

**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**

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**NOTICE OF THE 2021 ANNUAL GENERAL MEETING**

Notice of the 2021 Annual General Meeting (the 'AGM') of PZ Cussons plc (the 'Company'), to be held at Radisson Blu Hotel Manchester Airport, Chicago Ave, Manchester, M90 3RA at 10.30am on Tuesday 23 November 2021, is set out on pages 3 to 12 of this document. Your attention is drawn to the letter from the Chair which is set out on page 2 of this document.

Whether or not you propose to attend the AGM, please complete and submit a proxy appointment in accordance with the Notes to the Notice of AGM set out on page 5. To be valid, the proxy appointment must be received at the address for delivery specified in the Notes by no later than 10.30am on Friday 19 November 2021.

# LETTER FROM THE CHAIR

TO THE COMPANY'S SHAREHOLDERS (SHAREHOLDERS) AND, FOR INFORMATION ONLY, TO PARTICIPANTS IN THE PZ CUSSONS SHARE SCHEMES

## **PZ Cussons plc**

Manchester Business Park  
3500 Aviator Way  
Manchester M22 5TG

## **Dear Shareholder**

### **2021 Annual General Meeting**

I am pleased to be writing to you with details of our 2021 Annual General Meeting (the 'AGM') which we will be holding at Raddisson Blu Hotel Manchester Airport, Chicago Ave, Manchester, M90 3RA at 10.30am on Tuesday 23 November 2021.

The formal Notice of the AGM is set out on pages 3 to 5 of this document and contains the proposed resolutions. Explanatory notes to the business to be considered are set out on pages 7 to 10.

We plan to hold a physical AGM this year including normal attendance by Shareholders. Measures will be in place to protect the health and safety of Shareholders and the Company's employees and advisors. We will continue to monitor government guidance and if we change the arrangements or become unable to hold the AGM as planned we will provide details on our website: [www.pzcussons.com](http://www.pzcussons.com) and will make a stock market announcement informing you of the change.

### **Voting at the AGM**

I will be inviting you to vote on Resolutions 1 to 21 by way of a poll. Poll voting is in line with practice increasingly adopted by UK public companies and provides a more transparent method of voting. It 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.

### **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.

If you are unable to attend and have any questions on the business of the meeting that you wish to ask, you may 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 Friday 19 November 2021.

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 5 of this document in note 3 and on the form of proxy which is enclosed with this document.

### **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 5. In each case, your proxy appointment must be received by the Company's Registrar by no later than 10.30am on Friday 19 November 2021 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.

Yours faithfully,

**Caroline Silver**  
Chair

15 October 2021

## NOTICE OF 2021 ANNUAL GENERAL MEETING

Notice is hereby given that the 2021 Annual General Meeting of the members of PZ Cussons plc will be held at Raddisson Blu Hotel Manchester Airport, Chicago Ave, Manchester, M90 3RA, on Tuesday 23 November 2021 at 10.30am for the purposes set out below.

