

Gender neutrality

As part of the Company's continued support of gender diversity, all references to gender have been made neutral throughout the articles.

General

Other changes which are of a minor, technical or clarifying nature or which have been made to remove provisions in the Current Articles which duplicate English company law are not noted.

APPENDIX 4

Appendix 4 – Biography of Fiona MacAulay MSc, Chartered Geologist (Resolution 10)

Skills and experience

Fiona MacAulay has been appointed as an independent non-executive director from 6 April 2022. Fiona will be a member of the Company's Audit, Nomination and Remuneration Committees and will become chair of the Remuneration Committee at the conclusion of the 2022 Annual General Meeting.

Prior to transitioning in 2018 to a portfolio of non-executive and advisory roles within the resources and industrial sectors, Fiona, with over 35 years' experience in operations, large programme management, global supply chain and stakeholder management, held senior roles and board positions in the upstream oil and gas sector across a number of large and small cap companies. These included BG Group, Mobil and latterly as COO of Rockhopper Exploration plc (2013-2017) and CEO of Echo Energy PLC (2017-2019).

Fiona is an experienced public company director with deep knowledge of executive remuneration and ESG matters. Fiona was also until recently a non-executive director of Coro Energy PLC (2017-2022) at which she was also HSE committee chair and remuneration committee chair. She was a member of the Exploration Advisory Board of Cairn India Ltd (2019-2021) and is past President of American Association of Petroleum Geologists (AAPG) Europe, receiving an Honorary Membership Award in 2021. Fiona is a member of the Geological Society of London Investment Committee and a scrutineer for its Chartership Programme.

External Appointments

Non-executive chair and chair of the remuneration committee of IOG plc, senior independent director and chair of the remuneration committee of Ferrexpo plc, and non-executive director of Chemring Group PLC and EPI Group Limited.



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