Welcome to the PZ Cussons Strategic Report 2016

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They are recognisable by the red underline simply click to go to the relevant page or web URL www.pzcussons.com

STRATEGIC REPORT 2016

Creating sustainable value for all

PZ Cussons is a dynamic consumer products group and innovator of some of the world's best known and loved brands.

Calling on over 130 years of expertise, we operate internationally in carefully selected developed and emerging markets which present the greatest strategic potential for future growth. Our world-class supply chain and distribution networks enable us to meet global consumer needs and deliver quality brands which add value and enhance everyday lives.

Our 2016 Report

Our Annual Report is split into two distinct reporting sections: a Strategic Report, and Governance and Financial Statements. These documents are to be used in conjunction with each other.

Strategic Report

The Strategic Report takes a strategic look at how the Group operates and provides insight into our strategy, business model, people and vision.

Governance and Financial Statements

The Governance and Financial Statements provides an in depth analysis of the Company's annual results and governance processes.

Online

Digital, downloadable copies of the two reports are available online at: **www.pzcussons.com**

Mission
Enhancing the lives of consumers through sustainable, quality and innovative brands.

Vision
To be a leading consumer brand of choice in our operating markets, delivering innovative, sustainable products created by exceptional people in a unique CAN DO culture that embraces integrity, diversity and drives the passion to succeed.

Values
Our CAN DO values are inspired by the spirit of our founders.

Read more on pages 20-21

Contents

Imperial Leather our innovative, iconic family brand.

Read more go to
www.imperialleather.com

FINANCIAL HIGHLIGHTS

Consistent performance in a challenging environment

Group highlights

- The Group delivered a steady set of results including revenue growth of 5.9% and operating profit broadly flat on a constant currency basis
- Strong performance in Europe offsetting a difficult trading environment in Africa
- New product launches driving maintained or growing market shares in the Group's major markets and categories
- Strong balance sheet with net debt at 1.2x EBITDA
- Dividend increased 1.4% marking 43rd consecutive year of year-on-year increases
- Group well placed for the future, three year project to move to a new operating model now complete

Financial highlights

Reported results (before exceptional items[1])	**Year ended 31 May 2016**	Year ended 31 May 2015	Reported % change	Constant currency % change[3]	Like for like % change[4]
Revenue[2]	**£821.2m**	£819.1m	0.3%	5.9%	(1.4%)
Operating profit	**£108.5m**	£114.4m	(5.2%)	(1.7%)	(4.5%)
Profit before tax	**£103.0m**	£108.8m	(5.3%)	(1.8%)	(4.7%)
Adjusted basic earnings per share	**17.22p**	17.94p	(4.0%)	(0.4%)	(3.7%)

Statutory results (after exceptional items[1])		
Operating profit	**£89.2m**	£89.6m
Profit before tax	**£83.7m**	£84.0m
Basic earnings per share	**16.16p**	12.45p
Total dividend per share	**8.11p**	8.00p
Net debt[5]	**(£147.1m)**	(£157.4m)

1 Exceptional items before tax (2016: costs £19.3m; 2015: costs £24.8m).
2 Excludes joint ventures revenue of £176m (2015: £281m).
3 Constant currency comparison (2015 results retranslated at 2016 exchange rates).
4 Like for like comparison after adjusting 2015 for constant currency and 2016 for acquisitions and disposals in current and prior year. Also referred to as underlying.
5 Net debt, above and hereafter, is defined as cash, short-term deposits and current asset investments, less bank overdrafts and borrowings.

CHAIRMAN'S STATEMENT

The Group is well placed for future growth

> "The Group's balance sheet remains strong and gives us the flexibility to take advantage of new investment opportunities to evolve the Group's portfolio as they arise."
>
> **Richard Harvey**
> Chairman

Strategy and performance

I am pleased to report a steady set of results for the year ended 31 May 2016. Despite a very difficult trading environment in Nigeria and the impact of weaker currencies in both Asia and Africa, to end the year with revenue flat and profit only slightly lower is a creditable performance.

It is particularly pleasing to note that our European region and our newly acquired Australian food businesses are performing very well and have helped to rebalance the Group's profits and offset foreign exchange impacts in Africa.

The Board is also pleased to declare a further increase in the full year dividend, marking 43 consecutive years that we have increased our dividend year-on-year.

Future growth

As a Group we continue to focus on our robust long-term business strategy, our CAN DO values and our innovative product pipeline to provide a strong platform for future sustainable growth. As part of the Group's strategy, this year we have completed a three year business transformation programme to move to a new operating model and have gone live with Eagle, our SAP-enabled transformation programme in Asia. We are on schedule to deliver the programme to all regions within the next 12 months.

Our performance since the year end has been in line with expectations. The Group's balance sheet remains strong and gives us the flexibility to take advantage of new investment opportunities to evolve the Group's portfolio as they arise.

Succession planning

As announced in April this year, I will be retiring from my post as Chairman from 31 December 2016 and I am delighted that my Non-executive Director colleague Caroline Silver will succeed me. I have greatly enjoyed my time as Chairman since 2010 and contributing to the Company's strategic progress.

I look forward to continuing to work with my colleagues on the Board and the Executive team over the coming months but I would like to take this opportunity to thank PZ Cussons and all our employees for their support and for making my time as Chairman both enjoyable and fulfilling. I wish everyone continued success and prosperity.

Richard Harvey
Chairman
26 July 2016

CHIEF EXECUTIVE OFFICER'S REVIEW

Geographic rebalancing yields results

"Our knowledge of how to trade effectively in volatile environments has served us well during the year supported by our strong brand portfolios…"

Alex Kanellis
Chief Executive Officer

2016 performance

The Group delivered a steady performance in the year to 31 May 2016 with Europe's strong results offsetting Nigeria's difficult trading environment and other challenging global macro factors.

Our reported revenue was flat and operating profit only slightly lower despite the very challenging global trading conditions. The impact on translation of weaker exchange rates reduced our revenue and operating profit by £43.4m and £3.9m respectively. In addition, there was a significant transactional exchange rate impact that we needed to mitigate through making changes in relative pricing, particularly in Nigeria.

Acquisitions made in recent years in Beauty in the UK and in Food & Nutrition in Australia have performed well, providing further diversification to the Group's category portfolio and providing a rebalancing of the Group's geographic exposure.

We keep our brands alive and relevant to consumers through a strategy of renovation and innovation.

Business transformation

This year saw the completion of the Group's three year project to implement a new operating model structured around three core functions of Category, Geography and Supply Chain. This new way of working is enabling our brand development pipelines to be faster and more consistent and will help drive growth in all our markets.

In addition, our new SAP-enabled IT system has successfully gone live in Asia, which has been possible only through the tremendous team efforts of our employees and third party suppliers. Implementation for the rest of the Group is on schedule to go live within the next 12 months.

Our rebalancing of the Group's category and geographic profile, together with a major improvement to the Group's operating model and systems, will stand the Group in good stead for the challenging macro conditions that are likely to persist.

Trading expertise

This has been a year filled with global economic challenges and as a business we have coped extremely well to weather these difficulties. Our knowledge of how to trade effectively in volatile environments has served us well during the year supported by our strong brand portfolios which have retained or gained market-leading positions, combined with our world-class factories and nationwide distribution infrastructure. Our balance sheet remains strong and we remain open to taking advantage of the right opportunities as they arise.

New Chair

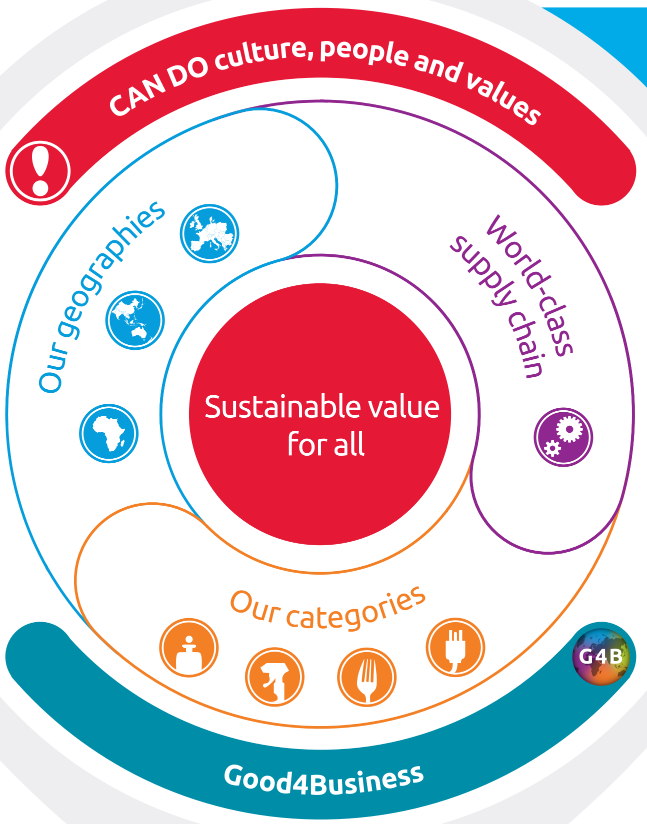
In January 2017 we welcome Caroline Silver as our new Non-executive Chair and say a fond farewell to Richard Harvey who retires as the Group's Non-executive Chairman to New Zealand. On behalf of the Board and our employees across the whole business, I would like to thank Richard for the very significant contribution he has made to the Group since his appointment in 2010, and for his support, enthusiasm and wise counsel that have been tremendously valuable during that time.

I believe that the Group is well placed for future growth, with strong brand portfolios and excellent new product pipelines underpinned by a culture focused on continuous tight cost control, reinforced by the exceptional contribution of our CAN DO employees.

Alex Kanellis
Chief Executive Officer
26 July 2016

OUR BUSINESS MODEL

Creating value through our unique business model



Our mission

Enhancing the lives of consumers through sustainable, quality and innovative brands

Our business model

Our geographies

Delivering growth and expansion across all our geographies

- **Africa** Nigeria, Ghana, Kenya
- **Asia** Indonesia, Australia, Thailand, Middle East
- **Europe** UK, Poland, Greece

Our categories

Leveraging our market-leading brands across all our categories

- **Personal Care**
- **Food & Nutrition**
- **Home Care**
- **Electricals (Africa only)**

World-class supply chain

Creating a world-class supply chain to optimise business and operational efficiency

- **Modern factory footprint**
- **Excellent distribution network**

CAN DO culture, people and values

Living our values

- **Courage | Accountability | Networking Drive | Oneness**

Good4Business

Further integration of sustainability throughout our business

- **Environment**
- **Business Governance & Ethics**
- **Sourcing**
- **Community & Charity**

Read more on pages 8-22 and 42-45

Key strategic focus	Risks
Delivering growth and expansion across all our geographies	Political and social instability Exchange rate fluctuations Taxation
Leveraging our market-leading brands across all our categories	Demand risks Product safety and quality Business transformation
Creating a world-class supply chain to optimise business and operational efficiency	Material price fluctuations Third party supplier management Supply chain disruptions Business transformation
Embracing our CAN DO spirit and culture to build clear differentiation	Staff recruitment and talent selection Staff retention
Integrating Good4Business principles into our global operations	Sustainability and integrity of raw materials Climate change mitigation and adaptation Reputational risks

Read more on pages 35-45

Our vision

To be a leading consumer brand of choice in our operating markets, delivering innovative, sustainable products created by exceptional people in a unique CAN DO culture that embraces integrity, diversity and drives the passion to succeed.

Delivering long-term growth in earnings and dividend per share.

