

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, solicitor, accountant or other professional adviser duly authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you have sold or transferred all of your shares in PZ Cussons Plc, please send this document and any other documents that accompany it as soon as possible to the purchaser or transferee of those shares or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

**PZ CUSSONS PLC**

(incorporated in England and Wales under company number 19457)

**Notice of the 2016 Annual General Meeting**

Notice of the Annual General Meeting of PZ Cussons Plc (the Company), to be held at Manchester Business Park, 3500 Aviator Way, Manchester M22 5TG at 10.30am on Wednesday 28 September 2016 is set out on pages 2 to 7 of this document. Your attention is drawn to the letter from the Company's Chairman on page 1 of this document.

Whether or not you propose to attend the AGM, please complete and submit a proxy appointment in accordance with the Notes to the Notice of AGM set out on page 4. To be valid, the proxy appointment must be received at the address for delivery specified in the Notes by no later than 10.30am on Monday 26 September 2016.



## PZ Cussons Plc

Manchester Business Park  
3500 Aviator Way  
Manchester M22 5TG

### Letter from the Chairman

26 August 2016

*To the Shareholders and, for information only, to participants in the PZ Cussons Share Schemes*

**Dear Shareholder**

#### 2016 Annual General Meeting

I am pleased to be writing to you with details of our 2016 Annual General Meeting (**AGM**) which we will be holding at Manchester Business Park, 3500 Aviator Way, Manchester M22 5TG at **10.30am on Wednesday 28 September 2016**.

The formal Notice of AGM is set out on pages 2 to 7 of this document and contains the proposed resolutions. Explanatory notes to the business to be considered are set out on pages 5 to 7.

As last year, I will be inviting you to vote on all AGM resolutions by way of a poll rather than on a show of hands. On a poll, each Shareholder has one vote for every share held. I would draw your attention in particular to the following resolutions which are to be proposed this year:

#### Re-election and election of Independent Directors (Resolutions 8 to 12)

Resolutions 8 to 12 relate to the re-election and election of the Company's Independent Non-executive Directors. By virtue of the fact that certain Shareholders in the Company (principally comprising the founding Zochonis family or certain wider family groups, certain Company trusts, the executive Directors and current or former employees) together hold approximately 53 per cent of the Company's issued share capital, the Company must comply with 'Controlling Shareholder' obligations under the Listing Rules again this year.

Under these rules, the Company must, when proposing the re-election or election of Independent Non-executive Directors at a general meeting, seek the approval of not only its Shareholders as a whole, but also, separately, its Independent Shareholders. The Company's Independent Shareholders are all those Shareholders entitled to vote at this meeting with the exception of those Shareholders deemed to be 'Controlling Shareholders'. Further details and information on how this separate approval will be sought are set out on pages 5 to 6.

#### Power to disapply pre-emption rights (Resolutions 16 and 17)

Last year, a change to the guidelines on the disapplication of pre-emption rights issued by the Pre-Emption Group introduced greater flexibility for companies to allot shares for cash without first offering those shares to existing Shareholders in proportion to their existing holdings. Specifically, the guidelines were relaxed to allow companies the opportunity to finance expansion opportunities by allowing them to seek, in addition to the customary disapplication power over 5 per cent of the issued share capital, a disapplication power over a further 5 per cent of the issued share capital, provided that the additional power is only used in connection with acquisitions and specified capital investments.

At the Annual General Meeting in 2015, the Directors sought, and Shareholders granted, a power to allot shares for cash free from pre-emption rights (other than in connection with a rights issue or similar pre-emptive issue) up to a maximum amount representing approximately 10 per cent of the Company's issued Ordinary Share capital. This power was sought by way of a single special resolution. The power is due to expire at the AGM.

The Directors intend to seek a similar level of disapplication at the AGM. However, in line with best practice which has emerged during the year, the Directors intend to split the 10 per cent disapplication power into two separate special resolutions. This will enable Shareholders to vote on each element separately. Accordingly, Shareholders will be invited to vote on the customary 5 per cent disapplication which will enable the Board to allot shares for cash in any circumstances (Resolution 16) and also on the additional 5 per cent disapplication which the Board shall only be able to use in connection with an acquisition or a specified capital investment. Further information is set out in the explanatory note to Resolutions 16 and 17 on pages 6 to 7.