Resolutions 1 to 18 will be proposed as ordinary resolutions. Resolutions 19 to 21 will be proposed as special resolutions. Resolutions 9 to 14 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 7 to 10 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 2021 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 2021.
3. That:
  - a) the amendment of the Directors' Remuneration Policy (as contained in the Report on Directors' Remuneration for the year ended 31 May 2020) to permit the 'Award Amendment' (as defined on page 7 of this document) by replacing references to '150% of salary' in relation to the Maximum Opportunity of awards permissible under the Performance Share Plan element of the Directors' Remuneration Policy with '175% of salary' for the award granted to the Chief Executive Officer on 27 November 2020 be and is hereby approved, for all purposes, including for the purposes of section 226B(1)(b) of the Companies Act 2006, to take effect from the date on which this resolution is passed; and
  - b) each and any of the Directors (or any duly constituted committee thereof) be hereby authorised to do all things necessary and desirable to implement and effect the Award Amendment, with such immaterial modifications, variations, revisions or amendments as the Directors (or any duly authorised committee thereof) may deem necessary, expedient or appropriate.
4. That:
  - c) an amendment to the rules of the PZ Cussons plc Long Term Incentive Plan 2020 adopted by the shareholders of the Company in general meeting on 26 November 2020 (the 'LTIP') to add the words '(or, in respect of the Award granted to the Chief Executive Officer on 27 November 2020, 175%)' between '150%' and 'of their salary' in rule 3.4 of the LTIP (the 'LTIP Amendment') be and is hereby approved, to take effect from the date on which this resolution is passed; and
  - d) each and any of the Directors (or any duly constituted committee thereof) be and are hereby authorised to do all things necessary and desirable to implement and effect the LTIP Amendment with such immaterial modifications, variations, revisions or amendments as the Directors (or any duly authorised committee thereof) may deem necessary, expedient or appropriate.
5. To declare a final dividend for the year ended 31 May 2021 of 3.42p per ordinary share of 1p each in the Company.
6. To re-elect J C Myers as a Director.
7. To elect S Pollard as a Director.
8. To re-elect C L Silver as a Director.
9. To re-elect K Bashforth as a Director.
10. To re-elect D Kucz as a Director.
11. To re-elect J R Nicolson as a Director.
12. To re-elect J C D Townsend as a Director.
13. To elect J Sodha as a Director.
14. To elect V Juarez as a Director.
15. To re-appoint Deloitte LLP as the auditor of the Company.
16. To authorise the Audit & Risk Committee to fix the remuneration of the auditor.
17. That, from the date of this Resolution until the close of business on 30 November 2022 or, if earlier, the conclusion of the Company's annual general meeting to be held in 2022, 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'.

## NOTICE OF 2021 ANNUAL GENERAL MEETING CONTINUED

18. 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 £1,429,000;
  - b) this authority shall expire at the close of business on 30 November 2022 or, if earlier, at the conclusion of the Company's annual general meeting to be held in 2022;
  - 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.
19. That, subject to the passing of Resolution 18 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 16 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 16 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.
20. That any general meeting of the Company (other than an annual general meeting) may be called on not less than 14 clear days' notice.
21. That the draft articles of association produced to the meeting and initialled by the chair of the meeting for the purpose of identification be adopted as the new Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

By Order of the Board

**Kevin Massie**

General Counsel and Company Secretary

15 October 2021

**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 attend, speak and vote at this meeting is entitled to appoint another person, or two or more persons in respect of different shares held by him, as his proxy (whether a member or not) to exercise all or any of his rights to attend and to speak and vote at the meeting. Your proxy must vote as you instruct and must attend the meeting for your vote to be counted.
2. A member wishing to attend and vote at the meeting in person should arrive prior to the time fixed for its commencement. A member which is a corporation can only attend and vote at the meeting in person through one or more representatives appointed in accordance with section 323 of the Companies Act 2006. Any such representative should bring to the meeting written evidence of his appointment, such as a certified copy of a board resolution of, or a letter from, the corporation concerned confirming the appointment. In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares.
3. Any member wishing to vote at the meeting without attending in person or (in the case of a corporation) through its duly appointed representative must appoint a proxy to do so. A form for the appointment of a proxy which can be used for this purpose is enclosed with this document. To be valid, a hard copy Form of Proxy must be completed in accordance with the instructions which accompany it and then delivered (together with any power of attorney or other authority under which it is signed or a certified copy of such power or authority) to the Company's Registrar at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY so as to be received by no later than 10.30am on Friday 19 November 2021.
4. Alternatively, a member may submit his or her proxy vote online by following the instructions for the electronic appointment of a proxy at [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy). To log in, you will require the Control Number, your unique PIN and Shareholder Reference Number which are printed on the front of the Form of Proxy. Please note the PIN will expire at the end of the voting period. To be valid, the proxy appointment must be completed and transmitted via the Company's Registrar's website at [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy) so as to be received by no later than 10.30am on Friday 19 November 2021. 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.
5. CREST members who wish to appoint one or more proxies through the CREST system may do so by utilising the procedures described in the 'CREST voting service' section of the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed one or more voting service providers, should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
6. In order for a proxy appointment or a proxy instruction made using the CREST voting service to be valid, the appropriate CREST message must be properly authenticated in accordance with the specifications of CREST's operator, Euroclear UK & Ireland Limited (Euroclear), and must contain all the relevant information required by the CREST Manual on the Euroclear website ([www.euroclear.com/CREST](http://www.euroclear.com/CREST)). 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 Friday 19 November 2021. 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 circumstances as set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 treat a CREST proxy appointment instruction as invalid.

