

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

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

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

**PZ Cussons Plc**

(incorporated in England and Wales under company number 19457)

**Notice of the 2020 Annual General Meeting**

Notice of the 2020 Annual General Meeting (the 'AGM') of PZ Cussons Plc (the 'Company'), to be held at Manchester Business Park, 3500 Aviator Way, Manchester M22 5TG at 10.30am on Thursday 26 November 2020 is set out on pages 4 to 10 of this document. Your attention is drawn to the letter from the Chair which is set out on pages 2 and 3 of this document.

In light of the coronavirus (COVID-19) pandemic, you are strongly encouraged to appoint the Chair of the AGM as your proxy to attend the AGM and vote on your behalf. To be valid, you should complete and submit your proxy appointment in accordance with the Notes to the Notice of AGM set out on page 6. The proxy appointment must be received at the address for delivery specified in the Notes by no later than 10.30am on Tuesday 24 November 2020.

**PZ Cussons Plc**

Manchester Business Park  
3500 Aviator Way  
Manchester M22 5TG

**Letter from the Chair**

23 October 2020

*To the Company's shareholders (Shareholders) and, for information only, to participants in the PZ Cussons Share Schemes*

**Dear Shareholder****2020 Annual General Meeting**

I am pleased to be writing to you with details of our 2020 Annual General Meeting (the 'AGM') which we will be holding at Manchester Business Park, 3500 Aviator Way, Manchester, M22 5TG at 10.30am on Thursday 26 November 2020. Please note that due to health and safety consideration and the ongoing Government restrictions relating to COVID-19, in-person attendance at the AGM by Shareholders will not be possible. Further details are set out below.

The formal Notice of the AGM is set out on pages 4 to 10 of this document and contains the proposed resolutions. Explanatory notes to the business to be considered are set out on pages 7 to 10.

**COVID-19 and attending the AGM**

The Board intends, subject to any further changes to the guidance or rules set by the UK Government, to hold a AGM with only the minimum number of directors and officers who hold shares present to form quorum. Other shareholders will not be permitted to attend the AGM. This year's AGM will focus on formal business and will not include our usual post-meeting reception or the distribution of the bag of PZ Cussons products. We trust that our shareholders will understand this change, which is made purely in the interests of the health and safety of our staff, shareholders and any other attendees.

Shareholders are not able to attend the AGM in person, but can still vote on matters coming before the meeting by appointing the Chair of the meeting as their proxy and with instructions on how the Chair should vote on each of the proposed resolutions. We strongly encourage all shareholders to vote by proxy. All proposed resolutions will be put to a vote on a poll ensuring that votes by proxy will be fully-counted. We have made arrangements for our AGM to be broadcast to shareholders via Zoom Webinar, and the instructions for how to watch and listen to the AGM online are set out below. Please note that you will not be able to cast votes over the Zoom Webinar platform on resolutions at the AGM, so if you wish to participate in the meeting via Zoom Webinar and have your vote counted, you must vote by proxy in accordance with the instructions provided below.

We recognise that the COVID-19 pandemic, and the Government's response to it, is a fast-evolving situation. We will continue to monitor developments and the latest Government guidance and will assess over the coming weeks whether any further modifications to the format of the meeting are required. We, therefore, recommend that Shareholders regularly check our company website [www.pzcussons.com](http://www.pzcussons.com) where we will provide any pertinent updates.

**Asking questions at the AGM**

We recognise that the AGM is an important opportunity for our Board to interact with our Shareholders and to hear your concerns and views on the direction of the Company. I would like to thank our Shareholders for their understanding in these challenging times and I assure you that we will endeavour to find other opportunities in which to interact with our Shareholders throughout the year once conditions permit.

If you have any questions on the business of the meeting that you wish to ask, you are requested to submit them by email to [PZCcommunications@pzcussons.com](mailto:PZCcommunications@pzcussons.com) and we will endeavour to respond as soon as practicable. You may submit a question at any time before 10:30am on Tuesday 24 November 2020.

If you have any questions regarding the AGM itself, your shareholding or how to vote by proxy, please contact our Registrar, Computershare Investor Services plc. Their contact details are set out on page 6 of this document in note 3 and on the form of proxy which is enclosed with this document.

### **Watching and listening to the AGM**

To watch and listen to the AGM, please download the Zoom Webinar application from the App Store, Google Play Store or at <https://zoom.us/download>. On the day, you can access the meeting by going to <https://us02web.zoom.us/join/joinMeeting?meetingid=84151902141> or <https://us02web.zoom.us/join/joinMeeting?meetingid=84151902141>. Please note that you will require a stable internet connection and a device capable of running the Zoom Webinar application. You may alternatively dial in to the meeting by dialling +44(0) 203 901 7895 or +44(0) 203 481 5240 using the meeting ID 841 5190 2141. Please note that if you dial in to the meeting, you will not be able to view the presenters or any visual presentations. There will be no facility to vote at the meeting over the Zoom Webinar platform. There will be no facility to ask questions live at the AGM but the directors will respond to questions which may be submitted to the email address noted above.

### **Action to be taken**

I would encourage you to vote on each of the resolutions set out in the Notice of AGM by proxy. You can appoint a proxy by:

- ▶ completing and returning the enclosed hard copy Form of Proxy;
- ▶ logging onto [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy) and submitting a proxy appointment online by following the instructions. To log in you will require the Control Number, your unique PIN and Shareholder Reference Number which are printed on the enclosed Form of Proxy; or
- ▶ submitting, if you hold your shares in CREST, a proxy appointment electronically by using the CREST voting service.

Further information on how to appoint a proxy is set out in the notes to the Notice of AGM on page 6. In each case, your proxy appointment must be received by the Company's Registrar by no later than 10.30am on Tuesday 24 November 2020 to be valid. Completion and return of the Form of Proxy or submission of a proxy appointment online or electronically will not prevent you from attending and speaking and voting in person at the AGM, should you wish to do so.

### **Recommendation**

The Board of Directors considers that the resolutions set out in the Notice of AGM are in the best interests of the Company and the Shareholders as a whole and the Board unanimously recommends Shareholders to vote in favour of them as each of the Directors intends to do in respect of their own shareholdings (save in respect of those matters in which they are interested).