#### Action to be taken

Whether or not you intend to be present at the AGM:

- unless you hold your shares in CREST, you are requested either (i) to complete and return the enclosed hard copy Form of Proxy or (ii) to complete and transmit an Electronic Proxy Instruction, in each case in accordance with the instructions printed on the Form of Proxy or, if relevant, any instructions set out on the Company's Registrars website at [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy);
- if you hold your shares in CREST, you are requested to complete and transmit a CREST Proxy Instruction and transmit it to Computershare Investor Services PLC (CREST participant ID 3RA50) in accordance with the CREST Manual;

The Form of Proxy should be returned or, if voting by electronic means, an Electronic Proxy Instruction or CREST Proxy Instruction should be transmitted, in each case, as soon as possible and in any event so as to be received by no later than 10.30am on Monday 26 September 2016.

Completion and return of the Form of Proxy or completion and transmission of an Electronic Proxy Instruction or a CREST Proxy Instruction will not prevent you from attending and speaking and voting in person at the AGM, should you wish to do so.

#### Recommendation

The Board considers that each of the resolutions set out in the Notice of AGM are in the best interests of the Company and the Shareholders as a whole and the Board unanimously recommends Shareholders to vote in favour of them.

Yours faithfully  
**Richard Harvey**  
Chairman

## PZ CUSSONS PLC Notice of 2016 Annual General Meeting

Notice is hereby given that the next Annual General Meeting of the members of PZ Cussons Plc will be held at Manchester Business Park, 3500 Aviator Way, Manchester M22 5TG on Wednesday 28 September 2016 at 10.30am for the purposes set out below.

Resolutions 1 to 15 will be proposed as ordinary resolutions. Resolutions 16 to 19 will be proposed as special resolutions. Resolutions 8 to 12 relating to the re-election and election of the Independent Non-executive Directors will be passed only if both a majority of votes cast by the Independent Shareholders (as defined in the explanatory notes in the Appendix to this document) and a majority of the votes cast by all Shareholders are in favour.

- 1 To receive the audited financial statements for the year ended 31 May 2016 and the reports of the Directors and the auditor thereon.
  - 2 To approve the Report on Directors' Remuneration (other than the part containing the Directors' remuneration policy) for the year ended 31 May 2016.
  - 3 To declare a final dividend for the year ended 31 May 2016 of 5.5p per ordinary share of 1p each in the Company.
  - 4 To re-elect G A Kanellis as a Director.
  - 5 To re-elect B H Leigh as a Director.
  - 6 To re-elect C G Davis as a Director.
  - 7 To re-elect J A Arnold as a Director.
  - 8 To re-elect R J Harvey as a Director.
  - 9 To re-elect N Edozien as a Director.
  - 10 To elect J R Nicolson as a Director.
  - 11 To re-elect H Owers as a Director.
  - 12 To re-elect C L Silver as a Director.
  - 13 To re-appoint PricewaterhouseCoopers LLP as the auditor of the Company.
  - 14 To authorise the Audit Committee of the Board of Directors to fix the remuneration of the auditor.
  - 15 That the Directors be and they are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into such shares (**Allotment Rights**), but so that:
    - (a) the maximum amount of shares which may be allotted or made the subject of Allotment Rights under this authority are shares with an aggregate nominal value of £1,414,792;
    - (b) this authority shall expire on 30 November 2017 or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2017;
  - (c) the Company may, before such expiry, make any offer or agreement which would or might require shares to be allotted or Allotment Rights to be granted after such expiry and the Directors may allot shares or grant Allotment Rights under any such offer or arrangement as if the authority had not expired; and
  - (d) all authorities vested in the Directors on the date of the notice of this meeting to allot shares or to grant Allotment Rights which remain unexercised at the commencement of this meeting are revoked.
- 16 That, subject to the passing of Resolution 15 in the notice of this meeting, the Directors be and they are hereby empowered pursuant to section 570 of the Companies Act 2006 to allot equity securities (as defined in section 560 of that Act) for cash pursuant to the authority conferred on them by Resolution 15 in the notice of this meeting or by way of a sale of treasury shares as if section 561 of that Act did not apply to any such allotment, provided that this power is limited to:
- (a) the allotment of equity securities in connection with any rights issue or open offer (each as referred to in the Listing Rules of Financial Conduct Authority) or any other pre-emptive offer which is open for acceptance for a period determined by the Directors to the holders of ordinary shares in the capital of the Company on the register on any fixed record date in proportion to their holdings of ordinary shares in the capital of the Company (and, if applicable, to the holders of any other class of equity security in the capital of the Company in accordance with the rights attached to such class), subject in each case to such exclusions or other arrangements as the Directors may deem necessary or appropriate in relation to fractions of such securities, the use of more than one currency for making payments in respect of such offer, any such shares or other securities being represented by depositary receipts, treasury shares, any legal or practical problems in relation to any territory or the requirements of any regulatory body or any stock exchange; and
  - (b) the allotment of equity securities (other than pursuant to paragraph (a) above) with an aggregate nominal value of £214,362,
- and shall expire on the revocation or expiry (unless renewed) of the authority conferred on the Directors by Resolution 15 in the notice of this meeting, save that, before the expiry of this power, the Company may make any offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities under any such offer or arrangement as if the power had not expired.