How we create value

For investors

- 43 years' consecutive dividend growth
- Strong management structure
- Stringent cost controls

For consumers

- Innovative, quality market-leading brands

For employees

- Living CAN DO values and policies
- State-of-the-art factories and office facilities

For sustainability

- Good4Business policies, governance and strong business ethics

OUR GEOGRAPHIES

Our carefully balanced geographies…

We operate in a carefully selected balance of geographies in Africa, Asia and Europe. Our largest markets are located in Nigeria, the UK, Indonesia and Australia.

Key

Africa
01 Nigeria
02 Ghana
03 Kenya

Asia
04 Indonesia
05 Thailand
06 Australia
07 New Zealand
08 Middle East

Europe
09 UK
10 Greece
11 Poland

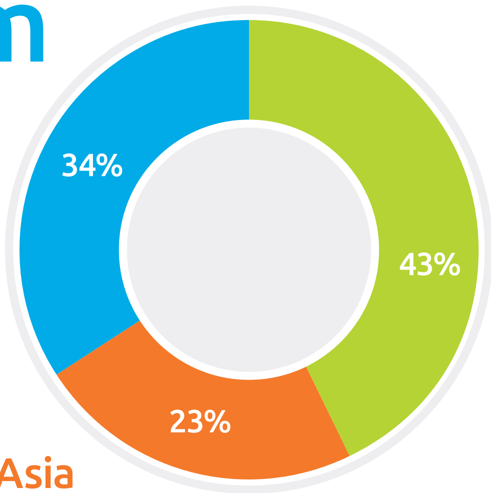
Europe

Revenue

£275.8m

(2015: £263.2m)

Read more on pages 32-33



Africa

Revenue

£357.2m

(2015: £356.8m)

Read more on pages 28-29

Asia

Revenue

£188.2m

(2015: £199.1m)

Read more on pages 30-31

Trading history

Our long trading history plays a large part in the reasons behind why we trade in the geographies that we do. If we look back to the Group's early days over 130 years ago, our trade was focused solely on Africa, in particular West Africa. Our roots in this geography are still apparent today where we retain deeply entrenched operations in each of our four categories.

In the 1970s, through strategic acquisition, the Group expanded into new markets which included the UK, Australia and Kenya. This geographical expansion continued throughout the 1980s and 1990s into markets such as Poland, Thailand and Indonesia, representing the diverse global balance of geographies we operate in today.

Balancing our geographies

We have significant business interests in both developed and emerging global economies which help us to balance our risk profile. Our business interests span the developed economies of the UK and Australia, as well as two of the world's largest emerging economies, Nigeria and Indonesia. Over the years, our strategic acquisitions have enabled us to rebalance our risk profile with a greater proportion of profit and cash flow from developed markets balanced with the short-term volatility in emerging markets, which offer greater growth in the medium and long-term. Through careful rebalancing and expansion into new categories to maximise growth potential within our existing geographies, dependence on Nigeria has now been reduced.

Where brand expansion opportunities present themselves in neighbouring geographies, we capitalise on these opportunities by contracting third party distributors without establishing a significant on the ground presence. This model is working well for us in South East Asian markets for our Food & Nutrition products and also within America for our Beauty ranges.

OUR GEOGRAPHIES

...providing global diversity and flexibility

Our global business interests span developed and emerging economies. Our diverse geographies not only allow us to balance our geographical risk, but provide significant market knowledge and global reach for our Group brands.

Africa

Alive with colour

Canoe has continued to build on its solid market share within the Nigerian Fabric Care market. The brand is based on an innovative colour care proposition of keeping colours looking vibrant for longer, supported by its #alivewithcolour campaign and partnership with Da Viva – a contemporary clothing line designing vibrant colours associated with traditional African fabrics.

Asia

Cross-regional relaunch

Cussons Baby's major relaunch in both the Asia and Africa regions has provided a sales boost for the brand. The new range features improved product formulations, new fragrances and impactful consumer claims. The relaunch is based around the brand promise of providing parents with 'reassuring confidence naturally' and delivering trusted, value for money products.

Europe

St.Tropez restage

Following the successful St.Tropez Gradual Tan In Shower product launch in 2015, the global tanning favourite has implemented a full brand restage in 2016 to achieve its best performing product portfolio yet. With enhanced technology and a new mood boosting fragrance, the product line-up has been rolled out to all global markets, receiving glowing reviews from consumers whilst showing healthy retail growth.

OUR CATEGORIES

Consumer brands to remember and enjoy…

We operate in four main categories where our brands have a distinct strategic advantage and occupy No1 or No2 leading market share positions.

Personal Care

In our Personal Care category we manufacture and sell bar soap, liquid hand wash, shower gel, skincare and haircare products in each of our Africa, Asia and Europe geographies. The Group's Beauty division is included within this category with brands such as St.Tropez and Sanctuary Spa. In this category we have a portfolio of local, regional and international brands:

- International – Imperial Leather and Carex
- Regional – Cussons Baby (in Asia/Africa) and Robb (in Africa)
- Local – Venus (in Nigeria) and Luksja (in Poland)

In all of our operating markets we aim to take advantage of the Group's synergies. Where possible, we market our brands across multiple geographies. We match the needs of our local, regional and international consumers to our brand portfolio, helping to balance the demand through group sourcing, including common formulations, packaging, fragrances and the fulfilment capabilities of our supply chain.

Home Care

In our Home Care category we sell brands that fall into two segments – Dish Care and Fabric Care.

Dish Care

Our Dish Care brand is called Morning Fresh and is sold in most of our geographies. It is also an example of where we utilise our liquid production synergies across Personal Care and Dish Care.

Fabric Care

We have Fabric Care brands in both developed and emerging markets. The majority of the Group's Fabric Care brands of laundry soap and branded bulk and packaged washing powders are sold in our emerging markets, particularly in Nigeria. Examples of our main African brands are Canoe and Zip. In our developed Australian market we have two Fabric Care brands called Radiant and Duo.

Electricals

Nigeria is the home of our Electricals operations and where we are partnered with Haier, one of the world's largest producers of white goods. Products are sold under the brand name Haier Thermocool and are designed specifically for the African market. We are No1 in Nigeria for refrigerators, freezers and air conditioners.

To retail and market these products, we operate a small chain of retail outlets in Nigeria and Ghana. Sales through the stores account for around 5 per cent of total sales.

Food & Nutrition

Our Food & Nutrition category is where we have seen the most expansion in the past three years, adding to our brand portfolio through acquisition. The focus in this category is on value add nutritional or organic products and to have brands in three segments: dairy products, cooking ingredients and baby food.

Dairy products

Our largest dairy market is in Nigeria served by our Nutricima business. Here we sell powdered, evaporated and UHT dairy based products under the brands Nunu and Olympic.

Australia is the base for our other dairy business that we acquired in 2014, operating under the five:am brand. The core product range was originally organic yoghurt, but in the past year we have extended the portfolio to include granolas and smoothies.

Cooking ingredients

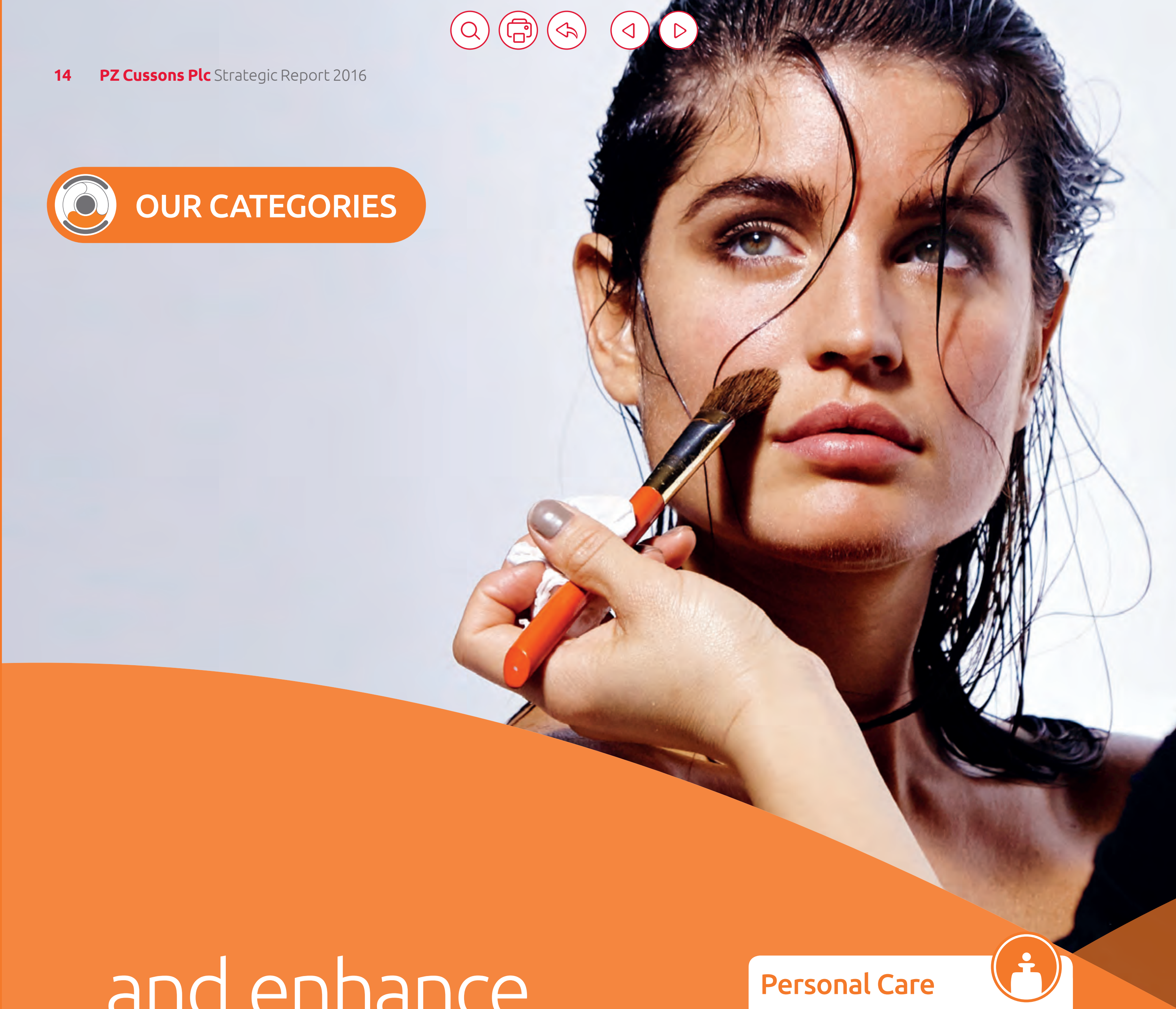
We have two cooking ingredients businesses, one in Nigeria and the other located in Greece. Our largest cooking ingredient operation is in Nigeria through our joint venture partnership with Wilmar (PZ Wilmar). Here we sell cooking oil under the brands of Mamador and Devon King's.

Our food business in Greece operates under the Minerva brand and offers oils, spreads, vinegars and cheeses.

Baby food

Our baby food brand Rafferty's Garden which we acquired in 2013 is based in Australia. Our baby products are made from natural ingredients and sold in pouch format. In the past 12 months the brand has successfully expanded its product range to include yoghurts, and has expanded into the neighbouring geographies of New Zealand and China.