Yours faithfully,

Caroline Silver  
Chair

## Notice of 2020 Annual General Meeting

Notice is hereby given that the 2020 Annual General Meeting of the members of PZ Cussons Plc will be held at Manchester Business Park, 3500 Aviator Way, Manchester M22 5TG on Thursday 26 November 2020 at 10.30am for the purposes set out below.

Resolutions 1 to 13 and resolutions 17 to 19 will be proposed as ordinary resolutions. Resolutions 14 to 16 will be proposed as special resolutions. Resolutions 6 to 10 relating to the election or re-election of the Independent Non-executive Directors will be passed only if both a majority of votes cast by the Independent Shareholders (as those terms are defined in the explanatory notes on pages 6 of this document) and a majority of the votes cast by all Shareholders are in favour.

1. To receive the audited financial statements for the year ended 31 May 2020 and the reports of the Directors and the auditor thereon.
2. To approve the Report on Directors' Remuneration (other than the part containing the Directors' Remuneration Policy) for the year ended 31 May 2020.
3. To approve the Directors' Remuneration Policy (as contained in the Report on Directors' Remuneration for the year ended 31 May 2020).
4. To declare a final dividend for the year ended 31 May 2020 of 3.13p per Ordinary Share of 1p each in the Company.
5. To elect J C Myers as a Director.
6. To re-elect C L Silver as a Director.
7. To elect K Bashforth as a Director.
8. To re-elect D Kucz as a Director.
9. To re-elect J R Nicolson as a Director.
10. To elect J C D Townsend as a Director.
11. To re-appoint Deloitte LLP as the auditor of the Company.
12. To authorise the Audit & Risk Committee to fix the remuneration of the auditor.
13. That the Directors are generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into such shares ('Allotment Rights'), but so that:
  - a) the maximum amount of shares which may be allotted or made the subject of Allotment Rights under this authority are shares with an aggregate nominal value of £1,414,792;
  - b) this authority shall expire at the close of business on 30 November 2021 or, if earlier, at the conclusion of the Company's annual general meeting to be held in 2021;
  - c) the Company may, before such expiry, make any offer or agreement which would or might require shares to be allotted or Allotment Rights to be granted after such expiry and the Directors may allot shares or grant Allotment Rights under any such offer or agreement as if the authority had not expired; and
  - d) all authorities vested in the Directors on the date of the notice of this meeting to allot shares or to grant Allotment Rights which remain unexercised at the commencement of this meeting are revoked.
14. That, subject to the passing of Resolution 13 in the notice of this meeting, the Directors are empowered pursuant to sections 570 and 573 of the Companies Act 2006 to allot equity securities (as defined in section 560 of that Act) for cash pursuant to the authority conferred on them by Resolution 13 in the notice of this meeting or by way of a sale of treasury shares as if section 561 of that Act did not apply to any such allotment, provided that this power is limited to:
  - a) the allotment of equity securities in connection with any rights issue or open offer (each as referred to in the Listing Rules of the Financial Conduct Authority) or any other pre-emptive offer which is open for acceptance for a period determined by the Directors to the holders of Ordinary Shares on the register on any fixed record date in proportion to their holdings of Ordinary Shares (and, if applicable, to the holders of any other class of equity security in the capital of the Company in accordance with the rights attached to such class), subject in each case to such exclusions or other arrangements as the Directors may deem necessary or appropriate in relation to fractions of such securities, the use of more than one currency for making payments in respect of such offer, any such shares or other securities being represented by depositary receipts, treasury shares, any legal or practical problems in relation to any territory or the requirements of any regulatory body or any stock exchange; and
  - b) the allotment of equity securities (other than pursuant to paragraph a) above) with an aggregate nominal value of £214,362, and shall expire on the revocation or expiry (unless renewed) of the authority conferred on the Directors by Resolution 13 in the notice of this meeting, save that, before the expiry of this power, the Company may make any offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities under any such offer or agreement as if the power had not expired.
15. That the Company is generally and unconditionally authorised pursuant to section 701 of the Companies Act 2006 to make market purchases (as defined in section 693 of that Act) of Ordinary Shares on such terms, and in such manner as the Directors may, from time to time, determine provided that:
  - a) the maximum aggregate number of Ordinary Shares which may be acquired under this authority is 42,872,496;
  - b) the maximum price (exclusive of expenses) which may be paid for an Ordinary Share is the maximum price permitted under the Listing Rules of the Financial Conduct Authority or, in the case of a tender offer (as referred to in those rules), 5% above the average of the middle market quotations for an Ordinary Share (as derived from the London Stock Exchange's Daily Official List) for the 5 business days immediately preceding the date on which the terms of the tender offer are announced;
  - c) the minimum price (exclusive of expenses) which may be paid for an Ordinary Share is its nominal value;

- d) this authority shall expire at the close of business on 30 November 2021 or, if earlier, at the conclusion of the Company's annual general meeting to be held in 2021; and
- e) before such expiry the Company may enter into a contract to purchase shares which would or might require a purchase to be completed after such expiry and the Company may purchase shares pursuant to any such contract as if the authority had not expired.
16. That any general meeting of the Company (other than an annual general meeting) may be called on not less than 14 clear days' notice.
17. That, from the date of this Resolution until the close of business on 30 November 2021 or, if earlier, the conclusion of the Company's annual general meeting to be held in 2021, the Company and those companies which are its subsidiaries at any time during such period are authorised in accordance with Sections 366 and 367 of the Companies Act 2006 (the 'Act') to:
- a) make donations to political parties and/or independent election candidates;
  - b) make donations to political organisations other than political parties; and
  - c) incur political expenditure, up to an aggregate total amount of £50,000, with the amount authorised for each of the heads a) to c) above being limited to the same total. Any such amounts may comprise sums paid or incurred in one or more currencies. Any sum paid or incurred in a currency other than sterling shall be converted into sterling at such rate as the Board of Directors may decide is appropriate. Terms used in this Resolution have, where applicable, the meanings that they have in Part 14 of the Act on "Control of political donations and expenditure".
18. That the PZ Cussons Plc Long Term Incentive Plan 2020 (the 'LTIP 2020'), the principal terms of which are summarised on pages 11 and 12 of the document of which the notice of this meeting forms a part, the rules of which are produced in draft to this meeting and, for purposes of identification, initialled by the Chair, are approved and the Directors are authorised to:
- a) make such modifications to the LTIP 2020 as they may consider appropriate to take account of the requirements of best practice and for the implementation of the LTIP 2020 and to adopt the LTIP 2020 as so modified and to do all such other acts and things as they may consider appropriate to implement the LTIP 2020; and
  - b) establish further plans based on the LTIP 2020 but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further plans are treated as counting against the limits on individual or overall participation in the LTIP 2020.
19. That the PZ Cussons Plc Share Incentive Plan 2020 (the 'SIP 2020'), the principal terms of which are summarised on pages 13 and 14 of the document of which the notice of this meeting forms a part, the trust deed and rules of which are produced in draft to this meeting and, for purposes of identification, initialled by the Chair, are approved and the Directors are authorised to:
- a) make such modifications to the SIP 2020 as they may consider appropriate for the implementation of the SIP 2020, including making any changes to the trust deed and/or rules of the SIP 2020 which are necessary or desirable in order to ensure that the directors can make a valid declaration to HM Revenue & Customs that the SIP 2020 satisfies the requirements of Schedule 2 to the Income Tax (Earnings and Pensions) Act 2003, and to adopt the SIP 2020 as so modified and to do all such other acts and things as they may consider appropriate to implement the SIP 2020; and
  - b) establish further plans, and approve the establishment of plans operated by subsidiary undertakings of the Company, which are based on the SIP 2020 but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further plans are treated as counting against the limits on individual or overall participation in the SIP 2020.