17 That, subject to the passing of Resolution 15 in the notice of this meeting and in addition to the power contained in Resolution 16 set out in the notice of this meeting, the Directors be and they are hereby empowered pursuant to section 570 of the Companies Act 2006 to allot equity securities (as defined in section 560 of that Act) for cash pursuant to the authority conferred on them by Resolution 15 in the notice of this meeting or by way of a sale of treasury shares as if section 561 of that Act did not apply to any such allotment, provided that this power is:

- (a) limited to the allotment of equity securities up to an aggregate nominal value of £214,362; and
- (b) used only for the purposes of financing (or refinancing, if the power is to be exercised within six months after the date of the original transaction) a transaction which the Directors determine 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 the notice of this meeting,

and shall expire on the revocation or expiry (unless renewed) of the authority conferred on the Directors by Resolution 15 in the notice of this meeting, save that, before the expiry of this power, the Company may make any offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities under any such offer or arrangement as if the power had not expired.

18 That the Company be and it is hereby generally and unconditionally authorised pursuant to section 701 of the Companies Act 2006 to make market purchases (as defined in section 693 of that Act) of ordinary shares of 1p each in the capital of the Company on such terms, and in such manner as the Directors may, from time to time, determine provided that:

- (a) the maximum aggregate number of ordinary shares of 1p each in the capital of the Company which may be acquired under this authority is 42,872,496;

- (b) the maximum price (exclusive of expenses) which may be paid for an ordinary share of 1p in the capital of the Company is the maximum price permitted under the Listing Rules of the Financial Conduct Authority or, in the case of a tender offer (as referred to in those rules), 5 per cent above the average of the middle market quotations for an ordinary share (as derived from the London Stock Exchange's Daily Official List) for the 5 business days immediately preceding the date on which the terms of the tender offer are announced;

- (c) the minimum price (exclusive of expenses) which may be paid for an ordinary share of 1p is its nominal value;

- (d) this authority shall expire on 30 November 2017 or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2017; and

- (e) before such expiry the Company may enter into a contract to purchase shares which would or might require a purchase to be completed after such expiry and the Company may purchase shares pursuant to any such contract as if the authority had not expired.

19 That any general meeting of the Company other than an Annual General Meeting may be called on not less than 14 clear days' notice.

Date: 26 August 2016

By Order of the Board  
**SP Plant**  
**Company Secretary,**  
PZ Cussons Plc  
Manchester Business Park  
3500 Aviator Way,  
Manchester M22 5TG