OUR CATEGORIES



...and enhance everyday lives

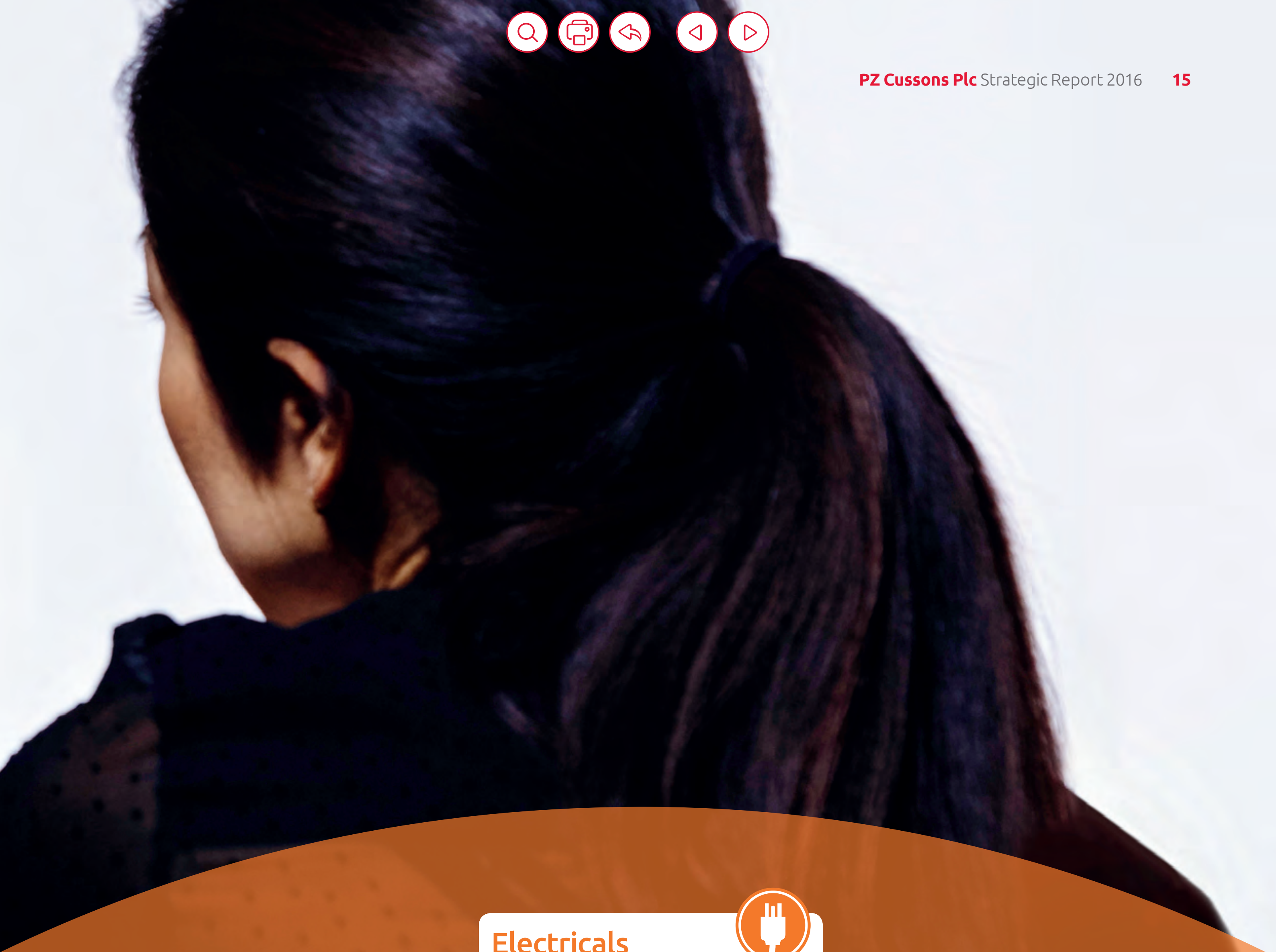
We win through keeping our brands fresh and relevant for consumers through a programme of renovation and innovation.

Personal Care

Original Source gets the consumer vote

To launch its new global Limited Editions range, Original Source took to Facebook, Twitter, Instagram and its brand websites to drive new levels of global social engagement.

Inspired by how global fans start the day, the three new Intense Natural Fragrances were put to a consumer vote, with Hibiscus & Pomegranate Tea winning through as 'The Chosen One'. The successful online vote campaign was supported by videos and an interactive personality quiz.



Home Care

Morning Fresh dishwasher liquid capsule launch

Australia's No1 dishwashing liquid Morning Fresh launched into the auto-dishwasher segment last year. This launch set the pathway for Morning Fresh to become a strong player across the total dish category offering the consumer greater dishwashing choice. Through new product development, the Morning Fresh formulations include lemon and apple fragrances and combine rapid grease cutting power alongside a built-in rinse aid and fast wash dissolving technology.

Electricals

Haier Thermocool retains top spot

The Haier Thermocool brand retains a leading position in the Electricals category, responding to the macro challenges in Nigeria. The brand remains No1 in freezers, refrigerators and air conditioners, while continuing to deliver good results in other product segments including washing machines. Thermocool continues to be recognised for high performance and durability, while the nationwide after-sales service network provides further peace of mind to consumers. Innovation remains a key driver of value growth for the brand, with new products accounting for a significant contribution of business revenue.

Food & Nutrition

Rafferty's Garden – successful expansion into yoghurt

Australia's Rafferty's Garden brand continues to strengthen its market leadership in baby food via the successful entry into children's yoghurt. This new launch opens up future opportunities for the brand in the chilled dairy sector and targets the need for a convenient children's snack. Last October, Rafferty's Garden yoghurt was made available on the shelves of Woolworths, Australia's biggest retailer and this year the brand will see its expanded range available across all key retailers nationwide.

WORLD-CLASS SUPPLY CHAIN

Delivering a flexible supply chain...

Our flexible supply chain capabilities are the backbone of our international businesses, reinforced by a modern factory footprint and excellent distribution networks.

Key

Africa
01 Nairobi
02 Lagos
03 Tema

Asia
04 Jakarta
05 Bangkok
06 Melbourne

Europe
07 Athens
08 Manchester
09 Warsaw
10 London

Our manufacturing processes

We manufacture products throughout Europe, Asia and Africa. We source our products through a combination of own factory supply and outsourcing production to carefully selected third party manufacturers. This way we ensure we maximise efficiencies and production output to meet our future short- to medium-term needs.

Our modern factory footprint spans:

Europe

In the UK we operate an integrated centre of excellence and state-of-the-art liquid manufacturing facility in Agecroft, Lancashire which mainly supplies our UK and Polish markets. To maximise efficiencies this facility operates on a 'just in time basis'.

Our in-house perfumery, Seven Scent is also located at Agecroft and focuses on fragrance innovation and manufacturing for the majority of the Group's product portfolio. Our personal wash innovation centre is also housed on site providing the Group with an integrated centre of excellence for personal wash innovation and manufacture.

In Greece our modern food production facilities produce a range of edible oils, vinegars, spreads and cheeses.

Our factories manufacture:
- Agecroft, UK: Liquid hand wash, shower gel and dish wash products

Region supplied:
- Europe

Our factories manufacture:
- Greece: Edible oils, vinegars, spreads and cheeses

Region supplied:
- Europe

Asia

At our Thailand factory manufacturing activities are concentrated on bar soap production for both Europe and Asia.

Our factories manufacture:
- Thailand: Bar soap

Region supplied:
- Europe
- Asia

Liquid products for all our Asian markets are produced in our Indonesia factory.

Our factories manufacture:
- Indonesia: Liquid products

Region supplied:
- Asia

Africa

In Nigeria the Group operates three large factory sites serving our West Africa consumers. These factory operations represent one of our key strengths within the region and are significant Group assets.

Our factories manufacture
- Ikorodu: Personal Care;
  Home Care;
  Food & Nutrition products
- Aba – South East Nigeria:
  Home Care (Laundry soap);
  Personal Care (Toilet soaps)
- Lagos (Nigeria HQ): Electricals

Region supplied:
- Africa

Our largest site is at Ikorodu just outside Lagos. This is where most of our Personal Care and Home Care products are manufactured. It is also the home of our Food & Nutrition operations. Our second factory facility is located at Aba in South East Nigeria and is responsible for our laundry and toilet soap manufacture.

Our third location is in Lagos next to the Group's Nigeria Headquarters and contains our white goods production facility.

Managing regional challenges

Within our African operations we encounter a number of regional challenges including inconsistency of power supply and raw material supply. To ensure the continuity of production we run on-site electricity generators and have introduced an element of vertical integration throughout these sites for raw material supply, including bottles and tins whilst also operating onsite packaging manufacture.

In Kenya our production facility focuses on Personal Care products for the East Africa region.

Our factories manufacture:
- Kenya: Personal Care products

Region supplied:
- Africa

Regional product distribution

We tailor our regional product distribution to the needs of our local markets.

Our developed market distribution process for consumers in Europe and Asia is mainly through supermarkets and other retail chains, utilising third party logistics providers to dispatch products direct from our factories and third party manufacturers to retailers.

For the emerging markets of Nigeria, Ghana and Kenya, we believe our supply chain footprint and local regional know-how is one of the Group's greatest assets. In these markets we operate a tailored (market) logistics model. An example of this is in Nigeria where there are very few supermarket chains and consumers shop within a mix of open 'wet' markets, individual traders and small stores. Over recent years to successfully serve the region's vast geography and respond to the needs of the consumer and the market traders, we have developed a comprehensive Active Distributor network. This means our factories or distribution centres dispatch direct to a collection of approved Active Distributors, who then supply locally to smaller retailers and wet markets.

WORLD-CLASS SUPPLY CHAIN

…optimising operational efficiency

We are increasing our business flexibility, agility to market and distribution network. Supported by new technology and processes we are building a world-class supply chain.

Business transformation

Eagle

The Group is into its second year of a three year global transformation programme called Eagle, a business change initiative enabled by SAP. Eagle is a core part of delivering our new operating model and provides the Group with the opportunity to simplify our processes, systems and data, to create consistency and support our future sustainable growth.

To implement the project, we have assembled a cross-functional team from 18 nationalities, drawing from expertise throughout the business, representing all our geographies, and working closely with our implementation partners IBM & T-Systems.

The first phase of the Eagle programme has been successfully completed in Asia, with our operations in Thailand, Indonesia and the Middle East fully live. The Group is already seeing significant improvements in business process, controls and visibility across this geography. The next phase of the project focuses on our African region which is on schedule for delivery later this year.

CAN DO

Our people, our greatest asset

At PZ Cussons, we know that one of our greatest assets is our people. That is why we have created our CAN DO culture that enables our employees to flourish and develop their talents within a unique environment. As part of our global family, we employ 5,000 like-minded people throughout our Africa, Asia and European operations who share the same CAN DO values and passion to work together to achieve our future sustainable growth ambitions.

CAN DO!

Investing in our people

From recruitment to onboarding new starters, we aim to find, harness and develop our talented people into bigger achievers and future leaders. One of the ways we do this is by creating a framework of clearly defined competencies tied to our operating model within an environment where sustainable business growth is achieved.

We have invested in a robust talent management process with a renewed focus on identifying critical talent and succession planning. We have introduced a number of bespoke processes, such as PZ Way of Selling, PZ Way of Marketing, PZ Way of Supplying, and the PZ Way of Leading which helps us to develop the capabilities of our leaders and our specialists so they can thrive within the complex, fast moving global markets where we operate. We are continuing to develop the PZ Way of Leading curriculum to ensure our leaders are equipped to manage their teams, their staff, and themselves, and following a successful pilot in Nigeria last year, there will be a roll out across all regions in this financial year.

What we value

Courage
We challenge convention, ourselves and each other. We have the strength, willingness and determination to initiate, make things happen and to carry them through.