## NOTES FOR ATTENDANCE AND VOTING CONTINUED

### AT THE ANNUAL GENERAL MEETING

7. Appointing a proxy (using any of the methods referred to in Notes 3 to 6 above) will not prevent a member from attending and voting in person at the meeting should he or she so wish.
8. Any person to whom this notice is sent who is currently nominated by a member of the Company to enjoy information rights under section 146 of the Companies Act 2006 (a nominated person) may have a right under an agreement between him and such member to be appointed, or to have someone else appointed, as a proxy for the meeting. If a nominated person has no such right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member concerned as to the exercise of voting rights. The statement in Note 1 above of the rights of a member in relation to the appointment of proxies does not apply to a nominated person. Such rights can only be exercised by the member concerned.
9. The Company specifies that only those Shareholders listed on the register of members as at 6:30 pm on Friday 19 November 2021 (or, if the AGM is adjourned, as at the close of business on the date two working days before the time fixed for the adjourned meeting) shall be entitled to attend and vote at the AGM or at such adjourned meeting, in respect of the number of shares registered in their name at that time. In each case, changes to entries on the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the AGM or at such adjourned meeting. Shareholders who are deemed to be Controlling Shareholders (as defined in the Financial Conduct Authority's Listing Rules) as at the close of business on Friday 19 November 2021 shall not be entitled to vote in respect of the separate approval of Resolutions 9 to 14 (inclusive) by Shareholders who are not Controlling Shareholders in accordance with LR 9.2.2ER (2) of those Listing Rules.
10. As at the close of business on 11 October 2021 (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.
11. The Company must cause to be answered at the Meeting any question relating to the business being dealt with at the Meeting which is put by a member attending the Meeting, except (i) if to do so would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information, (ii) if the answer has already been given on a website in the form of an answer to a question, or (iii) if it is undesirable in the interests of the Company or the good order of the Meeting that the question 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 Friday 19 November 2021.
12. It is possible that, pursuant to members' requests made in accordance with section 527 of the Companies Act 2006, the Company will be required to publish on a website a statement in accordance with section 528 of the Companies Act 2006 setting out any matter which the members concerned propose to raise at the meeting relating to the audit of the Company's latest audited accounts or any circumstances connected with an auditor of the Company ceasing to hold office since the last Annual General Meeting. The Company cannot require the members concerned to pay its expenses in complying with those sections. The Company must forward any such statement to its auditor by the time it makes the statement available on the website. The business which may be dealt with at the meeting includes any such statement.
13. Please note the Company takes all reasonable precautions to ensure no viruses are present in any electronic communication which it sends out but the Company cannot accept responsibility for loss or damage arising from the opening or use of any email or attachments from the Company and recommends that members and other recipients subject all messages to virus checking procedures prior to opening or use. Any electronic communication received by the Company (including the lodgement of an electronic proxy appointment) that is found to contain, or is suspected of containing, any virus will not be accepted. 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.
14. 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 articles of association 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 Herbert Smith Freehills LLP, Exchange House, Primrose Street, London EC2A 2EG from the date of this document until the conclusion of the AGM. The draft articles of association 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.
15. Resolutions 1 to 21 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 FINANCIAL STATEMENTS

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 report and financial statements for the financial year ended 31 May 2021 (the '2021 Annual Report and Financial Statements').

### 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 2021. The Report on Directors' Remuneration is set out on pages 100 to 109 of the 2021 Annual Report and Financial Statements. For the purposes of Resolution 2, the Report on Directors' Remuneration does not include the part containing the Directors' Remuneration Policy, which is set out on pages 92 to 99 of the 2021 Annual Report and Financial Statements. The vote on Resolution 2 is advisory only and the Directors' entitlement to remuneration is not conditional on its being passed.

### RESOLUTIONS 3 AND 4 – APPROVAL OF AMENDMENT TO THE REMUNERATION POLICY AND 2020 LTIP

Resolution 3 is a resolution to approve the amendment to the Directors' Remuneration Policy (as contained in the Report on Directors' Remuneration for the year ended 31 May 2020) to permit the Award Amendment and Resolution 4 is a resolution to approve the LTIP Amendment.