## Notes

- 1 A member of the Company who is entitled to attend, speak and vote at this meeting is entitled to appoint another person, or two or more persons in respect of different shares held by him, as his proxy (whether a member or not) to exercise all or any of his rights to attend and to speak and vote at the meeting.
- 2 A member wishing to attend and vote at the meeting in person should arrive prior to the time fixed for its commencement. A member which is a corporation can only attend and vote at the meeting in person through one or more representatives appointed in accordance with section 323 of the Companies Act 2006. Any such representative should bring to the meeting written evidence of his appointment, such as a certified copy of a board Resolution of, or a letter from, the corporation concerned confirming the appointment.
- 3 Any member wishing to vote at the meeting without attending in person or (in the case of a corporation) through its duly appointed representative must appoint a proxy to do so. A form for the appointment of a proxy which can be used for this purpose is enclosed with this document. To be valid, a hard copy Form of Proxy must be completed in accordance with the instructions which accompany it and then delivered (together with any power of attorney or other authority under which it is signed or a certified copy of such power or authority) to the Company's Registrar at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY so as to be received by no later than 10.30am on Monday 26 September 2016.
- 4 Alternatively, a member may submit his or her proxy vote online by following the instructions for the electronic appointment of a proxy at [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy). To log in, you will require the Control Number, your unique PIN and Shareholder Reference Number which are printed on the front of the Form of Proxy. Please note the PIN will expire at the end of the voting period. To be valid, the proxy appointment must be completed and transmitted via the Company's Registrar's website at [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy) so as to be received by no later than 10.30am on Monday 26 September 2016. Members who hold their shares in uncertificated form may use the 'CREST voting service' to appoint a proxy electronically, as explained in Notes 5 and 6 below.
- 5 CREST members who wish to appoint one or more proxies through the CREST system may do so by utilising the procedures described in the 'CREST voting service' section of the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed one or more voting service providers, should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- 6 In order for a proxy appointment or a proxy instruction made using the CREST voting service to be valid, the appropriate CREST message must be properly authenticated in accordance with the specifications of CREST's operator, Euroclear UK & Ireland Limited (**Euroclear**), and must contain all the relevant information required by the CREST Manual. To be valid, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, the message must be transmitted so as to be received by the Company's 'issuer's agent' (ID 3RA50) by no later than 10.30am on Monday 26 September 2016. After this time, any change of instruction to a proxy appointed through the CREST system should be communicated to the appointee through other means. The time of the message's receipt will be taken to be when (as determined by the timestamp applied by the CREST Applications Host) the issuer's agent is first able to retrieve it by enquiry through the CREST system in the prescribed manner. Euroclear does not make available special procedures in the CREST system for transmitting any particular message. Normal system timings and limitations apply in relation to the input of CREST proxy appointment instruction. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or a CREST sponsored member or has appointed any voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as is necessary to ensure that a message is transmitted by means of the CREST system by any particular time. CREST members and, where applicable, their CREST sponsors or voting service providers should take into account the provisions of the CREST Manual concerning timings as well as its section on 'Practical limitations of the system'. In certain circumstances the Company may, in accordance with the Uncertificated Securities Regulations 2001 or the CREST Manual, treat a CREST proxy appointment instruction as invalid.
- 7 Appointing a proxy (using any of the methods referred to in Notes 3 to 6 above) will not prevent a member from attending and voting in person at the meeting should he or she so wish.
- 8 Any person to whom this notice is sent who is currently nominated by a member of the Company to enjoy information rights under section 146 of the Companies Act 2006 (a nominated person) may have a right under an agreement between him and such member to be appointed, or to have someone else appointed, as a proxy for the meeting. If a nominated person has no such right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member concerned as to the exercise of voting rights. The statement in Note 1 above of the rights of a member in relation to the appointment of proxies does not apply to a nominated person. Such rights can only be exercised by the member concerned.
- 9 The Company specifies that only those Shareholders listed on the Register as at the close of business on Monday 26 September 2016 (or, if the AGM is adjourned, as at the close of business on the date two working days before the time fixed for the adjourned meeting) shall be entitled to attend and vote at the AGM or at such adjourned meeting, in respect of the number of shares registered in their name at that time. In each case, changes to entries on the Register after such time shall be disregarded in determining the rights of any person to attend or vote at the AGM or at such adjourned meeting. Shareholders who are deemed to be Controlling Shareholders (as defined in LR 6.1.2AR of the Financial Conduct Authority's Listing Rules) as at the close of business on Monday 26 September 2016 shall not be entitled to vote in respect of the separate approval of Resolutions 8 to 12 (inclusive) by Shareholders who are not Controlling Shareholders in accordance with LR 9.2.2ER (2) of the Listing Rules.
- 10 As at 25 August 2016 (being the latest practicable date prior to the printing of this document), (i) the Company's issued ordinary share capital consisted of 428,724,960 ordinary shares of 1p each, all carrying one vote each, and (ii) the total voting rights in the Company were, therefore, 428,724,960.
- 11 Each member attending the meeting has the right to ask questions relating to the business being dealt with at the meeting which, in accordance with section 319A of the Companies Act 2006 and subject to some exceptions, the Company must cause to be answered. Information relating to the meeting which the Company is required by the Companies Act 2006 to publish on a website in advance of the meeting may be viewed at [www.pzcussons.com](http://www.pzcussons.com). A member may not use any electronic address provided by the Company in this document or with any Form of Proxy or in any website for communicating with the Company for any purpose in relation to the meeting other than as expressly stated in it.
- 12 It is possible that, pursuant to members' requests made in accordance with section 527 of the Companies Act 2006, the Company will be required to publish on a website a statement in accordance with section 528 of the Companies Act 2006 setting out any matter which the members concerned propose to raise at the meeting relating to the audit of the Company's latest audited accounts. The Company cannot require the members concerned to pay its expenses in complying with those sections. The Company must forward any such statement to its auditor by the time it makes the statement available on the website. The business which may be dealt with at the meeting includes any such statement.
- 13 Please note the Company takes all reasonable precautions to ensure no viruses are present in any electronic communication which it sends out but the Company cannot accept responsibility for loss or damage arising from the opening or use of any email or attachments from the Company and recommends that members and other recipients subject all messages to virus checking procedures prior to opening or use. Any electronic communication received by the Company (including the lodgement of an electronic proxy appointment) that is found to contain, or is suspected of containing, any virus will not be accepted.
- 14 All resolutions to be proposed at the meeting will be put to vote on a poll. This will result in a more accurate reflection of the views of Shareholders by ensuring that every vote is recognised, including the votes of those Shareholders who are unable to attend but who have appointed a proxy for the meeting. On a poll, each Shareholder has one vote for every share held.

