

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 2023 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 11 May 2023, is set out on pages 4 to 6 of this document. Please complete and submit the proxy form 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, by no later than 3.00pm on Tuesday 9 May 2023. 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

4 April 2023

2023 Annual General Meeting

Dear Shareholder,

I am delighted to have been appointed chair of Costain from December 2022 and to invite you to attend our 2023 AGM at No. 11 Cavendish Square, London W1G 0AN at 3.00pm on Thursday 11 May 2023.

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.

Dividend

During the last two years, the Group has made very significant progress in its operating cash generation, demonstrated by our strong year end cash position and operating cash flow in FY22. A resilient business model and strong balance sheet is fundamental to our ability to win business and manage risk. At the same time, the Board recognises the importance of dividends to shareholders and remains committed to returning to dividend payments when appropriate.

Directors

I joined the Board as independent Non-executive Director and chair designate on 1 November 2022 and succeeded Paul Golby on 1 December 2022 as chair of the Board and chair of the Nomination Committee. I will therefore be seeking election by shareholders for the first time at the 2023 AGM. We thank Paul for his contribution and service to Costain for over six years and wish him well for the future.

In line with the 2018 UK Corporate Governance Code, all directors of the Company (Directors) will stand for election or re-election by shareholders at the AGM. Biographical details of all the Directors, including our skills and competencies, are provided on pages 46 and 47 of the Annual Report and Accounts for 2022 (2022 Annual Report) and can be found on the Company's website at www.costain.com.

Resolutions

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 13 of this document.

New Remuneration Policy

This year, as required, we are presenting for approval a new Directors' Remuneration Policy, which can be found on pages 95 to 101 of the 2022 Annual Report. Our remuneration policy is designed to be simple and transparent, aligned with delivering our strategy to transform the Group and ultimately supporting the creation of longer-term sustainable shareholder value. We have consulted with our largest shareholders in finalising the new Directors' Remuneration policy.

Share Plans

At this year's AGM, shareholders will also be asked to approve the Costain 2023 Long Term Incentive Plan (2023 LTIP) and the Costain 2023 Share Deferral Plan (2023 SDP).

Our existing 2014 Long Term Incentive Plan and 2014 Share Deferral Plan were approved by shareholders at the 2014 AGM and will reach the end of their 10-year lives in May 2024. The 2023 LTIP and 2023 SDP are replacements for the 2014 plans which, as described in the statement from the chair of the Remuneration Committee in the Directors' Remuneration Report for the year ended 31 December 2022, are proposed to coincide with the adoption of the new Directors' Remuneration Policy.

The 2014 plans include the standard overall '10% in 10 years' dilution limit on the use of new issue shares and treasury shares for all of the Company's share plans, and also the '5% in 10 years' dilution limit which applies only to 'discretionary' plans. Each of the 2023 LTIP and 2023 SDP includes the '10% in 10 years' limit but does not include the '5% in 10 years' limit. The current dilution under our discretionary plans is at the 5% in 10 years limit. This restricts our ability to grant long term incentive awards going forward over newly issued shares. The ability to grant such awards to key executives is critical to our ability to attract and retain high calibre individuals in an increasingly competitive market and to remunerate executives fairly and responsibly. Not including the '5% in 10 years' limit means that we can operate the new plans in a way which is aligned with our overall approach to reward – enabling us to incentivise and retain the employees who are key to delivery of long term sustainable performance, including those below the Executive Director level, whilst at the same time giving us the flexibility to settle awards in the most appropriate way taking into account all relevant considerations, including cash cost and dilution.

Summaries of the principal terms of the 2023 LTIP and 2023 SDP are set out in the Appendix (see pages 14 to 18).

Voting

It is important to the Company that shareholders have the opportunity to vote, even if they are unable to attend in person. To ensure your vote is counted we recommend that you cast your votes in advance of the AGM, using one of the following methods:

- by completing the enclosed proxy form and returning it to our registrar as soon as possible
- in electronic form via www.sharevote.co.uk or www.shareview.co.uk as applicable
- via the CREST electronic proxy service (for CREST members)
- via Proxymity for institutional investors.

The completion and return of the proxy form will not prevent you from attending and voting in person at the meeting should you so wish. Voting on resolutions at the AGM will be by way of a poll and not a show of hands. A poll is the fairest way of ensuring the wishes of shareholders are properly reflected at general meetings as it records the decision of all shareholders who have voted by proxy, and those who attend the meeting in person, based on the number of shares they hold.