Date: 23 October 2020

By Order of the Board

**Kevin Massie**  
General Counsel and Company Secretary

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

# Notes for attendance and voting at the Annual General Meeting

1. A member of the Company who is entitled to vote at this meeting is entitled to appoint another person, or two or more persons in respect of different shares held by him, as his proxy (whether a member or not) to exercise all or any of his rights to vote at the meeting. Subject to further communications issued by the board, Members and their respective proxies shall not be entitled to attend or speak at this meeting.
2. Any member wishing to vote at the meeting without attending in person or (in the case of a corporation) through its duly appointed representative must appoint a proxy to do so. A form for the appointment of a proxy which can be used for this purpose is enclosed with this document. To be valid, a hard copy Form of Proxy must be completed in accordance with the instructions which accompany it and then delivered (together with any power of attorney or other authority under which it is signed or a certified copy of such power or authority) to the Company's Registrar at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY so as to be received by no later than 10.30am on Tuesday 24 November 2020.
3. Alternatively, a member may submit his or her proxy vote online by following the instructions for the electronic appointment of a proxy at [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy). To log in, you will require the Control Number, your unique PIN and Shareholder Reference Number which are printed on the front of the Form of Proxy. Please note the PIN will expire at the end of the voting period. To be valid, the proxy appointment must be completed and transmitted via the Company's Registrar's website at [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy) so as to be received by no later than 10.30am on Tuesday 24 November 2020. Members who hold their shares in uncertificated form may use the 'CREST voting service' to appoint a proxy electronically, as explained in Notes 5 and 6 below.
4. CREST members who wish to appoint one or more proxies through the CREST system may do so by utilising the procedures described in the 'CREST voting service' section of the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed one or more voting service providers, should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
5. In order for a proxy appointment or a proxy instruction made using the CREST voting service to be valid, the appropriate CREST message must be properly authenticated in accordance with the specifications of CREST's operator, Euroclear UK & Ireland Limited (Euroclear), and must contain all the relevant information required by the CREST Manual. To be valid, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, the message must be transmitted so as to be received by the Company's 'issuer's agent' (ID 3RA50) by no later than 10.30am on Tuesday 24 November 2020. After this time, any change of instruction to a proxy appointed through the CREST system should be communicated to the appointee through other means. The time of the message's receipt will be taken to be when (as determined by the timestamp applied by the CREST Applications Host) the issuer's agent is first able to retrieve it by enquiry through the CREST system in the prescribed manner. Euroclear does not make available special procedures in the CREST system for transmitting any particular message. Normal system timings and limitations apply in relation to the input of CREST proxy appointment instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or a CREST sponsored member or has appointed any voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such action as is necessary to ensure that a message is transmitted by means of the CREST system by any particular time. CREST members and, where applicable, their CREST sponsors or voting service providers should take into account the provisions of the CREST Manual concerning timings as well as its section on 'Practical limitations of the system'. In certain circumstances the Company may, in accordance with the Uncertificated Securities Regulations 2001 or the CREST Manual, treat a CREST proxy appointment instruction as invalid.
6. Any person to whom this notice is sent who is currently nominated by a member of the Company to enjoy information rights under section 146 of the Companies Act 2006 (a nominated person) may have a right under an agreement between him and such member to be appointed, or to have someone else appointed, as a proxy for the meeting. If a nominated person has no such right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member concerned as to the exercise of voting rights. The statement in Note 1 above of the rights of a member in relation to the appointment of proxies does not apply to a nominated person. Such rights can only be exercised by the member concerned.
7. The Company specifies that only those Shareholders listed on the register of members as at the close of business on Tuesday 24 November 2020 (or, if the AGM is adjourned, as at the close of business on the date two working days before the time fixed for the adjourned meeting) shall be entitled to vote at the AGM or at such adjourned meeting, in respect of the number of shares registered in their name at that time. In each case, changes to entries on the register of members after such time shall be disregarded in determining the rights of any person to vote at the AGM or at such adjourned meeting. Shareholders who are deemed to be Controlling Shareholders (as defined in the Financial Conduct Authority's Listing Rules) as at the close of business on Tuesday 24 November 2020 shall not be entitled to vote in respect of the separate approval of Resolutions 6 to 10 (inclusive) by Shareholders who are not Controlling Shareholders in accordance with LR 9.2.2ER (2) of those Listing Rules.
8. As at the close of business on 22 October 2020 (being the latest practicable date prior to publication of this document), (i) the Company's issued Ordinary Share capital consisted of 428,724,960 Ordinary Shares of 1p each (Ordinary Shares), all carrying one vote each, and (ii) the total voting rights in the Company were, therefore, 428,724,960.
9. Subject to any legislation in force temporarily limiting such right, each member entitled to vote at the meeting has the right to ask questions relating to the business being dealt with at the meeting which, in accordance with section 319A of the Companies Act 2006 and subject to some exceptions, the Company must cause to be answered. Members who wish to ask questions relating to the business of the meeting can also do so by sending them in advance of the meeting to [PZCcommunications@pzcussons.com](mailto:PZCcommunications@pzcussons.com). Members may submit a question at any time before 10:30am on 24 November 2020.
10. It is possible that, pursuant to members' requests made in accordance with section 527 of the Companies Act 2006, the Company will be required to publish on a website a statement in accordance with section 528 of the Companies Act 2006 setting out any matter which the members concerned propose to raise at the meeting relating to the audit of the Company's latest audited accounts. The Company cannot require the members concerned to pay its expenses in complying with those sections. The Company must forward any such statement to its auditor by the time it makes the statement available on the website. The business which may be dealt with at the meeting includes any such statement.
11. Please note the Company takes all reasonable precautions to ensure no viruses are present in any electronic communication which it sends out but the Company cannot accept responsibility for loss or damage arising from the opening or use of any email or attachments from the Company and recommends that members and other recipients subject all messages to virus checking procedures prior to opening or use. Any electronic communication received by the Company (including the lodgement of an electronic proxy appointment) that is found to contain, or is suspected of containing, any virus will not be accepted. A member may not use any electronic address provided by the Company in this document or with any Form of Proxy or in any website for communicating with the Company for any purpose in relation to the meeting other than as expressly stated in it.
12. Information relating to the meeting which the Company is required by the Companies Act 2006 to publish on a website in advance of the meeting may be viewed at [www.pzcussons.com](http://www.pzcussons.com). A copy of the draft rules of the proposed PZ Cussons Plc Long Term Incentive Plan 2020 and the PZ Cussons Plc Share Incentive Plan 2020 will be available for inspection during normal business hours on Monday to Friday (excluding UK public holidays) at the Company's registered office and at the offices of Addleshaw Goddard LLP, Milton Gate, 60 Chiswell Street, London EC4M 4AG from the date of this document until the conclusion of the AGM. The draft rules will also be available for inspection online at [www.pzcussons.com](http://www.pzcussons.com) from the date of this document until the conclusion of the AGM.
13. All resolutions to be proposed at the meeting will be put to vote on a poll. This results in a more accurate reflection of the views of Shareholders by ensuring that every vote is recognised, including the votes of those Shareholders who are unable to attend but who have appointed a proxy for the meeting. On a poll, each Shareholder has one vote for every share held.