## Appendix

### Explanatory notes to the business of the AGM

#### Resolution 1 – Receipt of the Annual Report and Accounts

The Companies Act 2006 requires the Directors of a public company to lay before the company in general meeting copies of the Directors' reports, the independent auditor's report and the audited financial statements of the company in respect of each financial year. In accordance with the UK Corporate Governance Code, the Company proposes, as an ordinary resolution, a resolution on its annual accounts and reports for the financial year ended 31 May 2016 (**2016 Annual Report and Accounts**).

#### Resolution 2 – Approval of the Report on Directors' Remuneration

In accordance with the Companies Act 2006, the Company proposes an ordinary resolution to seek Shareholder approval of the Report on Directors' Remuneration for the financial year ended 31 May 2016. The Report on Directors' Remuneration is set out on pages 10 to 25 of the **Governance and Financial Statements 2016** but, for the purposes of this resolution, does not include the part of the report on Directors' remuneration containing the Directors' Remuneration Policy which is set out on pages 10 to 17 of the **Governance and Financial Statements 2016**. The vote on this resolution is advisory only and the Directors' entitlement to remuneration is not conditional on its being passed.

The Companies Act 2006 requires the Remuneration Policy to be put to Shareholders for approval annually unless the approved policy remains unchanged, in which case it need only be put to Shareholders for approval at least every 3 years. The Company is not proposing any changes to the Directors' Remuneration Policy approved at the Annual General Meeting in 2014.

#### Resolution 3 – Declaration of a final dividend

The Directors recommend a final dividend of 5.5 pence per ordinary share. If approved by ordinary resolution of the Shareholders, the dividend will be paid on 6 October 2016 to Shareholders on the register as at the close of business on 12 August 2016.

#### Resolutions 4 to 12 – Re-election and election of Directors

All Directors shall retire from office at the AGM in accordance with the Company's articles of association and each of them shall stand for re-election or election.

Each of Resolutions 4 to 12 shall be proposed as an ordinary resolution. Biographical details of all the Directors can be found in the 2016 Annual Report and Accounts. These details include membership of the principal committees. The Chairman confirms that, following formal performance evaluation, each Director continues to be effective, to make a positive contribution and to demonstrate commitment to his or her role. The Board believes that the considerable and wide-ranging experience of these Directors will continue to be invaluable to the Company and recommends their re-election or election (as the case may be). Resolutions 8 to 12 (inclusive) relate specifically to the re-election and election of those Directors which the Board has determined are independent for the purposes of the UK Corporate Governance Code (the Independent Directors). The Company is required to comply with provisions of the Financial Conduct Authority's Listing Rules relating to the re-election and election of Independent Directors of premium listed companies with a Controlling Shareholder, being a Shareholder that exercises or controls, on their own or together with any person with whom they are acting in concert, 30 per cent or more of the votes able to be cast on all or substantially all matters at general meeting.