Accountability
We are all champions of our Company, take responsibility for achieving our objectives, and do what we say we will do. We do what is right, not merely what is expected, act with openness, integrity and trust, ask for help, admit to our mistakes and put things right.

Networking
We are one Company across all functions and geographies, working towards a common goal through co-operation and teamwork.

Drive
We are relentless in our pursuit of success and together we approach each day with the energy, passion and persistence to exceed expectations.

Oneness
We are all PZ Cussons people and quiet achievers. We treat each other with respect regardless of status. We act professionally and together we celebrate success with understated pride.

Team effectiveness
We believe that our ability to achieve our growth priorities can only be realised through effective team working at every level of the organisation. To help increase the effectiveness and team productivity, we have created a suite of tools that help us to identify and improve our ways of working virtually and across the globe. Our approach has empowered our line managers and HR Business Partners to improve the way teams work together and achieve outcomes.

Rewarding results
Our people share in our businesses' success through an annual bonus based on financial performance. Senior leaders are rewarded through a combination of financial performance in the short term and the long term, together with the achievement of other objectives that build a long-term sustainable and holistic business in the areas of talent, environmental responsibility, efficient infrastructure, innovation, and an effective, efficient organisation.

Nurturing graduate talent
To nurture new emerging talent and shape young people's careers within our diverse businesses, we have been running a successful graduate programme in our Nigerian business for many years, which we aim to roll out in the forthcoming months to our Indonesian and UK businesses.

Our CAN DO values echo those of our founders over 130 years ago.

GOOD4BUSINESS

Creating sustainable value for the Group

In the year since we evolved our approach to Corporate Social Responsibility and adopted Good4Business (G4B) as part of our Business Model, we have been embedding a process for how we create sustainable value throughout our Business.

Palm oil

Progress on palm oil

Working with The Forest Trust and Roundtable on Sustainable Palm Oil (RSPO) partners, we have been focusing on our Palm Oil Promise and our commitments to 'no deforestation, no peat, no exploitation' (NDPE). We have been making good progress on how we trace palm oil supplies and manage the communities which grow palm oil. In the past year we have proactively carried out field assessments with key suppliers to check and record their compliance with our standards. We have now mapped 100% of palm oil supply back to refinery level and traced over 80% back to the mill.

We are Good4Business

To enable us to focus our activities and ensure that G4B is an integral part of our day to day decision making, we have split G4B into four strategic areas with dedicated personnel to oversee implementation:

- Business Governance & Ethics
- Sourcing
- Environment
- Community & Charity

See pages 42-45 for examples of how we are already using Good4Business.

Teach First

Coaching future teachers

This year has seen the completion of the first of a three year association with the UK-wide Teach First organisation. Selected PZ Cussons employees are being trained as coaches before pairing up with a teacher to help coach and support them on a one-to-one basis during their two year teacher training programme.

Smallholder programme

Smallholder programme takes root

In Nigeria, working with our PZ Wilmar partners and The Forest Trust, we've started to build our smallholder programme and are helping farmers to plant palm trees in order to develop fully traceable and sustainable sources of palm oil. We've initiated the programme with a number of farmers and co-operatives with a view to building the foundations, supporting their progress and buying back their crop at prices which are mutually agreed and transparent.

Targets

Achieving our environmental targets

Following on from the successful completion of our three year Environmental Improvement Plan, we have continued to focus this year on achieving carbon, water and waste reduction targets. At the beginning of the year we set a 3% reduction target across carbon, water and waste. We are pleased to report that we have achieved a 15% reduction in carbon, 34% in water and 17% in waste. (Read more on page 44).

Q&A WITH ALEX KANELLIS

Working well within volatile markets, finding solutions and reacting quickly to opportunities are all part of our corporate DNA.

"Having a strong balance sheet and keeping a focus on tight cost control is a key priority for the Group."

Alex Kanellis
Chief Executive Officer

Q. How do you feel about the business's performance?

A. I am pleased that the Group has been able to deliver a steady set of results despite the very challenging macro environment. I believe it reflects our business model and ongoing strategy of focusing on our innovation pipeline, tight cost control, a strong balance sheet and delivering value for money products to our consumers.

Q. Do you think CAN DO has helped the business through difficult trading conditions?

A. There's no doubt that our CAN DO values and people have been a driving factor in weathering the challenging trading conditions. Our people work hard and we have a long history of understanding our local markets. As a business we are used to working well within volatile markets – it is part of our corporate DNA and we are used to finding solutions and reacting quickly to risks and opportunities.

43 years
of consecutive dividend growth

Q. What main differences do you think the completion of the Group's new operating model will make?

A. We are already seeing the benefits of working to our new operating model. Over the past three years we have moved to a new operating model structured around three core functions of Category, Geography and Supply chain. We have created global teams who are sharing capabilities and synergies across geographies. This also enables our brand development pipelines to be faster and more consistent, helping us to drive growth in all our markets.

Q. Are you pleased with the progress made with the Eagle programme?

A. Going live on time in Asia with SAP this year was a big achievement for our transformation teams. The programme has been a big capital expenditure project for the Group and we're pleased with the results so far. We are currently focusing on implementing SAP in our African region, which again is on schedule and our European region will be completed within the next 12 months.

Q. Are a strong balance sheet and robust cash management high on your agenda?

A. Having a strong balance sheet and keeping a focus on tight cost control is a key priority for the Group. This year we have decreased our net debt position from 2015 and maintained a net debt of 1.2x EBITDA at the year end. Our strong balance sheet puts us in a solid position to pursue new opportunities should they arise.

Q. What importance do you place on continued annual dividend growth?

A. This is our 43rd consecutive year of delivering annual dividend growth for our Shareholders. I am pleased with our record of increasing the annual dividend and myself and the Group are proud of this accomplishment. It is good that our steady results have once again allowed us to continue with this growth against the backdrop of challenging trading conditions and the impact of foreign exchange on the Group's profit and financial position.

FINANCIAL OVERVIEW

Delivering a steady performance against challenging headwinds

"Strong performance in Europe offsets a challenging macro environment to deliver revenue broadly flat and operating profit only slightly lower."

Brandon Leigh
Chief Financial Officer

Financial highlights

Reported results (before exceptional items[1])	**Year ended 31 May 2016**	Year ended 31 May 2015	Reported % change	Constant currency % change[3]	Like for like % change[4]
Revenue[2]	**£821.2m**	£819.1m	0.3%	5.9%	(1.4%)
Operating profit	**£108.5m**	£114.4m	(5.2%)	(1.7%)	(4.5%)
Profit before tax	**£103.0m**	£108.8m	(5.3%)	(1.8%)	(4.7%)
Adjusted basic earnings per share	**17.22p**	17.94p	(4.0%)	(0.4%)	(3.7%)

Statutory results (after exceptional items[1])		
Operating profit	**£89.2m**	£89.6m
Profit before tax	**£83.7m**	£84.0m
Basic earnings per share	**16.16p**	12.45p
Total dividend per share	**8.11p**	8.00p
Net debt[5]	**(£147.1m)**	(£157.4m)

1 Exceptional items before tax (2016: costs £19.3m; 2015: costs £24.8m).
2 Excludes joint ventures revenue of £176m (2015: £281m).
3 Constant currency comparison (2015 results retranslated at 2016 exchange rates).
4 Like for like comparison after adjusting 2015 for constant currency and 2016 for acquisitions and disposals in current and prior year. Also referred to as underlying.
5 Net debt, above and hereafter, is defined as cash, short-term deposits and current asset investments, less bank overdrafts and borrowings.

Basis of presentation

In our financial statements we use performance metrics that are not recognised under IFRS. These performance metrics are used to help the readers of our financial statements understand underlying business performance.

Reported results, also termed adjusted, are presented before exceptional items which include acquisition and disposal related costs and income, and restructuring costs.

The reported results for the current year are presented with variances to reported prior year results and also as variances between the current and prior year on a constant currency and like for like basis. The constant currency impact was derived by retranslating the 2015 result using 2016 foreign currency exchange rates. The adverse translational impact on revenue and operating profit was £43.4m and £3.9m respectively. The like for like impact, or underlying growth/decline, was derived at constant currency and by also excluding the impact of acquisitions and disposals in the current and prior year. The acquisitions of five:am and 100% of the Nutricima joint venture increased revenue in the current year by £3.3m and £53.0m respectively and operating profit by £0.5m and £2.6m respectively.

Regional overview

Africa's reported results show revenue flat with a robust performance in Home and Personal Care, as well as in Nutricima (with full consolidation following last year's buy-out of the JV), mitigating the impact on translation from a weaker Naira, as well as an underlying revenue decline in the Electricals business caused by a squeeze on disposable income. Reported operating profit is down 23.2% as a result of the lower Electrical sales and a broader translational and transactional impact from a weaker Naira. Adjustments to relative pricing across all business units took place across

Operating profit before exceptional items

Africa
£30.4m
-23.2%
2015: £39.6m

Europe
£61.7m
+6.6%
2015: £57.9m

Asia
£16.4m
-3.0%
2015: £16.9m

the financial year to mitigate the year on year impact of a weaker Naira and to reflect the higher cost of the Naira on the secondary market.

Asia's reported revenue and operating profit declines of 5.5% and 3.0% respectively are largely due to the impact on translation from the weaker Indonesian Rupiah and Australian Dollar. The strength of the Group's Indonesian business as well as the recent food acquisitions in Australia are mitigating the more difficult trading conditions in Australian Home Care as well as the broader translational and transactional impact from weaker currencies.

Europe's reported revenue and operating profit growth of 4.8% and 6.6% respectively were driven by strong performances in the UK washing and bathing and Beauty divisions as well as a solid contribution from the Group's smaller divisions in Poland and Greece.

Financial position overview

The Group's balance sheet remains strong with net debt of 1.2x EBITDA at the year end. Capital expenditure remains above depreciation levels due to the SAP implementation project which is scheduled to complete as planned during the early part of FY18.

Exceptional items

An exceptional charge of £19.3m before tax was recorded during the year (2015: charge of £24.8m). £6.9m of this charge relates to previously announced items, being the current year cost of the Group Structure and Systems project (£4.8m) and the cost of further supply chain optimisation (£2.1m). Additional charges of £12.4m have also been incurred relating to a provision against a trade receivable in Europe (£5.9m) and foreign exchange losses in Nigeria relating to long outstanding trade payables denominated in US Dollars that were settled on the secondary market at higher than official exchange rates (£6.5m).

Regional reviews

Performance by region

Revenue[1] (£m)	2016	2015	Reported % change	Constant currency % change[2]	Like for like % change[3]
Africa	**357.2**	356.8	0.1%	9.6%	(8.3%)
Asia	**188.2**	199.1	(5.5%)	(0.2%)	(2.0%)
Europe	**275.8**	263.2	4.8%	5.6%	5.6%
	821.2	819.1	0.3%	5.9%	(1.4%)

Operating profit before exceptional items[4] (£m)	2016	2015	Reported % change	Constant currency % change[2]	Like for like % change[3]
Africa	**30.4**	39.6	(23.2%)	(16.3%)	(23.5%)
Asia	**16.4**	16.9	(3.0%)	2.7%	(0.5%)
Europe	**61.7**	57.9	6.6%	6.3%	6.3%
	108.5	114.4	(5.2%)	(1.7%)	(4.5%)

1 Excludes joint ventures revenue of £176m (2015: £281m).
2 Constant currency comparison (2015 results retranslated at 2016 exchange rates).
3 Like for like comparison after adjusting 2015 for constant currency and 2016 for acquisitions and disposals in current and prior year. Also referred to as underlying.
4 Exceptional items before tax (2016: costs £19.3m; 2015: costs £24.8m).