Details on how to complete and return your proxy form by post, electronically, online through CREST or via Proxymity are set out on pages 7 to 9 of this Notice. Submission and receipt by the registrar of your vote must be no later than 3.00pm on Tuesday 9 May 2023.

The Company encourages shareholders to participate in, and vote at, the AGM. However, the Company will not permit behaviour at the AGM that may interfere with another person's security, safety or the good order of the meeting. Any inappropriate behaviour will be dealt with appropriately by the chair.

Annual Report and Accounts

Those shareholders who have elected to receive paper copies of shareholder information will receive a copy of the 2022 Annual Report under cover of this letter. For those shareholders who have elected to receive shareholder information electronically via the Company's website, the 2022 Annual Report is now available for viewing and downloading online from the Company's website at www.costain.com. The majority of our shareholders have now taken the opportunity to receive shareholder information electronically and, for those shareholders receiving paper copies, may I draw your attention to the enclosed notification concerning receipt of future shareholder information from the Company.

I would encourage all shareholders to opt to receive publications, including the Annual Report and Accounts, in electronic form. However, should you prefer to receive paper copies, please do let us know.

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,

Kate Rock

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 11 May 2023 at 3.00pm. You will be asked to consider and pass the resolutions listed below. Resolutions 18 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 2022, together with the reports of the Directors and auditor thereon.

Directors' Remuneration Report and Directors' Remuneration Policy

- 2) To approve the Directors' Remuneration Report (other than the part containing the Directors' Remuneration Policy) for the financial year ended 31 December 2022.
- 3) To approve the Directors' Remuneration Policy, which may be found on pages 95 to 101 of the Company's Annual Report and Accounts for the financial year ended 31 December 2022.

Election and Re-election of Directors

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

Re-appointment of Auditor and Auditor's Remuneration

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

Political Donations

- 14) 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

- 15) 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:
 - a) up to an aggregate nominal amount of £45,847,456 (such amount to be reduced by any allotments or grants made under paragraph (b) below in excess of such sum); and
 - b) comprising equity securities (as defined in Section 560(1) of the Companies Act 2006) up to a further nominal amount of £91,694,913 (such amount to be reduced by any allotments or grants made under paragraph (a) above) in connection with a pre-emptive offer (including an offer by way of a rights issue or open offer):
 - 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, 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 11 August 2024 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.

Costain 2023 Long Term Incentive Plan

16) That

- a) the rules of the Costain 2023 Long Term Incentive Plan (2023 LTIP), 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 the Appendix 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 2023 LTIP; and
- b) the Directors be and are hereby authorised to adopt further plans based on the 2023 LTIP 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 2023 LTIP.

Costain 2023 Share Deferral Plan

17) That

- a) the rules of the Costain 2023 Share Deferral Plan (2023 SDP), 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 the Appendix 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 2023 SDP; and
- b) the Directors be and are hereby authorised to adopt further plans based on the 2023 SDP 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 2023 SDP.

Special Resolutions

Disapplication of Pre-Emption Rights

18) That, if Resolution 15 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 power 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 (b) of Resolution 15, by way of a pre-emptive offer (including a rights issue or open offer));

- 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 (a) of Resolution 15 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 £13,754,237; and
- c) to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (a) or paragraph (b) above) up to a nominal amount equal to 20% of any allotment of equity securities or sale of treasury shares from time to time under paragraph (b) above, such power to be used only for the purposes of making a follow-on offer which the Board of Directors determines to be of a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

such power to apply until the end of the next Annual General Meeting of the Company (or, if earlier, until the close of business on 11 August 2024) 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 expires and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not expired.

19) That, if Resolution 15 is passed, the Board of Directors be given the power in addition to any power granted under Resolution 18 to allot equity securities (as defined in the Companies Act 2006) for cash under the authority given by paragraph (a) of Resolution 15 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 power to be:

Notice of Annual General Meeting continued

- a) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £13,754,237, such power to be used only for the purposes of financing a transaction which the Board of Directors determines to be either an acquisition or a specified 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 12 months of its taking place; and
- b) limited to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (a) above) up to a nominal amount equal to 20% of any allotment of equity securities or sale of treasury shares for time to time under paragraph (a) above, such power to be used only for the purposes of making a follow-on offer which the Board of Directors determines to be of a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emptions Rights most recently published by the Pre-Emption Group prior to the date of this notice,

such power to apply until the end of the next Annual General Meeting of the Company (or, if earlier, until the close of business on 11 August 2024) 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 expires 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.