For the purposes of the Listing Rules, certain Shareholders in the Company (principally comprising of the founding Zochonis family or certain wider family groups, certain Company trusts, the Executive Directors of the Company and current or former employees) are deemed to be 'Controlling Shareholders' of the Company (the **Controlling Shareholders**). As at 25 August 2016, the Controlling Shareholders held 229,194,370 shares, representing approximately 53 per cent of the Company's issued share capital.

As a consequence and to ensure continuing good governance, at the AGM the re-election and election of all Independent Directors must be approved by a majority vote of the Shareholders of the Company and, separately, by a majority vote of the Shareholders of the Company entitled to vote on the re-election and election of Directors other than the Controlling Shareholders (the **Independent Shareholders**).

Resolutions 8 to 12 (inclusive) are therefore being proposed as ordinary resolutions on which all Shareholders may vote, but in addition the Company will separately count the number of votes cast by the Independent Shareholders in favour of each resolution (as a proportion of the total votes of Independent Shareholders cast on the resolution) to determine whether the majority approval of Independent Shareholders as referred to above has been achieved. The Company will announce the results of Resolutions 8 to 12 (inclusive) on this basis as well as announcing the results of the ordinary resolutions of all Shareholders.

Under the Listing Rules, if a resolution to re-elect or elect an Independent Director is not approved by majority vote of both the Shareholders as a whole and the Independent Shareholders at the Annual General Meeting, a further ordinary resolution may be put forward to be approved by the Shareholders as a whole at a general meeting which must be held more than 90 days after the date of the first vote but within 120 days of that first vote. Accordingly, if any of Resolutions 8 to 12 (inclusive) is not approved by a majority vote of the Independent Shareholders at the AGM, the relevant Independent Director will be treated as having been re-elected or elected only for the period from the date of the AGM until the earlier of (i) the close of any meeting of the Company, convened for a date more than 90 days after the AGM but within 120 days of the AGM, to propose a further ordinary resolution to re-elect or elect him or her, (ii) the date which is 120 days after the AGM and (iii) the date of any announcement by the Board that it does not intend to hold a second vote.

In the event that the Independent Director's re-election or election is approved by majority vote of all Shareholders at a second meeting, the Independent Director in question will be re-elected or elected until the Company's next Annual General Meeting.

Professor Arnold has been designated by the Board as non-independent, in light of the fact that he has served more than nine years as a Director, and is, accordingly, not subject to a dual vote.

As required by the Listing Rules, the Company confirms the following:

1. There are no existing or previous relationships, transactions or arrangements between any of the Independent Directors and the Company, its Directors, any of the Controlling Shareholders or their associates.

2. The effectiveness of the Independent Directors is reviewed annually. Each of the Independent Directors possesses a wide range of skills and expertise as set out in the Report on Corporate Governance on page 26 of the Governance and Financial Statements. The Independent Directors contribute effectively to the operation of the Board and continue to demonstrate proper commitment and to devote adequate time to carry out their duties.
3. The Company considers the independence of the Independent Directors on an annual basis. The 2016 review has been facilitated by the Company Secretary who, in conjunction with the Chairman of the Board, prepared a detailed questionnaire relating to the composition, governance and performance of the Board for completion by the Directors. The results of that exercise are reviewed by the Chairman of the Board and of each Board committee, discussed in a formal meeting and the recommendations recorded and acted upon. The Independent Directors are all considered to be independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. Mr Harvey is a Non-executive Director of Jardine Lloyd Thompson Plc, which acts as insurance broker to the Company. If at any time the Board or a Board committee is considering any matter concerning Jardine Lloyd Thompson Plc, it has been agreed that Mr Harvey will withdraw from that meeting until such matters have been dealt with. Mr Harvey does not participate in any way in the provision of services, on which basis the Company is wholly satisfied that it is appropriate to designate Mr Harvey as independent.
4. The Nomination Committee is responsible for regularly reviewing the structure, size and composition of the Board and identifying and recommending appropriate candidates for membership of the Board when vacancies arise. The selection process involves establishing the criteria for any new Director appointment and reviewing regular reports from the Executive Directors and the Group HR Director on senior executive talent management and succession planning throughout the Group. The Nomination Committee will then make any appointment recommendations to the Board of Directors. This process was followed during the year in relation to the appointment of J R Nicolson.