## Explanatory notes to the business of the Annual General Meeting

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

The Companies Act 2006 requires the Directors of a public company to lay before the Company in general meeting copies of the Directors' reports, the independent auditor's report and the audited financial statements of the Company in respect of each financial year. In accordance with best practice, the Company proposes an ordinary resolution on its annual accounts and reports for the financial year ended 31 May 2020 (the '2020 Annual Report & Accounts').

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

In accordance with the Companies Act 2006, the Company proposes an ordinary resolution to seek Shareholder approval of the Report on Directors' Remuneration for the financial year ended 31 May 2020. The Report on Directors' Remuneration is set out on pages 115 to 134 of the 2020 Annual Report & Accounts. For the purposes of Resolution 2, the Report on Directors' Remuneration does not include the part containing the Directors' Remuneration Policy which is, this year, the subject of a separate vote at Resolution 3. The vote on Resolution 2 is advisory only and the Directors' entitlement to remuneration is not conditional on its being passed.

### Resolution 3 – Approval of the directors' remuneration policy

The Company is required to seek Shareholder approval of its Directors' Remuneration Policy at least every three years from the date of its approval, unless the Company wishes to change the policy, in which case it must put the revised policy to a Shareholder vote and receive Shareholder approval before it can implement such revised policy.

The current Directors' Remuneration Policy was last approved by Shareholders at the 2017 Annual General Meeting. Accordingly, Shareholders are this year invited to approve a new Directors' Remuneration Policy. The proposed new policy can be found on pages 116 to 123 of the 2020 Annual Report & Accounts. If approved by Shareholders, it will apply for up to three years. It sets out how the Company proposes to pay its Directors and includes details of the Company's approach to recruitment remuneration and loss of office payments. Material changes from the policy approved by Shareholders in 2017 are set out on pages 116 and 117 of the 2020 Annual Report & Accounts.

The vote on Resolution 3 is binding and, if passed, will mean that the Directors can only make remuneration payments in accordance with the approved policy unless an amendment to that policy authorising the Company to make such payments has been approved by a separate Shareholder resolution. If Shareholders do not approve the proposed new policy, the Company will, if and to the extent permitted by company legislation, continue to make payments to its Directors in accordance with the current policy.

### Resolution 4 – Declaration of a final dividend

The Directors recommend a final dividend of 3.13p per Ordinary Share, making a total of 5.80p (2019: 8.28p) per Ordinary Share for the year. If approved by ordinary resolution of the Shareholders, the dividend will be paid on 3 December 2020 to Shareholders on the register as at the close of business on 9 October 2020.

### Resolutions 5 to 10 – Election and re-election of Directors

All Directors at the date of the notice of meeting shall retire from office at the AGM in accordance with the Company's articles of association and each of them shall stand for election or re-election (as the case may be) by the Shareholders, with the exception of Helen Owers and Tamara Minick-Scokalo who, as previously announced, will step down from the Board at the conclusion of the AGM.

Each of Resolutions 5 to 10 shall be proposed as an ordinary resolution. Biographical details of all of the Directors seeking election or re-election can be found on pages 82 and 83 in the 2020 Annual Report & Accounts. These details include membership of the principal committees. The Chair confirms that, following formal performance evaluation, each Director continues to be effective, to make a positive contribution and to demonstrate commitment to his or her role. The Board believes that the considerable and wide-ranging experience of these Directors will continue to be invaluable to the Company and recommends their election or re-election (as the case may be).