As previously announced, and following on from the Nigeria foreign exchange position described above, the Group has incurred further exceptional foreign exchange losses of c. £11 million in the period after the balance sheet date. These losses relate to additional long outstanding trade payables denominated in US Dollars that are being settled at higher exchange rates than originally recognised due to the introduction of the new flexible exchange rate regime on 20 June 2016, resulting in an approximate 40% devaluation of the Naira. The Group Structure and Systems project will be extended with further plans to optimise the Group operating model at a cost of £10 million over the next two years.

Outlook

The Group is well placed for future growth with strong brand portfolios and excellent new product pipelines underpinned by a culture of a continuing focus on cost control. The successful implementation of a new operating model is enabling a more efficient business model and this will be further enhanced with the completion of the SAP implementation in 12 months' time.

Underlying growth in revenue and operating profit is expected to be delivered in all regions of Europe, Asia and Africa over the coming year, although there will be an impact on translation to sterling of the Nigerian results following the introduction of the new flexible exchange rate regime post year end.

Whilst it is very early days since the vote to leave the EU, our initial assessment is that Brexit is unlikely to have a significant near-term impact on the Group, although we will be monitoring this on an ongoing basis.

The Group's balance sheet remains strong and well placed to pursue new opportunities for growth as they arise. Overall performance since the year end has been in line with expectations, with liquidity in Nigeria beginning to improve.

FINANCIAL REVIEW

Africa

Regional highlights

- Home Care & Personal Care have held or grown market share
- Strong performance in Nutricima and PZ Wilmar
- Mamador & Devon King's brands double consumer sales

Regional update

Morning Fresh Nigeria's No1

Morning Fresh maintains its position as Nigeria's No1 dish wash liquid and also became Kenya's brand leader for the first time. In Nigeria last year, the brand reached over 2.5 million consumers via integrated promotional campaigns, increasing the online fan base to over 250,000 likes, making Morning Fresh Nigeria's fastest growing FMCG brand on Facebook. The brand continues to see growth across our focus markets, delivering innovation in this category with the recent addition of a new antibacterial variant to its product portfolio.

Mamador earns Nigerian Heart Foundation approval

The heart health benefits of Mamador cooking oils have been endorsed by the Nigerian Heart Foundation. For the past two years Mamador has been working with experts at the Nigerian Heart Foundation who have been putting the cooking oil through rigorous tests to analyse its potential health benefits for being cholesterol-free, fortified with vitamins and containing natural Omega 6 and 9. The Nigerian Heart Foundation endorsement has now provided Mamador with the partnership platform to promote heart health and to help consumers choose healthier lifestyle choices via its 'Mamador Million Hearts Mission'.

Manchester City FC partnership kicks off

Nigerian brands Premier Cool and Olympic have become Official Partners to the world-famous Manchester City Football Club. The year has seen the activation of a number of VIP match day ticket promotions and consumer competitions. Premier Cool focused on taking the Manchester City players out of their comfort zone, with an online campaign to test if they are #CoolUnderPressure, whilst Olympic focused the partnership at a local level, using football as a vehicle for Olympic's #HealthyChoice campaign.

Africa

In Nigeria, the Group's knowledge of how to trade in volatile environments has served it well during the year, supported by strong brand portfolios with leading market shares across four diverse categories, world-class factories and a nationwide distribution infrastructure. All business units sold relatively well despite the very challenging macro environment with product offerings at all price points to cater for a consumer who is facing a significant squeeze on disposable income.

Whilst the official exchange rate remained stable against the US Dollar during the year, low oil prices contributed to an environment of tight liquidity with foreign exchange restrictions imposed for certain items. The market saw relative pricing being adjusted firstly at the beginning of the financial year to adjust for the 25% devaluation of the Naira that took place during the second half of the previous financial year, and more recently during the second half of the financial year to reflect the higher cost of the Naira on the secondary market.

In Personal Care and Home Care, revenue has been maintained at a similar level to the previous year despite an extremely competitive environment although margins have been affected in a market operating at lower volumes and higher costs. The portfolio remains diverse with leading brand shares across soaps, detergents, baby care, skincare, medicaments and dish care, and relative pricing has continued to be adjusted post year end to restore margins.

Revenue

£357.2m

(2015: £356.8m)

In the Electricals division, revenue and operating profits were lower than the previous year driven primarily by the squeeze on disposable incomes reducing sales volumes. Despite this, the Haier Thermocool brand remains very strong across fridges, freezers and air conditioners. Relative pricing has now successfully been adjusted and the division will benefit once growth returns to the market.

Our two food businesses have seen more robust performance during the year with the products being a necessity purchase for consumers. Revenue and operating profit in the Nutricima milk business were ahead of the previous year, driven by the success of its two key brands Nunu and Olympic. The Group is benefiting from the full consolidation of Nutricima following the buy-out of the former JV partner on 31 March 2015.

In the PZ Wilmar edible oil joint venture, whilst sales of bulk products were lower due to restrictions on raw material supply, consumer product sales doubled year-on-year under the Mamador and Devon King's brands, leading to an overall increase in operating profits.

Overall performance in the smaller markets of Ghana and Kenya was lower than the previous year due to tough trading conditions and foreign exchange volatility.

Innovation growth

Good growth and market share maintenance has been achieved following the refresh of Imperial Leather, Morning Fresh's new antibacterial products, new powder variants for Nunu and Olympic, and new consumer pack variants for Mamador and Devon King's.

FINANCIAL REVIEW

Asia

Regional highlights

- Good revenue and operating profit growth has been achieved in Australia across the Personal Care, Beauty and Food & Nutrition categories
- Revenue growth continues to be strong in Indonesia with all brands making good progress
- Thailand returned a good performance, although profit and revenue for the Middle East was lower

Asia

In Australia, whilst trading conditions in the Home Care category remain challenging, good revenue and operating profit growth has been achieved across the Personal Care, Beauty and Food & Nutrition categories. The recently acquired food brands Rafferty's Garden and five:am have both performed particularly well, successfully contributing to the diversification of the overall portfolio.

The year saw the complete relaunch of the Rafferty's Garden range with new packaging and variants, including a range of chilled yoghurt products manufactured using the acquired five:am facilities, as well as growth in international distribution into New Zealand, Hong Kong, Singapore and China. five:am has also been relaunched with new packaging and variants across both its core range of yoghurts and newer categories such as granolas.

Regional update

Radiant sponsors Australian Football League

To promote Radiant's 'Colour Guard' performance, Radiant became the official laundry detergent of the Australian Football League (AFL) and entered into an exclusive category partnership. The AFL promotes the most popular sport in Australia and the sponsorship offers Radiant wide scale national reach with the partnership promoted on-pack via the official AFL logo.

Biggest ever Little Star Baby

This year, Cussons Baby continued to support revenue growth in Indonesia by building on the ever-popular success of previous 'Little Star' promotions and launched its biggest ever Little Star Season 4. The promotion reached out online to millions of families throughout Indonesia with an interactive mix of offers, health advice and support discussion forums.

Rafferty's Garden – No1 in baby food expansion into China

Rafferty's Garden successfully increased distribution in key markets in Asia, including China, Hong Kong and Singapore. Where listed in China's premium retail channels, Rafferty's Garden became the No1 selling brand of pre-prepared baby food, within one year of launch. The international range has since expanded from the core smooth range of pouches and marketing support activity has delivered positive results, with high consumer engagement on popular social media platforms.

In Indonesia, revenue growth has continued to be strong despite the more challenging consumer environment as a result of slower GDP growth and a weaker exchange rate. Cussons Baby continues to be the number one brand in market and has been completely relaunched during the year in conjunction with its biggest ever nationwide 'Little Star' promotion. Imperial Leather, Carex, Original Source and Cussons Kids have all made good progress during the year contributing to the diversification of the overall portfolio.

In the smaller Asian markets, Thailand has performed well although revenue and profits in Middle East are lower than the previous year.

Revenue

£188.2m

(2015: £199.1m)

Innovation growth

Good growth and market share gains have been achieved following the range relaunch and expansions for Rafferty's Garden into children's yoghurts, the refresh of Cussons Baby which is No1 in Asia and the expansion of the Morning Fresh range into dishwashing capsules.

FINANCIAL REVIEW

Europe

Regional highlights

- Strong revenue and profit performance for Europe with all categories performing well
- UK washing and bathing divisions benefited from a continuous programme of innovation and renovation
- Beauty division's results significantly ahead of prior year with excellent growth in key UK, US and Australian markets
- Greece returned good profit and revenue growth across its portfolio
- Poland improved its results with growth across all its ranges

Europe

In the UK Washing and Bathing division, all brands have performed well with good revenue and profit growth driven by a continuous programme of renovation and innovation. The Imperial Leather portfolio has been extended with a new range of Sweets and Fruits products for bath and shower. The extension of the Carex brand into bath and shower products during the year has been very successful in addition to good growth across the core range of handwash products, including the launch of a new 'Love Hearts' kids handwash variant. Original Source has also returned good results with new fragrances launched across its range of shower, handwash and body care products.

Regional update

Sanctuary Spa's #LetGo film goes viral

Sanctuary Spa's online following continues to go from strength to strength with its #LetGo film going viral and achieving over 25 million views to date. Sanctuary Spa's #LetGo film was directed by BAFTA award-winner Susanna White to encourage women to take a moment from their busy lives to 'Relax, Breathe and #LetGo'. The film forms part of a wider campaign that helps to differentiate the brand from its competition and has gone viral across the globe.

TOP vinegar's range expansion

The launch of TOP's balsamic glazes into the Greek market has helped to enhance Minerva's presence in the food category and has been an important step in revamping the recently acquired brand. TOP is the clear No1 market leader in Greece for vinegar and the new range has helped to build on TOP's consumer popularity and prominence in this category.

Original Source German success

Original Source has achieved strong momentum within Germany since entering the market in July 2014, offering significant growth opportunities for the future. The brand's unique positioning of 'Intense Natural Experiences' has appealed to German consumers and has been well supported by German retail partners, resulting in multiple listings and a comprehensive in-market presence.

In the Beauty division, revenue and operating profit are significantly ahead of the previous year. St.Tropez has seen excellent growth in its key markets of UK, US and Australia, with the Gradual Tan In Shower lotion launched last year being particularly successful, and the range also recently extended with a darker variant. Sanctuary has also delivered good growth benefiting from new product launches and the #LetGo campaign which has received over 25 million views online. New product launches have also taken place across the Fudge and Charles Worthington brands.

In Poland, revenue and operating profit have increased across the range of Luksja, Carex and Original Source products.

In Greece, good profit and revenue growth have been achieved across the portfolio of edible oils, cheeses and spreads, despite the challenging macro environment. The TOP vinegar brand we acquired last year has made excellent progress and a number of new product launches have taken place.

Revenue

£275.8m

(2015: £263.2m)

Innovation growth

Excellent results for Europe with all categories benefiting from new product development and range expansions including Imperial Leather's extended Fruits and Sweets ranges, Carex's extension into bath and shower and new Love Hearts kids' handwash and Original Source's new fragrance launches into shower, handwash and body care products. St.Tropez's new darker variant Gradual Tan In Shower has been selling well, as have new product launches from Sanctuary Spa, Fudge and Charles Worthington. In food, the TOP vinegar brand also gained market share through extending its product range.

FINANCIAL KPIS

Group key focus

Our strategic objectives and business model are aligned to our overall financial goal to deliver an increasing return to our Shareholders over the longer term. Below are the internal and external investor KPIs that the Board has measured and monitored throughout the year.