#### **Resolutions 13 and 14 – Auditor reappointment and remuneration**

At each meeting at which the annual reports and accounts are laid, the Company is required to appoint an auditor to serve until the next such meeting. PricewaterhouseCoopers LLP has indicated its willingness to continue as the Company's auditor. Resolution 13 is an ordinary resolution to reappoint it. Resolution 14 is an ordinary resolution giving the Audit Committee the discretion to determine the auditor's remuneration.

#### **Resolution 15 – Authority to allot shares**

The Directors currently have an authority to allot shares in the Company and to grant rights to subscribe for, or convert any securities into, shares in the Company. This authority is due to expire at the AGM. The Board is seeking, by ordinary resolution, to renew that authority to provide the Directors with flexibility to allot new shares and grant rights up until the Company's next Annual General Meeting within the limits prescribed by The Investment Association.

If passed, this resolution will authorise the Directors to allot (or grant rights over) new shares in the Company in any circumstances up to a maximum aggregate nominal amount of £1,414,792, representing approximately 33 per cent of the Company's issued ordinary share capital as at 25 August 2016 (being the latest practicable date prior to publication of this document).

The Directors have no present intention of exercising this authority; however, the Board considers it prudent to maintain the flexibility that it provides to enable the Directors to respond to any appropriate opportunities which may arise. If passed by Shareholders, this authority will expire on 30 November 2017 or, if earlier, at the conclusion of the Annual General Meeting of the Company held in 2017.

The Company held no treasury shares as at 25 August 2016.

#### **Resolutions 16 and 17 – Disapplication of statutory pre-emption rights**

Resolutions 16 and 17 are special resolutions which, if passed by Shareholders, will enable the Directors to allot Ordinary Shares, or to sell any shares out of treasury, for cash, without first offering those shares to existing Shareholders in proportion to their existing holdings.

In previous years, the Directors have sought, and have been granted, power to allot Ordinary Shares for cash free from pre-emption rights (otherwise than in connection with a rights issue or similar pre-emptive issue) up to a maximum nominal amount representing approximately 5 per cent of the Company's issued share capital. Such power has given the Directors the ability to allot Ordinary Shares for cash non-pre-emptively in any circumstances. The limitation of the disapplication power to a maximum of 5 per cent of the Company's issued ordinary share capital accorded with best practice as set out in The Pre-Emption Group's Statement of Principles on the disapplication of pre-emption rights (July 2008).

In March 2015, The Pre-Emption Group published a revision of its Statement of Principles. In addition to restating the existing 5 per cent disapplication threshold, the 2015 Statement of Principles introduced greater flexibility for companies to undertake non-pre-emptive issues for cash in connection with acquisitions and specified capital investments. This relaxation is intended to allow companies the opportunity to finance expansion opportunities as and when they arise. Accordingly, the 2015 Statement of Principles provides that a company may now seek power to issue on a non-pre-emptive basis for cash shares representing (i) no more than 5 per cent of the Company's issued ordinary share capital in any one year; and (ii) no more than an additional 5 per cent of the Company's issued ordinary share capital provided that such additional power is only used in connection with an acquisition or specified capital investment.

The 2015 Statement of Principles defines a 'specified capital investment' as 'one or more specific capital investment related uses for the proceeds of an issuance of equity securities, in respect of which sufficient information regarding the effect of the transaction on the listed company, the assets the subject of the transaction and (where appropriate) the profits attributable to them is made available to Shareholders to enable them to reach an assessment of the potential return.' Items that are regarded as operating expenditure rather than capital expenditure will not typically be regarded as falling within the term 'specified capital investment'.

Accordingly, this year, in line with the 2015 Statement of Principles and best practice, the Directors are seeking two separate powers to disapply pre-emption rights.