Resolutions 6 to 10 (inclusive) relate specifically to the election or re-election of those Directors whom the Board has determined to be independent for the purposes of the UK Corporate Governance Code (the 'Independent Non-executive Directors'). The Company is required to comply with provisions of the Financial Conduct Authority's Listing Rules (the 'Listing Rules') relating to the election or re-election of independent non-executive directors of premium listed companies with a controlling shareholder, being a shareholder that exercises or controls, on their own or together with any person with whom they are acting in concert, 30% or more of the votes able to be cast on all or substantially all matters at a general meeting. For the purposes of the Listing Rules, certain Shareholders in the Company (principally comprising the founding Zochonis family or certain wider family groups, certain Company trusts and current or former employees) are deemed to be controlling shareholders of the Company (the 'Controlling Shareholders'). As at the close of business on 16 October 2020, being the latest practicable date before publication of this document, the Controlling Shareholders held 219,749,367 shares, representing approximately 51.26% of the Company's issued share capital.

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

Resolutions 6 to 10 (inclusive) are therefore proposed as ordinary resolutions on which all Shareholders may vote, but in addition the Company will separately count the number of votes cast by the Independent Shareholders in favour of each resolution (as a proportion of the total votes of Independent Shareholders cast on the resolution) to determine whether the majority approval of Independent Shareholders as referred to above has been achieved. The Company will announce the results of Resolutions 6 to 10 (inclusive) on this basis as well as announcing the results of the ordinary resolutions of all Shareholders.

Under the Listing Rules, if a resolution to elect or re-elect an independent non-executive director is not approved by majority vote of both the shareholders as a whole and the independent shareholders, a further ordinary resolution may be put forward to be approved by the shareholders as a whole at a general meeting which must be held more than 90 days after the date of the first vote but within 120 days of that first vote. Accordingly, if any of Resolutions 6 to 10 (inclusive) is not approved by a majority vote of all Shareholders and a majority vote of the Independent Shareholders at the AGM, the relevant Independent Non-executive Director will be treated as having been elected or re-elected only for the period from the date of the AGM until the earlier of: (i) the close of any meeting of the Company, convened for a date more than 90 days after the AGM but within 120 days of the AGM, to propose a further ordinary resolution to elect or re-elect him or her, (ii) the date which is 120 days after the AGM, and (iii) the date of any announcement by the Board that it does not intend to hold a second vote.

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

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

1. There are no existing or previous relationships, transactions or arrangements between any of the Independent Non-executive Directors and the Company, its Directors, any of the Controlling Shareholders or their associates.
2. The effectiveness of the Independent Non-executive Directors is reviewed annually. Each of the Independent Non-executive Directors possesses a wide range of skills and expertise as set out in the Report on Corporate Governance on pages 84 to 103 of the 2020 Annual Report & Accounts. The Independent Non-executive Directors contribute effectively to the operation of the Board and continue to demonstrate proper commitment and to devote adequate time to carry out their duties.

3. The Company considers the independence of the Independent Non-executive Directors on an annual basis. The 2020 review has been facilitated by the Company Secretary who, in conjunction with the Chair of the Board and an independent external board evaluation consultant, prepared a detailed questionnaire relating to the composition, governance and performance of the Board for completion by the Directors. The results of the effectiveness review have been reviewed by the Chair and the Chair of each Board committee and discussed in a formal meeting of the Board and the recommendations recorded and acted upon. The Independent Non-executive Directors are all considered to be independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.
4. The Nomination Committee is responsible for regularly reviewing the structure, size and composition of the Board and identifying and recommending appropriate candidates for membership of the Board when vacancies arise. The selection process involves establishing the criteria for any new Director appointment and reviewing regular reports from the Executive Directors and the Global HR Director on senior executive talent management and succession planning throughout the Group. The Nomination Committee will then make any appointment recommendations to the Board.

### **Resolutions 11 and 12 – Auditor re-appointment and remuneration**

At each meeting at which the annual reports and accounts are laid, the Company is required to appoint an auditor to serve until the next such meeting. The Audit & Risk Committee has recommended to the Board, and the Board now proposes to Shareholders at Resolution 11, the re-appointment of Deloitte LLP as auditors. The Audit & Risk Committee has confirmed to the Board that its recommendation is free from third party influence and that no restrictive contractual provisions have been imposed on the Company limiting the choice of auditors.

Resolution 12 is an ordinary resolution giving the Audit & Risk Committee the discretion to determine the auditor's remuneration.

### **Resolution 13 – Authority to allot shares**

The Directors currently have an authority to allot shares in the Company and to grant rights to subscribe for, or convert any securities into, shares in the Company. This authority is due to expire at the AGM. The Board is seeking, by ordinary resolution, to renew that authority to provide the Directors with flexibility to allot new shares and grant rights up until the Company's annual general meeting in 2021 within the limits prescribed by The Investment Association.

If passed, this resolution will authorise the Directors to allot (or grant rights over) new shares in the Company in any circumstances up to a maximum aggregate nominal amount of £1,414,792, representing approximately 33% of the Company's issued Ordinary Share capital as at the close of business on 22 October 2020 (being the latest practicable date prior to publication of this document).

The Directors have no present intention of exercising this authority; however, the Board considers it prudent to maintain the flexibility that it provides to enable the Directors to respond to any appropriate opportunities which may arise. If passed by Shareholders, this authority will expire at the close of business on 30 November 2021 or, if earlier, at the conclusion of the Company's annual general meeting held in 2021.

The Company held no treasury shares as at the close of business on 22 October 2020.

#### **Resolution 14 – Disapplication of statutory pre-emption rights**

This is a special resolution which renews a similar power granted at last year's annual general meeting and which, if passed by Shareholders, will enable the Board to allot Ordinary Shares for cash, or to sell any shares out of treasury for cash, without first offering those shares to existing Shareholders in proportion to their existing holdings.

If passed, Resolution 14 will permit the Board to allot Ordinary Shares or sell treasury shares for cash on a non-pre-emptive basis both in connection with a rights issue or similar pre-emptive issue and, otherwise than in connection with any such issue, up to a maximum nominal amount of £214,362, representing approximately 5% of the Company's issued Ordinary Share capital as at the close of business on 22 October 2020 (being the latest date prior to publication of this document).

The Directors have no present intention of exercising this power but believe that it is in the best interests of Shareholders for the Directors to continue to have this flexibility, in those limited circumstances, to allot shares for cash or to sell treasury shares for cash. The Directors intend to seek renewal of this power at future annual general meetings of the Company.

The Directors confirm their intention to follow the provisions of the Pre-emption Group's Statement of Principles regarding cumulative usage of authorities within a rolling three-year period. Those Principles provide that companies should not issue shares for cash representing more than 7.5% of the Company's issued share capital in any rolling three year period, other than to existing Shareholders, without prior consultation with Shareholders.