Purchase of Own Shares

- 20) 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 27,508,474;
 - 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 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, such authority to expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, at the close of business on 11 August 2024, 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.

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

Nicole Geoghegan

Company Secretary

4 April 2023

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 8.30am to 5.30pm, 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);
 - iv) in the case of, institutional investors, they may be able to appoint a proxy via the Proximity platform (as described in note 16 below),
3. The return of a completed proxy form or other instrument (whether in hard copy form, electronically or by utilising the CREST or Proximity electronic proxy services), 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.

and in each case must be received by EQ no later than 3.00pm on Tuesday 9 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.

Notes to the Notice of Annual General Meeting continued

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 9 May 2023 (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.
11. As at 24 March 2023 (the latest practicable date prior to the publication of this Notice), the Company's issued share capital consists of 275,084,741 ordinary shares of 50 pence each, carrying one vote each. Therefore, the total voting rights in the Company as at 24 March 2023 are 275,084,741. 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 9 May 2023. 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. If you are an institutional investor you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 3.00pm on Tuesday 9 May 2023 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.
17. 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).
18. 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.
19. 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.

20. 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.

21. 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.
22. 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:
- i) 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
 - ii) 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.

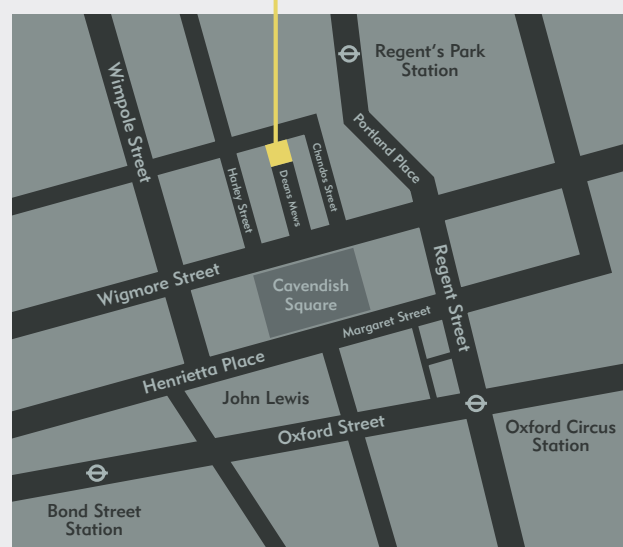
23. Except as provided above, members who have general queries about the AGM should use the following means of communication (no other methods of communication will be accepted):

- 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 8.30am to 5.30pm, 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.

24. Inspection of documents: the 2023 LTIP, the 2023 SDP, 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, by appointment, 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.
25. 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 17 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 18 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 2022 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 and 3: Directors' Remuneration

Resolution 2 concerns the approval of the Annual Report on Remuneration of the Directors, together with the Remuneration Committee chair's Summary Statement, contained within the Directors' Remuneration Report of the 2022 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 86 to 119 of the 2022 Annual Report and Accounts.

Resolution 3 concerns the approval of the Company's Remuneration Policy on the remuneration of its Directors (the Directors' Remuneration Policy). The Company is required to present the Directors' Remuneration Policy to shareholders for approval at the AGM at least every three years. This is the Company's forward-looking policy on Directors' remuneration and is set out in the Directors' Remuneration Report on pages 95 to 101 of the 2022 Annual Report and Accounts. The current Directors' Remuneration Policy was approved by shareholders at the 2020 AGM and, in line with market practice, it was the Company's intention not to seek approval of a new policy within three years. A new Directors' Remuneration Policy is therefore being put to shareholders for approval at this year's AGM. If approved by shareholders the Directors' Remuneration Policy will take effect immediately after the end of the AGM and will apply until replaced by a new or amended policy and the voting will be binding on the Company. Once the policy is effective, the Company will not be 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.

If the Directors' Remuneration Policy is not approved by the shareholders for any reason, the Company will, if and to the extent permitted to do so under the Companies Act 2006, continue to make payments to Directors in accordance with the Company's existing policy on Directors' remuneration.

Resolutions 4 to 11: Election and re-election of Directors

Resolutions 4 to 11 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. Kate Rock, chair, who has been appointed to the Board since the 2022 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 2022 year when a total of 10 Board and 4 Audit Committee meetings were held with high attendance levels (see page 72 of the 2022 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, including their skills and competencies, and therefore the reasons to support these resolutions, can be found on pages 46 and 47 of the 2022 Annual Report and Accounts.