Resolution 16 is proposed as a special resolution. If this resolution is passed by Shareholders, it will permit the Board to allot Ordinary Shares on a non-pre-emptive basis and for cash (otherwise than in connection with a rights issue or similar pre-emptive issue) up to a maximum nominal amount of £214,362. This amount represents approximately 5 per cent of the Company's issued Ordinary Share capital as at 25 August 2016 (being the latest practicable date prior to publication of this document). This resolution will permit the Board to allot shares for cash in any circumstances (whether or not in connection with an acquisition or specified capital investment).

Resolution 17 is proposed as a separate special resolution. If this resolution is passed by Shareholders, it will afford the Board an additional power to allot Ordinary Shares on a non-pre-emptive basis and for cash up to a further maximum nominal amount of £214,362. This amount also represents approximately 5 per cent of the Company's issued ordinary share capital as at 25 August 2016. The Board shall use the power conferred by Resolution 17 only in connection with an acquisition or a specified capital investment which is announced contemporaneously with the issue, or which has taken place in the preceding 6 month period and is disclosed in the announcement of the issue. The Directors also confirm their intention to follow the provisions of the 2015 Statement of Principles regarding cumulative usage of authorities within a rolling 3 year period. Those Principles provide that a company should not issue shares for cash representing more than 7.5 per cent of the company's issued share capital in any rolling 3 year period, other than to existing Shareholders, without prior consultation with Shareholders. This limit excludes any ordinary shares issued pursuant to a general disapplication of pre-emption rights in connection with an acquisition or specified capital investment.

#### **Resolution 18 – Purchase of own shares**

This special resolution, if passed, will authorise the Company to make market purchases of its own Ordinary Shares. The Directors have no present intention of exercising this authority but, again, would wish to have the flexibility to do so in the future. Purchases of own shares would only be made through the London Stock Exchange. This should not be taken to imply that Ordinary Shares will be purchased at any particular price or indeed at all. The Directors will only exercise the authority to make purchases of Ordinary Shares granted by this resolution if they believe that to do so would result in an improvement in earnings per share and is in the best interests of Shareholders generally.

Any Ordinary Shares purchased would be cancelled (in which case the number of shares in issue would thereby be reduced) or held in treasury, depending on which course of action is considered by the Directors to be in the best interests of the Shareholders at that time.

The maximum number of Ordinary Shares which may be purchased is 42,872,496, representing approximately 10 per cent of the Company's issued ordinary share capital as at 25 August 2016 (being the latest date prior to publication of this document).

The authority will expire on 30 November 2017 or, if earlier, at the conclusion of the Annual General Meeting of the Company held in 2017. The minimum price which could be paid for an Ordinary Share would be the nominal value of 1p and the maximum price would be the maximum price permitted by the Financial Conduct Authority's Listing Rules or in case of a tender offer, 5 per cent above the average of the middle market quotations for an Ordinary Share, as derived from the London Stock Exchange Daily Official List for the 5 business days immediately preceding the day on which the terms of the tender offer are announced, in each case excluding expenses. The Directors intend to seek renewal of this authority at future Annual General Meetings.

#### **Resolution 19 – Notice of general meetings**

The Company currently has the power under its articles of association to call general meetings (other than Annual General Meetings) on a minimum of 14 clear days' notice and would like to preserve this ability. In order to do so, Shareholders must first approve the calling of meetings on a minimum of 14 clear days' notice. This special resolution seeks such an approval. If granted, the approval will be effective until the conclusion of the Company's next Annual General Meeting. The shorter notice period would not be used as a matter of routine for general meetings, but only where the flexibility is merited by the business of the meeting and where it is considered by the Directors to be in the best interests of Shareholders as a whole.

The Company notes the notice period provision in the Financial Reporting Council's 2014 version of the UK Corporate Governance Code which recommends at least 14 working days' notice be given for all general meetings (other than Annual General Meetings). The Company intends to comply with this Code provision, so far as is practicable, in the same way that it currently complies with the 20 working days' notice provision applicable to Annual General Meetings. The Directors intend to seek the renewal of this approval at future Annual General Meetings.

## **PZ Cussons Plc**

Manchester Business Park  
3500 Aviator Way  
Manchester  
M22 5TG  
Tel: 0161 435 1000

[www.pzcussons.com](http://www.pzcussons.com)