#### **Resolution 15 – Purchase of own shares**

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

Any Ordinary Shares purchased would be cancelled (in which case the number of shares in issue would thereby be reduced) or held in treasury, depending on which course of action is considered by the Directors to be in the best interests of the Shareholders at that time. The maximum number of Ordinary Shares which may be purchased is 42,872,496, representing approximately 10% of the Company's issued Ordinary Share capital as at the close of business on 22 October 2020 (being the latest date prior to publication of this document). The authority will expire at the close of business on 30 November 2021 or, if earlier, at the conclusion of the Company's annual general meeting held in 2021. The minimum price which could be paid for an Ordinary Share would be its nominal value and the maximum price would be the maximum price permitted by the Listing Rules or in case of a tender offer, 5% above the average of the middle market quotations for an Ordinary Share, as derived from the London Stock Exchange Daily Official List for the 5 business days immediately preceding the day on which the terms of the tender offer are announced, in each case excluding expenses. The Directors intend to seek renewal of this authority at future annual general meetings of the Company.

As at the close of business on 22 October 2020, there were no options or rights outstanding to subscribe for new Ordinary Shares.

#### **Resolution 16 – Notice of general meetings**

The Company currently has the power under its articles of association to call general meetings (other than annual general meetings) on a minimum of 14 clear days' notice and would like to preserve this ability. In order to do so, Shareholders must first approve the calling of meetings on a minimum of 14 clear days' notice. This special resolution seeks such an approval. If granted, the approval will be effective until the conclusion of the Company's annual general meeting held in 2021. The shorter notice period would not be used as a matter of routine for general meetings, but only where the flexibility is merited by the business of the meeting and where it is considered by the Directors to be in the best interests of Shareholders as a whole.

## Resolution 17 – Political donations and expenditure

Subject to limited exceptions, Part 14 of the Companies Act 2006 imposes restrictions on companies making political donations to any political party or other political organisation or to any independent election candidate or incurring political expenditure unless they have been authorised to do so at a general meeting. It has always been the Company's policy that it does not make political donations nor incur political expenditure. This remains the case. However, the statutory definitions of the terms "political donation" and "political expenditure" are very wide and may apply to some normal business activities which would not generally be considered to be political in nature. For example, bodies such as those concerned with policy review and law reform or with the representation of the business community or sections of it, which the Company and/or its subsidiaries may see benefit in supporting, may be included in these definitions. The Company therefore wishes to ensure that neither it nor its subsidiaries inadvertently contravene the Companies Act 2006 through the undertaking of routine activities, which would not normally be considered to result in the making of political donations or political expenditure being incurred. The Board is therefore seeking authority, under sections 366 and 367 of the Companies Act 2006, to fund donations or incur expenditure up to an aggregate limit of £50,000 per annum as set out in the Resolution. As is common practice among many UK public companies, this authority is sought as a precautionary measure only to guard against any inadvertent breach of the statutory restrictions. The Board confirms that it has no intention of making any political donations, incurring political expenditure nor entering into party political activities. Any political donation made or political expenditure incurred which is in excess of £2,000 will be disclosed in the Company's Annual Report & Accounts, as required by the Companies Act 2006.

## Resolutions 18 and 19 – Employee share schemes

Shareholder approval is sought for the approval of the following:

- ▶ the PZ Cussons Plc Long Term Incentive Plan 2020 ('LTIP 2020') (Resolution 18); and
- ▶ the PZ Cussons Plc Share Incentive Plan 2020 ('SIP 2020') (Resolution 19), (together the 'New Share Schemes').

The LTIP 2020 will replace the Company's existing 2014 Performance Share Plan ('Old Share Scheme'). Shareholder approval is sought in relation to the New Share Schemes at the AGM to ensure that the Company has the appropriate share plan rules in order to satisfy the requirements of its Director's Remuneration Policy, to offer appropriate equity incentives to other scheme participants and to encourage wider employee ownership of shares in order to better align our workforce with our shareholders. The SIP 2020 is an all employee share incentive plan, which takes advantage of the tax beneficial status of share incentive plans which comply with Schedule 2 to the Income Tax (Earnings and Pensions) Act 2003. Participation in the SIP 2020 will be open to all employees of participating companies.

No new awards will be made under the Old Share Scheme after the date of the AGM, provided shareholder approval is obtained for the New Share Schemes.

The principal terms of the New Share Schemes are set out in this document on pages 11 to 14.

Under each resolution, authority is also being sought to allow supplementary plans to the LTIP 2020 and SIP 2020 to be established for benefit of employees of the Company (or any of its subsidiaries) who are resident or working outside the UK, which are based on the LTIP 2020 and SIP 2020 but modified to take into account local laws.

# Summary of the main provisions of the PZ Cussons Plc Long Term Incentive Plan 2020 (LTIP 2020)

## 1. Eligibility

The LTIP 2020 will be operated and administered by the remuneration committee of the board of directors of the Company (Committee). The Committee will determine who may participate in the LTIP 2020 (Participants) and this will extend to any employee (including an Executive Director) of the Company or any of the Company's subsidiaries or, if the Committee determines, other associated undertakings (for example joint venture companies).

## 2. Timing of grant of awards

The first grant of awards will take place within six weeks of the 2020 AGM (subject to any restrictions on dealing and shareholder approval of the LTIP 2020 at the AGM). Ordinarily, awards will be granted within six weeks of the Company's results announcement for any period. The LTIP 2020 will include flexibility to grant awards at any other time (subject to any dealing restrictions) when the Committee considers there to be exceptional circumstances.

## 3. Award structure

Awards under the LTIP 2020 will provide conditional rights over a specified number of ordinary shares structured as either:

- Conditional share awards; or
- Options (nil or nominal cost).

At grant any costs associated with exercising an option will be set. It is envisaged that conditional awards will vest, with the relevant shares transferred to the Participant, as soon as practicable following satisfaction of any vesting conditions (e.g. a service requirement or performance target). Options will require a recipient to call for the shares and satisfy any costs associated with exercising the option once the vesting conditions have been met.

Under the terms of the approved Directors' Remuneration Policy, awards to Executive Directors must have a performance target attached to them which will normally be measured over a period of at least 3 years.