Resolution 12: 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.

Resolution 13: 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 14: 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 2022.

Resolution 15: Renewal of Authority to Allot Shares

At the Company's AGM held on 5 May 2022, 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 2022, 135,000 shares had been allotted to satisfy awards granted in 2019 under the existing Long Term Incentive Plan.

As the General Authority is due to expire at the end of this year's AGM (or, if earlier, on 5 August 2023), 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 £45,847,456.

In line with guidance issued by the Investment Association, the authority in the second part of Resolution 15 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 pre-emptive offer, including an offer by way of a rights issue or open offer, in favour of ordinary shareholders up to an aggregate nominal amount that is equivalent (before any reduction as a result of any shares issued under the first part of Resolution 15) to approximately two-thirds of the total issued ordinary share capital of the Company. As at 24 March 2023, the latest practicable date prior to the publication of the Notice of AGM, this is £91,694,913. As at the date of the Notice of AGM, no ordinary shares are held by the Company in treasury.

The Company has no present plans to undertake a pre-emptive offer (whether by way of rights issue, open offer or otherwise) 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 11 August 2024 and the end of the AGM to be held in 2024.

Resolutions 16 and 17: The Costain 2023 Long Term Incentive Plan and the Costain 2023 Share Deferral Plan

These resolutions seek shareholder approval for the Costain 2023 Long Term Incentive Plan (2023 LTIP) and the Costain 2023 Share Deferral Plan (2023 SDP). These plans are replacements for the Costain 2014 Long Term Incentive Plan and the Costain 2014 Share Deferral Plan that were approved by shareholders at the 2014 AGM and will reach the end of their 10-year lives in May 2024.

A summary of the principal terms of the 2023 LTIP and the 2023 SDP is set out in the Appendix on pages 14 to 18 of this document. Resolutions 16 and 17 also seek approval for the establishment of further plans based on the 2023 LTIP and 2023 SDP but modified for overseas operation. Whilst there is no current intention to adopt any such plans, these provisions are included in line with usual practice and for future flexibility given the 10-year life of the 2023 LTIP and the 2023 SDP.

A copy of the rules of the 2023 LTIP and the 2023 SDP will be available on the Company's website from the date of this Notice until the close of the meeting. The rules will also be available for inspection at the AGM for 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.

Explanatory Notes to the Notice of Annual General Meeting continued

Resolutions 18 and 19: Disapplication of Pre-Emption Rights

Subject to approval of Resolution number 15, 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 (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 for cash without a pre-emptive offer to existing shareholders.

The Pre-Emption Resolutions would give the Directors the power to allot ordinary shares or sell any ordinary shares the Company holds in treasury for cash without first offering them to existing shareholders in proportion to their existing shareholdings.

The power set out in Resolution 18 would be limited to:

- (a) pre-emptive offers, including rights issues or open offers and offers to holders of other equity securities if required by the rights of those securities, or as the Board of Directors otherwise considers necessary; and/or
- (b) otherwise, allotments or sales up to an aggregate nominal amount of £13,754,237 (representing 27,508,474 ordinary shares and approximately 10% of the total issued ordinary share capital (excluding treasury shares) of the Company) as at 24 March 2023, the latest practicable date prior to the publication of the Notice of AGM; and
- (c) allotments or sales up to an additional aggregate nominal amount equal to 20% of any allotments or sales made under (b) above (so a maximum of 2%), such power to be used only for the purposes of making a follow-on offer of a kind contemplated by Section 2B of the Pre-Emption Group's Statement of Principles 2022.

The power set out in Resolution 19 is intended to give the Company flexibility to make non-pre-emptive issues of ordinary shares in connection with acquisitions and other capital investments as contemplated by the Pre-Emption Group's Statement of Principles. The power under Resolution 19 is in addition to that proposed by Resolution 18 and would be limited to:

- (a) allotments or sales of up to an aggregate nominal amount of £13,754,237 (representing 27,508,474 ordinary shares and an additional 10% of the total issued ordinary share capital (excluding treasury shares) of the Company) as at 24 March 2023, the latest practicable date prior to the publication of the Notice of AGM; and

- (b) allotments or sales of up to an additional aggregate nominal amount equal to 20% of any allotments or sales made under (a) above (so a maximum of 2%), such power to be used only for the purposes of making a follow-on offer of a kind contemplated by Section 2B of the Pre-Emption Group's Statement of Principles 2022.