Internal key performance indicators

	What we measure	Why we measure	Performance	
Revenue £m	Revenue net of discounts, rebates and sales taxes (does not include JV revenue)	Revenue growth is a key strategic aim	Reported revenue flat and up 5.9% on a constant currency basis	**2016** 821.2 2015 819.1 2014 861.4 2013 883.2 2012 858.9
Operating profit before exceptional items £m	Operating profit before exceptional expense/ income items	Measures operating performance prior to financing and taxation costs	Marginally lower than last year despite very challenging macro conditions	**2016** 108.5 2015 114.4 2014 116.4 2013 108.4 2012 93.4
Operating profit %	Operating profit before exceptional expense/ income items, as a % of revenue	Indicator of the return on sales prior to financing and taxation costs	0.8 percentage points lower than previous year	**2016** 13.2 2015 14.0 2014 13.5 2013 12.3 2012 10.9
Net working capital %	Net working capital as a % of revenue	Indicator of the working capital (stock, debtors, creditors) required to support the sales that we make	0.2 percentage points improvement on prior year	**2016** 14.8 2015 15.0 2014 10.9 2013 11.4 2012 12.6

External investor key performance indicators

	What we measure	Why we measure	Performance	
Dividend per share pence	Dividend per share	Dividend growth is a key performance indicator in terms of tangible return to Shareholders	Improvement of 0.11p per share this year	**2016** 8.1 2015 8.0 2014 7.8 2013 7.4 2012 6.7
Adjusted basic EPS pence	Adjusted earnings per share	A key indicator of value enhancement to Shareholders	0.72p lower than previous year	**2016** 17.2 2015 17.9 2014 18.0 2013 16.6 2012 14.7

Our environmental KPIs covering carbon, water and waste are included in our Good4Business report on page 44.

PRINCIPAL RISKS AND UNCERTAINTIES

Insight for effective risk management

The Audit & Risk Committee assumes overall accountability for the management of risk and for reviewing the effectiveness of the Group's risk management and internal control systems.

Viability statement

PZ Cussons has over 130 years of trading history with a long standing tradition of sustainable growth in our key regions of Europe, Africa and Asia. Our in-depth local understanding, strong brand position and robust infrastructure within these markets, allied to a strong Group balance sheet, enable us to withstand short- to medium-term political and financial instabilities that may adversely impact the Group.

The Directors have assessed PZ Cussons' viability over a three year period to 31 May 2019, aligned with the Group's three year strategic plan which is reviewed and approved annually by the Board and which includes detailed trading and cash flow forecasts covering that period. The business model and strategy as set out on pages 6 and 7 are central to an understanding of its prospects and provide the framework for the Group's three year strategic plan.

In assessing the Group's viability the Directors have considered the current financial position of the Group and its principal risks and uncertainties as described on pages 39 to 41. The most significant financial risk facing the Group in the short term is the potential political and financial uncertainty in some of the Group's key emerging markets, particularly Nigeria, which if sustained could have an impact on the Group's trading and cash flows in the short term. These risks are in part mitigated by the geographic and product diversity of the Group's operations together with its strong balance sheet.

In evaluating the Group's prospects and viability, alternative forecasts based on plausible scenarios have been prepared which take account of the Group's principal risks and uncertainties and the impact they could have, both individually and taken in aggregate, on our performance, together with key mitigating actions. The alternative scenarios assumed reductions in revenue, margin and cash flow over the three year period, but in all cases the business model remained profitable and the balance sheet strong.

Based on their assessment of prospects and viability above, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three year period ending 31 May 2019.

The Audit & Risk Committee assumes overall accountability for the management of risk and for reviewing the effectiveness of the Group's risk management and internal control systems. On its behalf, the Executive Committee takes responsibility for identifying, assessing, prioritising and monitoring the key material risks facing the Group and ensuring that, where possible, appropriate action is taken to manage and mitigate those risks.

PRINCIPAL RISKS AND UNCERTAINTIES
CONTINUED

Audit and Risk Committee

Assumes overall accountability for the management of risk and for reviewing the effectiveness of the Group's risk management and internal control systems.

Executive Committee

Performs material risk management for key risks and sets the risk framework and process for the Business Units. It provides support and feedback and escalates issues to the Audit and Risk Committee as necessary.

Business Units

Carry out day to day core risk management activities and report emerging risks and risk mitigation responses to the Executive Committee.

How we identify and analyse our risks

We perform a full annual 'bottom-up' risk assessment from which we identify our key material risks. Each of these principal risks is owned by an Executive Committee member and is reviewed each quarter in terms of performance and progress, including an assessment of mitigating controls where these are in place. In addition, new and emerging risks are assessed and incorporated into the risk management process on a quarterly basis.

Examples of key risks

Our response to these key risks

Currency risk

The international nature of the Group's activities leaves us exposed to both transactional exchange rate risk (with the main exposure relating to US Dollar trade balances) and translation exposure when the results, assets and liabilities of foreign subsidiaries are translated into Sterling. This is particularly prevalent where we have activities in emerging markets where currencies can be impacted by political and macro economic factors (for example the price of crude oil) and where we import raw materials and/or export products. As stated in the business and financial review sections the current year results have been significantly impacted by a lack of US Dollar liquidity in Nigeria which has meant that we have had to access the secondary currency markets at higher than official rates.

A significant devaluation or liquidity reduction of a currency in a market that we import into and/or export out of, therefore exposing us to significant currency risk.

- Increased Executive Committee and Group Treasury review and direction on treasury management
- In market insight and focus to ensure that all treasury options are being considered and acted upon
- Operational measures to mitigate increased costs through pricing and sizing initiatives

Political and social instability

We have operations in a number of countries around the globe, and some of our emerging market operations have political, social or economic instability that has a high risk of impacting our business performance.

Political regimes, elections, natural disasters, and local economic policies, for example, may affect our business performance within a country or region.

Regulatory change in an emerging market restricting the importation of a key raw material that supports a significant revenue stream.

- Executive Committee oversight on management of the affected business unit to obtain deeper understanding of the issue and potential further ramifications
- Strategic assessment of the viability of existing business in the new environment
- Alternative sources of raw material investigated and sought out
- Portfolio management to preserve margins

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Summary of principal risks

Principal risks	Description	Potential impact on business
Political and social instability	Our global operations each have their own local issues, pressures, and risks which can cause political, social or economic instability.	Political regimes, elections, natural disasters, and local economic policies all have the potential to impact our business performance.
Exchange rate fluctuations	The international nature of the Group's activities leaves us exposed to currency fluctuations that can impact the results of the Group.	We are exposed to the financial impact of: • Market transactional exchange rate risk on import/export activity (with the main exposure relating to US Dollar trade balances) • Translation exposure when the results, assets and liabilities of foreign subsidiaries are translated into Sterling for Group consolidation purposes.
Taxation	Taxation of global corporations is a complex area where laws and their interpretation are changing regularly.	The global regulatory environment for tax is changing significantly, with global OECD tax frameworks moving from work in progress to finalised policies. The local interpretation of these rules differs across all our markets, with tax authorities also being pressurised by difficult prevailing market conditions.
Demand risks	Demand for the Group's products may be adversely impacted by changes in consumer preferences.	All of the markets we operate in are increasingly competitive and macro economic factors have the potential to alter the buying preferences of our consumers. Continued growth of discounters in some of our categories could adversely impact the rate of sales growth and profit margins.
Material price fluctuations	As with all manufacturing businesses, the cost of our raw and packaging materials directly affects our profitability and selling prices.	The market prices for oils, fats, plastics and other key materials can have positive or negative impacts on our ability to meet our financial targets and business objectives depending on our ability to pass on price changes to our customers.
Product safety and quality	The safety and quality of our products are of paramount importance to ensure consumer safety and to protect our reputation.	There is risk that raw materials are accidentally or maliciously contaminated throughout the supply chain or that other product defects can occur due to human error, equipment failure or other factors. This could affect our consumers' health and safety.
Third party supplier management	We operate a flexible supply chain whereby we rely on third parties to manufacture some of our products.	We are exposed to external supply related risks such as failure of a key supplier which could impact our ability to deliver orders to our customers.
Business transformation	Successful and timely delivery of the Group Structure and Systems project is key to delivering their intended business benefits.	Our financial and commercial forecasts are built on the improved efficiencies that the Group Structure and Systems project implementation provides. Non-delivery of this project is a risk to future growth.
IT system dependency	From controlling machinery to managing internal and external communication, our business relies heavily on secure and reliable IT systems.	Disruption of our IT systems could adversely affect the smooth operation and profitability of our business. There is also a threat from unauthorised access and misuse of sensitive information which could potentially disrupt our business.
Staff retention and recruitment	The Group recognises that in order to deliver sustained strong results it requires the right calibre of people at all levels of the business.	The Group must compete to recruit and retain capable individuals within the business including training them in the skills and competencies which are required to deliver the profitable growth we have forecast.

Principal risks and uncertainties

Our principal risks are reviewed each quarter, comprising an over-arching review of new and emerging risks, which are outlined in the table below, in addition to an in-depth review of performance and progress.

Risks	Description of risks	Measures to manage risks
Political and social instability	We have operations in a number of countries around the globe, each of which have their own local issues, pressures, and risks which can cause political, social or economic instability. Political regimes, elections, natural disasters, and local economic policies, for example, may affect our business performance within a country or region.	The Group has a diverse geographic portfolio; however, in developing its corporate strategy, and in order to help mitigate the risk that could arise in any one particular territory, the Board seeks to maintain an appropriate balance both between mature and emerging markets and, within the developing world, between its operations in different territories. In addition, the Group has extensive and long established experience in all key markets and the Board continually monitors those markets to ensure that any specific risks (or opportunities) are identified and addressed as they arise. The Executive Committee regularly monitors the safety and well-being of employees in response to elevated risk in this area.
Exchange rate fluctuations	The international nature of the Group's activities gives rise to both transactional exchange rate risk (with the main exposure relating to US Dollar trade balances) and translation exposure when the results, assets and liabilities of foreign subsidiaries are translated into Sterling.	The Group Treasury function is well established and our Group Treasury policy defines our non-speculative approach to management of foreign currency exposures. Currency exposures are managed within prescribed limits with short- to medium-term forward foreign exchange contracts taken, where currency markets allow, minimising our exposure to fluctuations.
Taxation	Taxation of global corporations is a complex area where laws and their interpretation are changing regularly, leading to the risk of unexpected financial consequences.	A Group taxation policy is in place to underpin our transactional processes. Our in-house taxation expertise is complemented by the use of specialist tax consultants and advisors to ensure compliance with all local and international tax regulations and treaties.
Demand risks	Demand for the Group's products may be adversely impacted by changes in consumer preferences. The increasingly competitive environment and continued growth of discounters could adversely impact the rate of sales growth and profit margins.	Extensive knowledge of the Group's selected markets is a core strategic pillar and the Group actively monitors the needs and aspirations of consumers on a regular and ongoing basis and is continuously developing new products to satisfy them. The Group will continue to invest in selected brands and selected markets in order to drive profitable sales growth. The Board believes that competition is healthy as it encourages and motivates the Group's operations across the world to do their best to serve the interests of consumers and our brands.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risks	Description of risks	Measures to manage risks
Material price fluctuations	As with all manufacturing businesses, the cost of our raw and packaging materials directly affects our profitability and selling prices. The market prices for oils, fats, plastics and multiple other key materials can have positive or negative impacts on our ability to meet our financial targets and business objectives.	Our Group Procurement team has specialist knowledge and understanding of key raw materials and commodities markets and uses best practice procurement strategies to obtain value from the purchase of raw and packaging materials. Trends are monitored and modelled regularly and integrated into our forecasting process.
Product safety and quality	The safety and quality of our products are of paramount importance to ensure consumer safety and to protect our reputation. The risk that raw materials are accidentally or maliciously contaminated throughout the supply chain or that other product defects occur due to human error, equipment failure or other factors cannot be excluded.	Our manufacturing facilities meet or exceed local and international safety and quality standards. Our product quality processes and controls are comprehensive, from product design to customer shelf. The raw materials we use are fully traceable, we monitor the quality of our finished products throughout the manufacturing and distribution process, and we have a dedicated consumer complaints hotline. Any incidents relating to the safety of our consumers or the quality of our products are actively managed to ensure timely and effective action.
Third party supplier management	Some of our products are manufactured under contract by external third parties. We are therefore exposed to external supply related risks such as failure of a key supplier which could impact our ability to deliver orders to our customers.	We undertake a rigorous selection process prior to engaging with new third party suppliers and perform ongoing audits and performance monitoring to ensure that contracted standards are being maintained or exceeded. We use multiple suppliers where possible and have defined limits over the level of business we place with a single supplier or country to ensure our supply to market can be maintained in the event of a supplier failure.
Business transformation	Successful and timely delivery of the Group Structure and Systems project is key to delivering its intended business benefits.	We recognise the importance of the success of the Group Structure and Systems project and have ensured that appropriate resources and support have been in place throughout the project. Working alongside consultants, we have defined a detailed target operating model to maximise our resources. A comprehensive action plan and timeline is in place and a phased approach is being used to ensure that changes are effectively managed, including appropriate communication to all relevant employees, and appropriate support by the business. We have chosen the industry-leading SAP software as an ERP system and have partnered with IBM to assist with all phases of the project – from inception to post-implementation – in addition to committing appropriately qualified and experienced PZ Cussons staff from around the Group. Appropriate project governance is in place, and the Group Board and Executive Committee Directors are actively involved in making key decisions and formally monitoring progress.