Awards to eligible employees other than Executive Directors may vest subject only to continued service (i.e. they need not have a performance target).

Flexibility will be included to grant cash-based awards over a notional number of shares and for cash settlement of awards although it is not anticipated that either of these features would be used or apply to Executive Directors.

Awards would not be transferable or pensionable.

## 4. Vesting

Unless the Committee determines otherwise, awards will vest three years from grant based on (i) the extent to which any applicable performance targets have been met (see below) and (ii) provided the Participant is still employed in the Company's Group.

Awards structured as an option with a nil or nominal cost will be exercisable up until the tenth anniversary of grant unless they lapse earlier.

## 5. Holding period

Under the terms of the approved Directors' Remuneration Policy, any awards to Executive Directors will be subject to a two-year holding period on vested shares that will require a Participant to retain, as a minimum, the after-tax number of vested shares for two years from vesting (so a minimum five-year period from grant of an award to potential sale of shares other than to pay tax/NI).

The holding period falls away following a change in control and may fall away in exceptional circumstances as determined by the Committee (e.g. in the case of the death of an Executive Director or ill health).

This provision may be applied to other Participants at the Committee's discretion.

## 6. Individual limits

Awards will not be granted to a Participant under the LTIP 2020 over shares with a market value in excess of 150% of annual salary (as defined in the rules) in each of the Company's financial years.

## 7. Source of shares to satisfy awards

New issue shares, treasury shares or shares purchased in the market may be used to satisfy awards.

## 8. Dividends

The Committee may determine that on the vesting of an award a Participant shall receive an amount in cash and/or shares equivalent to the value of some or all of the dividends that would have been paid on the vested shares between the date of grant of the award and the date of vesting.

Where a Participant is subject to a holding period on vested shares, dividends may accrue to the later of the three years from grant and the conclusion of the holding period.

## 9. Dilution

The LTIP 2020 will include:

- ▶ a 10% in 10 year dilution limit meaning that in any ten calendar year period the Company may not issue (or grant rights to issue) shares that total more than ten percent of the issued ordinary share capital of the Company under the LTIP 2020 and any other employee share scheme adopted by the Company (e.g. LTIP plus SAYE etc.); and
- ▶ a 5% in 10 year dilution limit that operates as above but only relates to discretionary share schemes (i.e. any share scheme that does not have to be operated on the same terms for all participants such as the LTIP 2020).

Treasury shares will count as new issue shares for the purpose of these limits unless there is a change in the institutional investor community as to how such shares should be treated.

## 10. Performance conditions

Under the terms of the approved Directors' Remuneration Policy, awards granted under the LTIP 2020 to Executive Directors must be subject to performance targets that the Committee specifies at the time of grant.

Awards granted under the LTIP 2020 to other Participants may be subject to performance targets and/or solely subject to a service condition as the Committee specifies at the time of grant.

Flexibility will be retained to set different conditions or no conditions for employees below the Executive Director level.

## 11. Award override provision

The Committee will retain general discretion to override vesting arising from the LTIP 2020 if the vesting result and/or value derived from an award is considered inconsistent with the overall performance of the Company during the performance period and/or the award is considered to have delivered a 'windfall gain' due to circumstances considered outside of Participant control.

## 12. Amending performance targets

The LTIP 2020 will provide flexibility for the Committee to vary the performance targets applying to an award if an event occurs which causes the Committee to determine that it would be appropriate to do so. Any such variation should result in the revised target being no more or less challenging and a fairer measure of performance following the event.

## 13. Leaving employment

As a general rule, an award will lapse upon a Participant ceasing to hold employment or be a director within the Company. However, if a Participant ceases to be an employee or a director within the Company's group by reason of injury, ill health, death, disability, redundancy, retirement with the agreement of his/her employer, the employing company or business being sold out of the Company's group or any other circumstances at the discretion of the Committee ("good leaver" reasons), then the award will normally vest on its original vesting date or such other earlier date as determined by the Committee.

The extent to which awards will vest for a good leaver reason will depend upon two factors: (i) the extent to which any performance targets have been satisfied over the full performance period (or curtailed period as appropriate); and (ii) pro-rating of the award to reflect the reduced period of time between the grant of the award and cessation of employment as against the original three-year vesting period, albeit the Committee will retain discretion not to reduce awards pro-rata having had regard to the particular circumstances.

## 14. Takeovers and other Corporate Events

In the event of a takeover, scheme of arrangement, or a winding up of the Company (not being an internal reorganisation) awards will vest subject to: (i) the extent to which any performance targets have been met (or would have been met in the opinion of the Committee if the performance period had run its course); and (ii) time pro-rating (as detailed above) unless the Committee considers it would be inappropriate to do so.

An internal reorganisation will not trigger vesting and awards will be exchanged for awards in the new holding company unless the Committee determines otherwise.

## 15. Corporate event

If a special dividend, demerger, or other similar event is proposed which, in the opinion of the Committee, would affect the market price of shares to a material extent then it may decide that the award will vest on the same basis as a takeover noted above.

## 16. Recovery and withholding

In the event that there was (i) a material misstatement of the Company's results; (ii) a miscalculation or an assessment of any performance conditions that was based on incorrect information; (iii) corporate failure; (iv) actions which later resulted in material reputational damage that took place during the period over which performance was measured and/or awards vested; or (v) misconduct on behalf of an individual, the Committee may decide that recovery and/or withholding provisions will apply for three years from the date of any award vesting.

These provisions will enable the Committee to reduce the amount of any future bonus, the vesting of any subsisting or future share awards and/or the number of shares under any vested but unexercised awards granted under certain share incentive plans, and/or require a Participant to make a cash payment.

## 17. Participants rights

Awards (granted in shares) will not confer any shareholder rights until the awards have vested and the Participants have received their shares.

## 18. Adjustments and variation of share capital

In the event of any variation of share capital or a demerger, special dividend (i.e. this relates to one-off special dividends as opposed a rolling dividend programme of returning up to 50% of year net cash balances) or other similar event which affects the market price of a share to a material extent, the Committee may adjust the number of shares comprising an award.

## 19. Alterations

The Committee may amend the LTIP 2020 at any time but no alteration may be made to the material disadvantage of a Participant to existing awards with the prior consent of Participants.