The limits in the Pre-Emption Resolutions are in line with those set out in the Pre-Emption Group's 2022 Statement of Principles.

The Board of Directors has no present intention to exercise the powers sought by the Pre-Emption Resolutions. If the powers are used in relation to a non-pre-emptive offer, the Directors confirm their intention to follow the shareholder protections in paragraph 1 of Part 2B of the Pre-Emption Group's Statement of Principles 2022 and, where relevant, follow the expected features of a follow-on offer as set out in paragraph 3 of Part 2B of the Pre-Emption Group's Statement of Principles 2022.

If the Pre-Emption Resolutions are passed, the powers will expire on the earlier of the close of business on 11 August 2024 and the end of the AGM to be held in 2024.

Resolution 20: 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 24 March 2023, the latest practicable date prior to the publication of the Notice of AGM, this is 27,508,474 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 11 August 2024). Any buyback would be by market purchase through the London Stock Exchange.

The total number of options to subscribe for ordinary shares outstanding at 24 March 2023, the latest practicable date prior to the publication of this document, was 15,508,700, which represented 5.64 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 6.26 per cent of the issued ordinary share capital as at 24 March 2023.

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 11 August 2024 and the end of the AGM to be held in 2024. The Board has no present intention to exercise the authority sought under the resolution.

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, 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 – Summary of the Principal Terms of the Costain 2023 Long Term Incentive Plan and the Costain 2023 Share Deferral Plan (Resolutions 16 and 17)

The Costain 2023 Long Term Incentive Plan

Introduction

The Company has previously operated the Costain Group 2014 Long Term Incentive Plan, which expires for the purposes of granting new awards in May 2024. It is proposed that the Costain 2023 Long Term Incentive Plan (2023 LTIP) will replace the existing plan. The 2023 LTIP has been designed to reflect current practice and to be aligned, where relevant, with the Directors' Remuneration Policy for which approval is being sought at Resolution 3.

Operation

The 2023 LTIP will be administered by the Board or by any duly authorised committee of it. In this summary, references to the Board include any such committee. Decisions in relation to any participation in the 2023 LTIP by the Company's Executive Directors and other persons in respect of whom the Company's Remuneration Committee is required to determine remuneration will always be taken by that Committee.

Eligibility

Any employee of the Company or any of its subsidiaries is eligible to participate in the 2023 LTIP at the Board's discretion.

Form of awards

Awards may be granted by the Board as:

- (a) conditional awards of ordinary shares in the Company (Shares);
- (b) options to acquire Shares for nil cost or for a per Share exercise price equal to the nominal value of a Share;
- (c) options to acquire Shares for a per Share exercise price equal to the market value of a Share at the date of grant of the option on the basis set out below (Tax qualifying options); or
- (d) cash-based awards relating to a number of "notional" Shares, although it is intended that awards will be granted in relation to Shares wherever practicable.

Awards are not transferable except on death and will not form part of pensionable earnings.

Tax qualifying options

As described above, awards may be granted under the 2023 LTIP as options with an exercise price per Share equal to the market value of a Share at the date of grant of the option. It is intended that any such option would satisfy the requirements of Schedule 4 to the Income Tax (Earnings and Pensions) Act 2003 such that the option would benefit from the tax advantages available for such options.

Such options would only be granted in combination with a nil-cost or nominal cost option and on terms that the extent to which the nil-cost or nominal cost option may be exercised is reduced to take account of any gain made on exercise of the tax-qualifying option. For this reason, the Shares subject to the tax-qualifying option are not taken into account for the purposes of assessing the individual limit on participation in the 2023 LTIP so as to avoid double counting.

The provisions of the 2023 LTIP as summarised in this Appendix apply to such tax-qualifying options other than as required by the applicable tax legislation.

In this summary, the term "Option" refers to nil-cost options, nominal cost options and tax-qualifying options.

Grant of awards

Awards can ordinarily only be granted in the six weeks:

- (a) beginning with the day on which the 2023 LTIP or a Directors' Remuneration Policy is approved by shareholders; or
- (b) following the announcement by the Company of its results for any period.

However, the Board will have discretion to grant awards at other times if it determines that exceptional circumstances exist which justify the grant of awards. The Board will also have discretion to grant at other times if there were restrictions on grants being made during any other permitted period.