Risks	Description of risks	Measures to manage risks
IT system dependency	From controlling machinery to managing internal and external communication, our business relies heavily on secure and reliable IT systems. Disruption of our IT systems could adversely affect the smooth operation and profitability of our business. There is also a threat from unauthorised access and misuse of sensitive information which could potentially disrupt our business.	A robust IT framework is in place which encompasses network and data security, systems maintenance and performance monitoring, amongst other areas. This is monitored by an IT risk management committee which monitors and manages the risks we face.
Staff retention and recruitment	The Group recognises that in order to deliver sustained strong results it requires the right calibre of people at all levels of the business. In particular, the Group must compete to recruit and retain capable individuals within the business including training them in the skills and competencies which are required to deliver profitable growth.	The Board believes that there is an attractive employment proposition in place across the Group which will continue to attract capable recruits and that key management and personnel are sufficiently well recognised, incentivised and challenged in order to retain them as far as possible.

GOOD4BUSINESS
BUSINESS GOVERNANCE & ETHICS

At the heart of our business is strong governance and ethics

We look at our business through our G4B lenses of Business Governance & Ethics, Sourcing, Environment and Community & Charity to find ways of creating sustainable value for all.

Committees and governance
Our Business is built on solid governance foundations. Our Good4Business Committee is chaired by independent Non-executive Director Ngozi Edozien and is dedicated to developing and supporting actions to convert our internal policies into workable, meaningful actions which benefit all our key stakeholders, including employees, Shareholders, consumers and the communities in which we operate. The Committee also agrees a programme of specific G4B initiatives for each financial year, aligned to Group priorities and key performance indicators.

The Good4Business Committee's remit includes reporting on its activities to the Board, and monitoring compliance with G4B Policies throughout the Group.

Strong ethics
At the heart of our Business are our strong ethical values. These guide us on a daily basis and shape the way in which we do business and how we treat others. Over the Group's history we have created a business environment which is open and honest and creates strong and enduring relationships which are rooted in mutual trust and respect. We act with integrity and we are fair when dealing with our suppliers, customers and business partners. We operate and enforce a strong code of ethics.

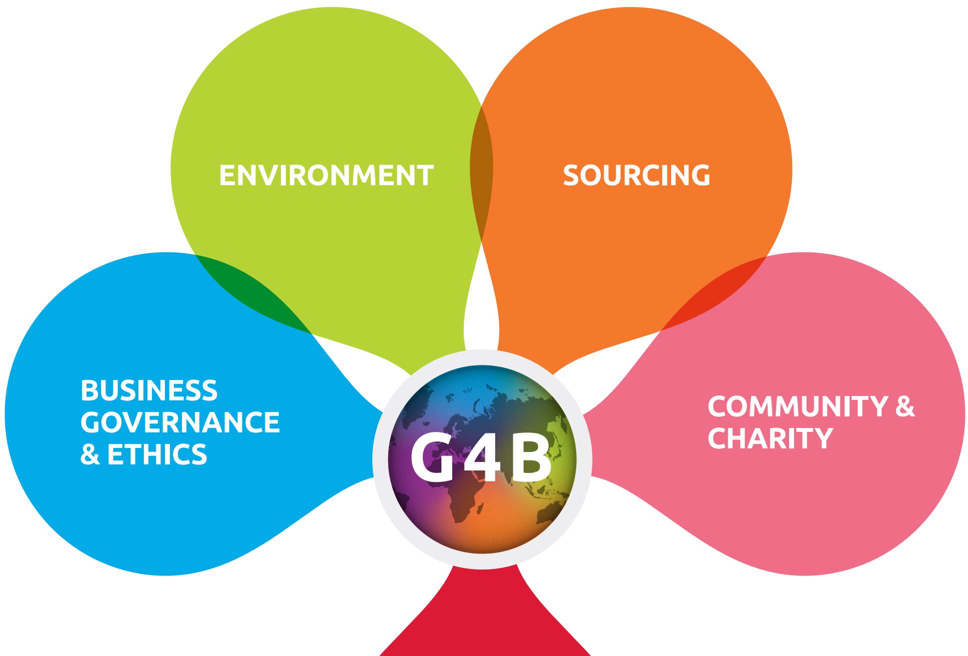
Consumer safety
We work within highly regulated industries which require compliance with stringent international safety and manufacturing regulations, and with which all of our products in each market fully comply. We put safety at the top of our priority list and never compromise on it.

We regularly review the ingredients which we use to make our products to check that we are providing our discerning global consumers with the safest and most efficacious product formulations. To achieve this, we operate a Materials of Concern Committee which monitors the materials which we use in light of evolving scientific evidence, regulatory opinion and the views and concerns of our consumers. Where the science still supports the safe use of an ingredient but where there are consumer concerns, we take this into consideration and aim to find alternative ingredients. Examples of this have been the complete removal of microbeads from all of our products, which we completed last year, and also the phasing out of Triclosan from all of our product ranges.

Saying no to animal testing
We are opposed to any form of animal testing and we do not test our ingredients or finished products on animals or ask any third parties involved in any part of our production or supply chain to test on our behalf.

In countries which still demand testing on animals as part of their specific country consumer safety standards, we will work with their regulatory authorities to find alternative solutions to avoid the need for animal testing.

Consumer safety remains our priority and we recognise the need for validated non-animal testing methods. To that end, we fully support the FRAME (Fund for the Replacement of Animals in Medical Experiments) campaign for better science through more relevant non-animal testing methods and continue to financially support FRAME's research activities to perfect these methods. (Visit **www.pzcussons.com** for more information).



GOOD4BUSINESS
SOURCING
Building a better supply chain

Our palm oil journey
Working with The Forest Trust (TFT) and Roundtable on Sustainable Palm Oil (RSPO) we have been making good progress on how we trace palm oil supplies, manage the communities which grow palm oil, engage with suppliers and support the industry to stamp out deforestation.

We source our palm oil from Indonesia and Africa, with 89% of our volume coming from TFT members who are also committed to 'no deforestation, no peat, no exploitation' (NDPE). In Indonesia, we can trace 99.8% of our palm oil supply back to the mill. In Nigeria, we can trace 89% of volume from ongoing suppliers back to the mill. We remain committed to 100% traceability and we expect further progress in the next 12 months.

We believe that it is only possible to establish a sustainable and profitable business in the long-term by identifying and aligning the interests of all key stakeholders and, in particular, by ensuring that our environmental footprint is minimised by adopting best practices and standards in our operations.

In line with our Palm Oil Promise and our mission to build a sustainable future for the domestic palm oil industry in the key territory of Nigeria, we are focused on developing the value chain from plantation to plate. We are actively supporting local agriculture by developing over 26,500 hectares of land bank into palm plantation in the Cross Rivers State of Nigeria. We continue to develop our plantations by adhering to the globally accepted principles. We are also working closely with key stakeholders to develop a robust smallholder scheme and to support key participants in the palm oil industry. We have embarked on various initiatives which empower and enhance the quality of life of our host communities including scholarships and medical assistance. (For more G4B case studies see pages 22 and 23).

Promoting responsible health & safety
We seek to ensure that working environments, for all our employees, contractors and visitors, comply with high standards of health & safety. Our Business operates across diverse geographies and cultures and we are committed to embedding in all operations clear and effective health & safety processes, which not only meet local rules and regulations but also comply with our Group-wide standards which often exceed local law. All our sites are either accredited or seeking accreditation to the OHSAS18001 Safety Management System.

The Group's health & safety performance is regularly reviewed by the Group's Executive Committee and Board committees which help to identify, assess and set action plans to mitigate potential risks. Over the past years we have implemented a number of initiatives and ten core health & safety standards at a local level to promote and maintain responsible health & safety and to ensure consistent standards are upheld and regulations are being complied with.

Reporting on our performance
Our health & safety reporting is based on four key performance indicators which identify any issues or trends which may need to be escalated and managed:

1. Lost Time Incidents (LTIs) including all health & safety occurrences which result in one or more days absence from work (excluding the day of the incident).
2. LTIs per 200,000 hours worked.
3. First Aid Cases (FAC), being all health & safety occurrences (including LTIs) which result in the employee being given first aid. FACs include cases where employees are treated for incidents which occur outside of the workplace, as any treatment given may enable us to reduce the number of employee days lost
4. FACs per 200,000 hours worked.

SEDEX – Supplier Ethical Data Exchange
During the past 12 months we have continued on our Supplier Ethical Data Exchange (SEDEX) journey to drive improvements and standardise our approach to quality auditing and third party vendor management. During this time we have provided training for our key Technical and Procurement personnel based in Africa, Asia and Europe, on both SEDEX process and the data exchange platform.

Over the forthcoming year we will continue to deploy SEDEX to assist in mapping the ethical and environmental landscape of our suppliers across the globe. To date we have contacted suppliers to check their SEDEX membership status and to request they become members and share their ethical and environmental information with us via this platform.

The Global Technical Team has continued with the quality auditing and third party vendor management programme that we introduced last year and is dedicated to ensuring the Group has a technically capable vendor base to meet our immediate and future needs.

Summary statistics

	2012/13	2013/14	2014/15	**2015/16**	Change from 11/12 baseline	Change year on year
Fatalities	1	2	0	**0**	0	0
LTI (absolute number)	26	24	14	**7**	-26	-7
LTI frequency rate	0.33	0.33	0.17	**0.12**	-0.29	-0.5
FAC (absolute number)	163	111	140	**114**	-53	-26
FAC frequency rate	2.04	1.53	1.69	**1.96**	0.08	0.27

GOOD4BUSINESS
ENVIRONMENT
Focusing on constant improvement

We are focused on a programme of constant improvement within all of our operations. Each year we set ourselves stretch targets to ensure that the impact of our Business operations on the environment is assessed and mitigated by implementing reduction strategies.