Shareholder approval will be required for any amendment to the advantage of Participants in the following areas: (i) eligibility; (ii) limits on participation; (iii) shareholder dilution limits and the transfer of treasury shares; (iv) the basis for determining a Participant's entitlement to, and the terms of, the shares or cash to be acquired; and (v) the adjustment of awards on a variation of share capital. However, shareholder approval is not required in the case of any minor alternation made to benefit the administration of the LTIP 2020, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for Participants in the LTIP 2020.

## 20. Extending the LTIP 2020 overseas

The resolution authorising the adoption of the LTIP 2020 also authorises the directors to adopt further plans modified to take account of overseas tax, exchange controls or securities laws. The plan limits however cannot be amended.

## 21. Governing Law

The governing law is English law.

# Summary of the principal features of the PZ Cussons Plc Share Incentive Plan 2020 (SIP 2020)

## 1. General

The SIP 2020 is a share incentive plan designed to take advantage of the tax beneficial status of share incentive plans which comply with Schedule 2 to the Income Tax (Earnings and Pensions) Act 2003 (Schedule 2).

The SIP 2020 shall be administered by the board of directors of the Company (Board) or a duly authorised committee of the Board.

## 2. Eligibility

All employees of the Company and any subsidiaries which have been nominated as participating companies who have been employed for a minimum period (not exceeding the period specified from time to time in Schedule 2) and who otherwise satisfy the eligibility requirements in Schedule 2 are entitled to participate in the SIP 2020.

## 3. How the SIP 2020 may be operated

The Board can operate the SIP 2020 in a number of ways. It can:

- make an award of 'free shares'; and/or
- give employees the opportunity to invest in 'partnership shares'; and
- make an award of 'matching shares' to those employees who have invested in 'partnership shares' (free shares, partnership shares and matching shares – together the 'Plan Shares'); and/or
- require or allow employees to re-invest any dividends paid on their Plan Shares in further ordinary shares ('Dividend Shares').

## 4. Free shares

The Company may award free shares up to a maximum annual value specified in Schedule 2 from time to time. The current maximum annual value is £3,600 per employee. If the Company wishes, the award of free shares can be based on the achievement of individual, team, divisional or corporate performance measures which must be fair and objective. Otherwise, free shares must be awarded to employees on the same terms, although awards can vary by reference to remuneration, length of service or hours worked.

## 5. Partnership shares

The Company may provide employees with the opportunity to acquire partnership shares from their gross monthly salary, up to a maximum value specified in Schedule 2 from time to time, currently £1,800 per year. The Company may set a minimum monthly deduction which may not be greater than £10 (or such other amount specified in Schedule 2 from time to time). Ordinary shares will be acquired on behalf of employees within 30 days after each deduction at the market value of the ordinary shares on the date they are acquired. Alternatively, deductions can be accumulated during any accumulation period of up to 12 months. In this case, ordinary shares will be acquired on behalf of employees within 30 days after the end of the accumulation period, at the lower of the market value of the ordinary shares at the beginning of the accumulation period or the date when they are acquired.

## 6. Matching shares

The Company may award matching shares for free up to a maximum number of matching shares for each partnership share acquired by the employee, as specified in Schedule 2 from time to time. The current maximum is two matching shares for each partnership share.

## 7. Trust

The SIP 2020 operates through a trust, which will acquire ordinary shares by purchase, by subscription or by the acquisition of ordinary shares held in treasury and will hold the ordinary shares on behalf of the employees.

## 8. Award of free shares

An award of free shares may only be made within the period of 42 days commencing on:

- the day on which the SIP 2020 is approved by shareholders;
- any day on which changes to the legislation affecting share incentive plans under Schedule 2 are announced, effected or made;
- the day following the end of a closed period under the Market Abuse Regulation;
- where the award is subject to restrictions imposed by statute, order, regulation or any dealing code adopted by the Company, the day following the lifting of such restrictions; or
- any day on which the Board determines that exceptional circumstances exist which justify an award of free shares.

## 9. Holding period

Free and/or matching shares must generally be held in trust for a period specified by the Company, which must not be less than three years nor more than five years from the date on which the shares are awarded to employees. Dividend Shares must generally be held in trust for three years.

## 10. Cessation of employment, forfeiture of shares and non-transferability

The Company may specify that free shares and/or matching shares are forfeited if employees cease employment with a member of the Group (other than because of certain circumstances such as death, redundancy, injury, disability, retirement, transfer of the employing business or change of control of the employing company) within the period of up to three years from the date on which shares were awarded. Employees can withdraw their partnership shares from the SIP 2020 at any time. The Company can stipulate that matching shares will be subject to forfeiture if the corresponding partnership shares are withdrawn within a specified period after they are awarded, not exceeding three years. To the extent not forfeited, Plan Shares and Dividend Shares must be withdrawn from the SIP 2020 trust if the participant ceases employment with a member of the Group.

## 11. Limits on the issue of shares

The use of newly issued ordinary shares under the SIP 2020 is limited to 10 per cent of the issued share capital of the Company from time to time, taking into account ordinary shares issued or to be issued over the previous 10-year period under the SIP 2020 and any other employees' share plans adopted by the Company.

Treasury shares will count as new issue shares for the purpose of these limits unless there is a change in the institutional investor community as to how such shares should be treated.

## 12. Amendments to the SIP 2020

The Board will have authority to amend the SIP 2020, provided that no amendment to the advantage of participants or qualifying employees may be made to provisions relating to eligibility, limits on participation and the number of new shares or treasury shares available under the SIP 2020, the basis for determining a participant's entitlements in the event of a variation in the Company's share capital, and the amendment provisions themselves, without the prior approval of the shareholders in a general meeting (unless an amendment is minor and made to benefit the administration of the SIP 2020, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for the Company, any participating company or for participants or qualifying employees).

## 13. Authority to operate the SIP 2020

No invitations to participate in awards under the SIP 2020 may be issued after the 10th anniversary of its date of adoption by shareholders.

## 14. Awards non-pensionable

Benefits under the SIP 2020 are not pensionable.

## 15. Extending the SIP 2020 overseas

The resolution authorising the adoption of the SIP 2020 also authorises the directors to adopt further plans modified to take account of overseas tax, exchange controls, or securities laws. The plan limits however cannot be amended.