Performance conditions

Unless the Board determines otherwise, the vesting of awards will be subject to the satisfaction of a performance condition. The application of performance conditions to awards granted to the Company's Executive Directors will be consistent with the Company's Directors' Remuneration Policy as approved by shareholders from time to time. Performance conditions will usually be assessed over a period of at least three years.

Any performance condition may be amended or substituted if the Board considers that an amended or substituted performance condition would be reasonable, more appropriate and would not be materially less difficult to satisfy.

Individual limit

Awards will not be granted to a participant under the 2023 LTIP in respect of any financial year of the Company over Shares with a market value (as determined by the Board) in excess of 150% of salary, or 200% of salary in exceptional circumstances. Awards granted to a new recruit in respect of remuneration forfeited in connection with joining the Company will not be subject to these limits.

Overall limit

The 2023 LTIP may operate over new issue Shares, treasury Shares or Shares purchased in the market other than into treasury.

In any 10-year period, the number of Shares which may be issued under the 2023 LTIP and any other employee share plan adopted by the Company may not exceed 10% of the issued ordinary share capital of the Company from time to time.

Treasury Shares will be treated as newly issued for the purpose of this limit until such time as guidelines published by institutional investor representative bodies determine otherwise.

Vesting, exercise and release of awards

Awards subject to performance conditions will normally vest as soon as reasonably practicable after the end of the performance period (or on such later date as the Board determines) to the extent that the performance conditions have been satisfied. Awards not subject to performance conditions will normally vest on the third anniversary of grant (or such other date as the Board determines).

The Board may adjust (including by reducing to nil) the extent to which an award would vest, if it considers that the vesting level is not appropriate, including if it materially deviates from the intention of the Company's Directors' Remuneration Policy, is unreflective of the underlying financial or non-financial performance of the participant or the Company over the vesting period, or the vesting level is not appropriate in the context of circumstances that were unexpected or unforeseen when the award was granted.

The Board may determine that a vested award is also subject to a "holding period" (Holding Period) during which Shares subject to an award will not be delivered to participants and at the end of which awards will be "released" (i.e. participants will be entitled to receive their Shares under the award). The Board will determine the length of the Holding Period (which will start on the date an award vests). The Holding Period for awards granted to the Company's Executive Directors will be consistent with the Company's Directors' Remuneration Policy as approved by shareholders from time to time.

Options will normally be exercisable from the point of vesting (or, where relevant, release) until the 10th anniversary of the grant date. At any time before the point at which an award has vested/been released, or Option has been exercised, the Board may decide to pay a participant a cash amount equal to the value of the Shares they would have otherwise received.

Dividend equivalent payments

The Board may decide to award dividend equivalents on vested Shares in respect of dividends paid by reference to dividend record dates over such period as the Board determines, ending no later than the date on which the award vests (or, if relevant, is released). Dividend equivalents may be paid in Shares or cash and may assume the reinvestment of the dividends in Shares.

Leavers – unvested awards

Unvested awards will usually lapse on the individual's cessation of office or employment in the Company's Group except where cessation is as a result of the individual's death, ill health, injury or disability, where the participant's employer is no longer a member of the Company's Group, or for any other reason that the Board determines (Good Leavers).

If a participant dies, an unvested award will, unless the Board determines otherwise, vest and be released at the time of the participant's death to the extent that the Board determines. The Board will take into account the satisfaction of any performance condition and, unless it determines otherwise, the proportion of the performance or vesting period that has elapsed. A participant's personal representatives will normally have 12 months from the participant's death to exercise any vested and released Options.

Unvested awards held by other Good Leavers will usually continue until the normal vesting date at which point the extent of vesting will be determined taking into account the satisfaction of any performance condition. The Board retains discretion to vest the award as soon as reasonably practicable following the date of cessation and to assess any performance condition accordingly. In either case, unless the Board decides otherwise, the level of vesting will also take into account the proportion of the performance or vesting period that has elapsed. If the award is subject to a Holding Period, that will ordinarily continue, although the Board retains discretion to release the Award earlier than originally anticipated. Options will normally be exercisable for six months after vesting (or, where relevant, release), or for such longer period as the Board permits.

Appendix – Summary of the Principal Terms of the Costain 2023 Long Term Incentive Plan and the Costain 2023 Share Deferral Plan (Resolutions 16 and 17) *continued*

Leavers – Holding Period

If a participant ceases to be an officer or employee in the Company's Group during a Holding Period, their award will normally be released at the end of the Holding Period, unless the Board determines that it should be released as soon as reasonably practicable following their cessation of office or employment. However, if a participant is dismissed for misconduct during a Holding Period, their award will lapse immediately. Options will normally be exercisable for six months after release, or for such longer period as the Board permits.