Last year, following the successful completion of our Environmental Improvement Plan, we set new targets for a 3% year-on-year reduction in our consumption of energy and water and a 3% reduction in the waste which our Businesses generate.

Carbon
15%
Absolute reduction
(based on absolute carbon emissions versus 2014/15 baseline)

Our main carbon reduction initiative during the year was the installation of a new soap manufacturing plant within our Aba factory in Nigeria, which reduced the energy consumed during soap production by more than 50%. Again in Nigeria, our biggest factory footprint, we reduced emissions caused by diesel fuel usage by making greater use of National Environmental Policy Act (NEPA) electricity and increasing our usage of natural gas in our generator plants. Further ongoing energy saving initiatives at our other factories are focused on increasing the use of variable speed drives and modernising motors to deliver greater efficiency and reduce carbon emissions. We have also taken steps to reduce transportation, for example by using localised packaging suppliers in Nigeria.

Water
34%
Absolute reduction
(based on absolute water usage versus 2014/15 baseline)

Significant reductions in our water consumption have been achieved due to further advancement of our program of installing recycling cooling towers on two of the soap drier plants in our Nigerian factory in Aba. This is a rolling programme and we will continue to monitor water consumption across the whole Group.

Waste
17%
Absolute reduction
(based on waste versus 2014/15 baseline)

A number of targeted activities have been undertaken to reduce both liquid and solid waste produced by the Group. During the year we commissioned new effluent treatment plants in Indonesia and at our plant in Ikorodu in Nigeria. Further trade waste reduction exercises were carried out at our UK factory which have reduced trade waste by 25%. We have improved our waste measurement methods in Nigeria and we now track both recycled and landfilled waste.

Financial year	Scope 1 (absolute tonnes of CO_2)	Scope 2 (absolute tonnes of CO_2)	Total (absolute tonnes of CO_2)	Normalised by tonne of production
2015/16	**60,598**	**20,124**	**80,721**	**146**
2014/15	75,078	19,514	94,592	147

The Group's greenhouse gas emissions in tonnes of carbon dioxide from 1 June 2015 to 31 May 2016 are made up of:
Scope 1 – Combustion of fuel to operate our factories, facilities and offices – 60,598 tCO_2.
Scope 2 – Electricity purchased to operate our factories, facilities and offices – 20,124 tCO_2.
Total Scope 1 and Scope 2 emissions were: 80,721 tCO_2.
The Group's intensity measurement for the same period was 146 CO_2e/tonne of production.

Packaging update

Ensuring that our packaging is as kind to the environment as our products are to consumers remains a focus for the Group. This is considered from the early stages of new product development processes all the way through to production. We continue to create a more efficient, recyclable and environmentally-kind packaging portfolio which delivers our products to our consumers in an efficient and enjoyable way but also enables us to reduce the environmental impact and manage this throughout the lifecycle of a product. In Indonesia and Asia we use post-consumer recycled Polyethylene terephthalate (PET) in place of virgin PET and we are exploring the use of polymer additives to improve the performance, reduce the weight and improve consumer disposal of our product packaging. We have also made greater use of digital printing in the UK and Nigeria in order to reduce our waste and labelling write offs.

Carbon Disclosure Project (CDP)
Since 2007, we have been working with the Carbon Disclosure Project as part of our commitment to reducing our carbon footprint. The CDP is an internationally renowned not-for-profit organisation which provides an independent global system to measure, manage, disclose and share environmental information. We currently report on Scope 1 and Scope 2 emissions.

We are dedicated to making progress to tackle global environmental challenges and continue to take steps to make a positive contribution.

GOOD4BUSINESS
COMMUNITY & CHARITY
Making a positive difference

Making a positive difference
As part of Good4Business, our strategy of creating sustainable value throughout our operations helps us deliver targeted activities focused on enhancing lives and securing futures for families with an emphasis on education, well-being and hygiene. It gives the Group an opportunity to give back to local communities by getting involved in life changing initiatives which make a difference where it matters the most.

Our focus on Community & Charity is embedded into all our geographies. In each region, every year our people and brands get involved in a range of local and global projects and initiatives tailored to the needs of these local communities and regions.

Enhancing lives, securing futures
Our association with the Seashell Trust is one that we have taken to our corporate heart. As a long-time partner, we have been helping the charity, located near our Global Head office in Manchester, to provide a happy and secure environment for children and young adults with complex and severe learning disabilities. During the year, we have supported the charity's fundraising appeal to build a new state-of-the-art educational facility and our employees have been involved in multiple fundraising and volunteering activities.

Our life changing work in Nigeria with the PZ Foundation continues with eight new projects initiated during the financial year including the construction of a shea butter manufacturing unit to empower women in Niger State and the donation of classrooms, boreholes and a library to various schools in Abia, Delta, Kogi and Taraba States of Nigeria.

Since 2007 when the PZ Cussons Nigeria Foundation was created, thousands of people have benefited from PZ Cussons funded and managed building, education, health and water projects. This year, employees in Nigeria have been supporting those people who have been displaced from their homes by unrest in the north of the country. They delivered product packs to camps for Internally Displaced Persons and partnered with another non-governmental organisation (NGO) to climb Kilimanjaro to raise awareness for the plight of women and children living in the camps.

Our global Carex brand continues to lead the way in hand hygiene by participating in the Hands Up For Hygiene Campaign and Global Handwashing Day, being agents for change and promoting good handwashing behaviours.

Carex supports Global Hand Washing Day and works with organisations and schools around the globe to increase awareness and understanding of the importance of washing hands.

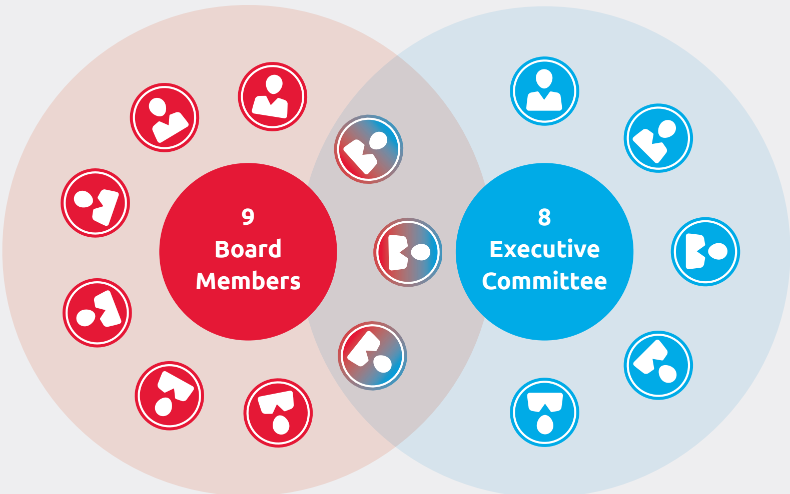
BOARD OF DIRECTORS

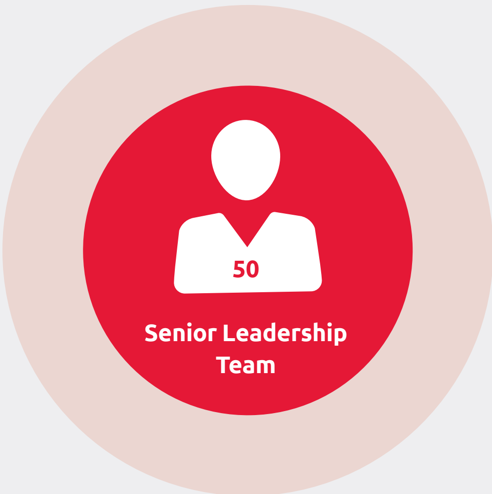
Strong leadership

We operate a small leadership team with a flat management structure. This enables us to react quickly to make quicker, more decisive management decisions which are unconstrained by large company bureaucracy.

The Executive Plc Board has a long history of service within PZ Cussons with all members having worked their way up through the company to their present positions. We operate a diverse Board, Executive Committee and Senior Leadership Team across the globe with members having extensive knowledge of our businesses and the fast-moving, competitive industries and markets in which we operate.

Together, our diverse team and flexible management style continues to create an environment of opportunity and stability to deliver results.





Years of combined PZ Cussons Plc Board service:

58 years

Years of combined PZ Cussons Executive Committee service:

111 years

Years of combined PZ Cussons service:

90 years

Key

1 Executive Committee
2 Nomination Committee
3 Good4Business Committee
4 Remuneration Committee
5 Audit & Risk Committee
● Chair

Plc Board

Alex Kanellis 1 2 3
Chief Executive Officer
Year appointed to the Board – 2003
23 years with PZ Cussons

Brandon Leigh 1 3
Chief Financial Officer
Year appointed to the Board – 2006
19 years with PZ Cussons

Chris Davis 1 3
Chief Operating Officer
Year appointed to Board – 2006
23 years with PZ Cussons

Richard Harvey 2 3
Non-executive Chairman
Year appointed to the Board – 2010
6 years with PZ Cussons

Caroline Silver 2 3 4 5
Senior Independent Director
Year appointed to the Board – 2014
2 years with PZ Cussons

Professor John Arnold 2 3 4 5
Non-executive Director
Year appointed to the Board – 2007
9 years with PZ Cussons

Ngozi Edozien 2 3 4 5
Non-executive Director
Year appointed to the Board – 2012
4 years with PZ Cussons

Helen Owers 2 3 4 5
Non-executive Director
Year appointed to the Board – 2012
4 years with PZ Cussons

John Nicolson 2 3 4 5
Non-executive Director
Year appointed to the Board –
1 May 2016

Executive Committee

Sam Plant 1
Corporate Services Director
Company Secretary
8 years with PZ Cussons

Tim Perman 1
Group Category & Brand Director
6 years with PZ Cussons

Jola Gillespie 1
Chief Information Officer
3 years with PZ Cussons

Cathy Doyle-Heffernan 1
Group HR Director
3 years with PZ Cussons

George Kostianis 1
Group Supply Chain Director and Area Director for Africa Food & Nutrition and Electricals
26 years with PZ Cussons

The Group's Strategic Report incorporates the Chairman's statement, Chief Executive Officer's review, business model, key performance indicators, financial review, business reviews, principal risks and uncertainties and those areas incorporated by cross reference.

By order of the Board

Alex Kanellis
Chief Executive Officer
26 July 2016

Read more about our Directors on pages 2 and 3 of the Governance and Financial Statements Report.

SHAREHOLDER INFORMATION & CONTACTS

Annual General Meeting
The Annual General Meeting will be held at 10.30am on Wednesday, 28 September 2016 at:

PZ Cussons Plc
Manchester Business Park
3500 Aviator Way
Manchester
M22 5TG

Financial calendar
The key dates for PZ Cussons' financial calendar are available on our website **www.pzcussons.com**

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Tel: 0161 435 1000
www.pzcussons.com

Registered number
Company registration number – 00019457

Registrars
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The Pavilions
Bridgwater Road
Bristol
BS13 8AE
www.computershare.com

Company Secretary
S P Plant

Disclaimer
The purpose of this document is to provide information to the members of PZ Cussons Plc. This document contains certain statements that are forward-looking statements. These statements appear in a number of places throughout this Strategic Report and include statements regarding our intentions, beliefs or current expectations and those of our officers, Directors and employees concerning, amongst other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the business we operate.

By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this document and unless otherwise required by the applicable law the Company undertakes no obligation to update or revise these forward-looking statements. Nothing in this document should be construed as a profit forecast. The Company and its Directors accept no liability to third parties in respect of this document save as would arise under English law.

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This Strategic Report is available at **www.pzcussons.com**

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