If a participant ceases to be an officer or employee of the Company whilst holding a vested Option which is not (or is no longer) subject to a Holding Period, they will normally have six months, or such longer period as the Board permits, from their cessation of office or employment to exercise that Option, unless they are dismissed for misconduct, in which case their Option will lapse immediately.

Malus and clawback

If:

- there is a material misstatement of the Company's financial results;
- the Board forms the view that in assessing any performance condition and/or any other condition imposed on an award such assessment was based on an error or on inaccurate or misleading information which resulted directly or indirectly in the award vesting to a greater degree than would otherwise have been the case;
- an individual's actions amount to gross misconduct;
- the Board forms the view that any member of the Group has suffered serious reputational damage; or
- the Board forms the view that there has been a serious corporate failure in any member of the Group,

then up until the second anniversary of the vesting date, the Board may:

- reduce awards (to zero if appropriate) or impose additional conditions on the awards; and/or
- require that the participant has to either return some or all of the Shares acquired under their award or make a cash payment to the Company in respect of the Shares delivered.

Corporate events

In the event of a change of control of the Company, unvested awards will vest as determined by the Board, taking into account the extent to which any performance condition has been satisfied and, unless the Board determines otherwise, the proportion of the performance or vesting period that has elapsed at the date of the relevant event. Awards to the extent vested will then be released.

Alternatively, the Board may permit awards to be exchanged for awards over shares in the acquiring company. If the change of control is an internal reorganisation of the Company or if the Board so decides, participants will be required to exchange their awards (rather than awards vesting/being released as part of the transaction).

If other corporate events occur such as a winding-up of the Company, demerger, delisting, special dividend or other event which, in the opinion of the Board, may affect the current or future value of Shares, the Board may determine that awards will vest taking into account the satisfaction of any performance condition and, unless the Board determines otherwise, the proportion of the performance period or vesting period that has elapsed at the date of the relevant event.

Adjustment of awards

The Board may adjust the number of Shares under an award or any performance condition applicable to an award in the event of a variation of the Company's share capital or any demerger, delisting, special dividend or other event which, in the opinion of the Board, may affect the current or future value of Shares.

Amendments

The Board may amend the 2023 LTIP at any time, provided that prior approval of the Company's shareholders will be required for amendments to the advantage of eligible employees or participants relating to eligibility, limits, the basis for determining a participant's entitlement to, and the terms of, the Shares comprised in an award and the impact of any variation of capital.

However, any minor amendment to benefit the administration of the 2023 LTIP, to take account of legislative changes, or to obtain or maintain favourable tax, exchange control or regulatory treatment may be made by the Board without shareholder approval.

Termination of the 2023 LTIP

No Awards may be granted under the 2023 LTIP after the 10th anniversary of its approval by shareholders.

The Costain 2023 Share Deferral Plan

Introduction

The Company has previously operated the Costain Group 2014 Share Deferral Plan, which expires for the purposes of granting new awards in May 2024. It is proposed that the Costain 2023 Share Deferral Plan (2023 SDP) will replace the existing plan. The 2023 SDP has been designed to reflect current practice and to be aligned, where relevant, with the Directors' Remuneration Policy for which approval is being sought at Resolution 3.

The 2023 SDP is a discretionary share plan under which the deferred part of any bonus may be delivered.

Operation

The 2023 SDP will be administered by the Board or by any duly authorised committee of it. In this summary, references to the Board include any such committee. Decisions in relation to any participation in the 2023 SDP by the Company's Executive Directors and other persons in respect of whom the Company's Remuneration Committee is required to determine remuneration will always be taken by that Committee.

Eligibility

Any current or former employee of the Company or any of its subsidiaries is eligible to participate in the 2023 SDP at the Board's discretion.

Form of awards

Awards may be granted by the Board as:

- (a) conditional awards of ordinary shares in the Company (Shares);
- (b) options to acquire Shares for nil cost; or
- (c) cash-based awards relating to a number of "notional" Shares, although it is intended that awards will be granted in relation to Shares wherever practicable.

Awards are not transferable except on death and will not form part of pensionable earnings.

Grant of awards

Awards can ordinarily only be granted in the six weeks:

- (a) beginning with the day on which the 2023 SDP is approved by shareholders; or
- (b) following the announcement by the Company of its results for any period or the determination of the amount of any relevant bonus.

However, the Board will have discretion to grant awards at other times if it determines that exceptional circumstances exist which justify the grant of awards. The Board will also have discretion to grant at other times if there were restrictions on grants being made during any other permitted period.

Number of Shares subject to awards

The number of Shares subject to an award will be such number as have a value (as determined by the Board) equal to the amount of the deferred bonus.

Overall limit

The 2023 SDP may operate over new issue Shares, treasury Shares or Shares purchased in the market other than into treasury.

In any 10-year period, the number of Shares which may be issued under the 2023 SDP and any other employee share plan adopted by the Company may not exceed 10% of the issued ordinary share capital of the Company from time to time.

Treasury Shares will be treated as newly issued for the purpose of this limit until such time as guidelines published by institutional investor representative bodies determine otherwise.

Vesting and exercise of awards

Awards will normally vest following the end of a two-year deferral period, which will ordinarily end on the second anniversary of grant.

Nil-cost options will normally be exercisable from the point of vesting until the 10th anniversary of the grant date. At any time before the point at which an award has vested or nil-cost option has been exercised, the Board may decide to pay a participant a cash amount equal to the value of the Shares they would have otherwise received.

Dividend equivalent payments

The Board may decide to award dividend equivalents on vested Shares in respect of dividends paid by reference to dividend record dates over such period as the Board determines, ending no later than the date on which the award vests. Dividend equivalents may be paid in Shares or cash and may assume the reinvestment of the dividends in Shares.

Appendix – Summary of the Principal Terms of the Costain 2023 Long Term Incentive Plan and the Costain 2023 Share Deferral Plan (Resolutions 16 and 17) *continued*

Leavers

Unvested awards will usually lapse on the individual's cessation of office or employment in the Company's Group except where cessation is as a result of the individual's death, ill health, injury or disability, where the participant's employer is no longer a member of the Company's Group, or for any other reason that the Board determines (Good Leavers).

If a participant dies, an unvested award will, unless the Board determines otherwise, vest at the time of the participant's death. A participant's personal representatives will normally have 12 months from the participant's death to exercise any vested Options.

Unvested awards held by other Good Leavers will usually continue until the normal vesting date at which point they will vest. The Board retains discretion to vest the award as soon as reasonably practicable following the date of cessation. Options will normally be exercisable for six months after vesting, or for such longer period as the Board permits.

Malus and clawback

If:

- there is a material misstatement of the Company's financial results;
- the Board forms the view that the size of the relevant bonus was based on an error or on inaccurate or misleading information which resulted directly or indirectly in the award being granted over a greater number of Shares than would otherwise have been the case;
- an individual's actions amount to gross misconduct;
- the Board forms the view that any member of the Group has suffered serious reputational damage; or
- the Board forms the view that there has been a serious corporate failure in any member of the Group,

then up until the second anniversary of the grant of the award, the Board may:

- reduce awards (to zero if appropriate) or impose additional conditions on the awards; and/or
- require that the participant has to either return some or all of the Shares acquired under their award or make a cash payment to the Company in respect of the Shares delivered.

Corporate events

In the event of a change of control of the Company, unvested awards will vest.

Alternatively, the Board may permit awards to be exchanged for awards over shares in the acquiring company. If the change of control is an internal reorganisation of the Company or if the Board so decides, participants will be required to exchange their awards (rather than awards vesting as part of the transaction).

If other corporate events occur such as a winding-up of the Company, demerger, delisting, special dividend or other event which, in the opinion of the Board, may affect the current or future value of Shares, the Board may determine that awards will vest.

Adjustment of awards

The Board may adjust the number of Shares under an award in the event of a variation of the Company's share capital or any demerger, delisting, special dividend or other event which, in the opinion of the Board, may affect the current or future value of Shares.

Amendments

The Board may amend the 2023 SDP at any time, provided that prior approval of the Company's shareholders will be required for amendments to the advantage of eligible employees or participants relating to eligibility, limits, the basis for determining a participant's entitlement to, and the terms of, the Shares comprised in an award and the impact of any variation of capital.

However, any minor amendment to benefit the administration of the 2023 SDP, to take account of legislative changes, or to obtain or maintain favourable tax, exchange control or regulatory treatment may be made by the Board without shareholder approval.

Termination of the 2023 SDP

No Awards may be granted under the 2023 SDP after the 10th anniversary of its approval by shareholders.

**Costain Group PLC**

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