The Committee is proposing this additional grant on the basis of equitable and consistent treatment due to issues beyond the CEO's control as he arrived into the company. Broadly, the rules of the LTIP limit the value, as at the date of grant, of the shares over which an award can be granted to 150% of the recipient's salary. The Directors' Remuneration Policy contains a similar limit in respect of awards granted to the CEO under the Performance Share Plan element of the policy. Awards under the LTIP are customarily made by the Remuneration Committee in the third week of July each year which coincides with the publication of the Group's full year results. Due to a number of factors, in particular the impacts of the Covid-19 pandemic, the Board delayed both the publication of the FY20 full year results until September 2020 and the LTIP award for the CEO, which was only made on 27 November 2020 following the approval by shareholders of the new Directors' Remuneration Policy and LTIP plan rules at the Company's AGM. The value of the Company's shares on the London Stock Exchange increased significantly between the normal July award date and 27 November when the award was ultimately granted to the CEO.

The Remuneration Committee believes that this increase is attributable, in significant part, to the early interventions of the CEO and the new executive team who implemented

a number of initiatives to drive immediate improvements in the Group's results, launched a new Group strategy and achieved a positive re-rating of the Group's prospects within that short time period.

In order to not penalise the executive team for a decision beyond their control and to maintain motivation under the LTIP, the Committee introduced a 'one-time' increase of circa 15% to the normal FY20 LTIP grants (the 'Enhanced Awards'). The increase was designed to ensure that the full potential value of the awards reflected the share price appreciation that the team had helped deliver between the normal July award date and November 2020. The Committee has observed that the response to these enhanced awards has been as intended with the executive team motivated to meet the stretching performance targets set out in the awards. The award granted to the CEO on 27 November 2020 (the 'CEO Award') could not be granted as an Enhanced Award without breaching the limits set out in the Directors' Remuneration Policy and the LTIP Rules. Having reflected on consistency of approach, observed the effectiveness of the Enhanced Awards in maintaining motivation and stretched delivery from the executive team, and in recognition of the strong performance of the CEO in his first full year in role, the Company is seeking shareholder approval to amend the CEO Award to align to the Enhanced Awards made to the other members of the executive team.

These resolutions seek Shareholder approval to effect a change to the number of shares over which the CEO's Award subsists from 375,000 shares to 436,046 shares (the 'Award Amendment'). The amendment increases the aggregate value, as at the date the award was granted, of the shares over which the award subsists from 150% of the Chief Executive Officer's base salary to circa 175% of salary (being a circa 15% increase to the total number of shares comprising the CEO's Award). The award will be unaltered in all other respects and remains subject to the EPS growth targets, revenue growth targets and sustainability targets detailed on page 128 of PZ Cussons 2020 Annual Report and restated on page 103 of the PZ Cussons 2021 Annual Report. This Award Amendment affects only the award granted on 27 November 2020 and does not change the 150% limit for future awards.

For completeness, the amendment to Rule 3.4 of the LTIP (the LTIP Amendment) results in the following revised Rule 3.4:

3.4 Individual limit Any Award shall be limited and take effect so that immediately following such grant the Participant has not been granted, in respect of any Financial Year, Awards over Shares with a total Market Value, measured on their Grant Dates, in excess of 150% (or, in respect of the Award granted to the CEO on 27 November 2020, 175%) of their salary (being the annual basic rate of pay for the Participant at the relevant Grant Date or such other date being no later than 90 days after the Grant Date). Where a payment of salary is made otherwise than in sterling, the payment will be treated as being of the amount of sterling ascertained by applying such rate of exchange as is reasonably determined by the Committee.

## EXPLANATORY NOTES CONTINUED

### TO THE BUSINESS OF THE ANNUAL GENERAL MEETING

#### RESOLUTIONS 3 AND 4 – APPROVAL OF AMENDMENT TO THE REMUNERATION POLICY AND 2020 LTIP CONTINUED

For the purposes of section 226D of the Companies Act 2006:

- the disclosure above constitutes the memorandum setting out the particulars of the proposed payment to which the amendment to the Directors' Remuneration Policy relates; and
- this document will be made available at the registered office of the Company, 3500 Aviator Way, Manchester M22 5TG as soon as practicable following the date of publication of this document, and in any event for not less than 15 days ending with the date of the AGM (and will be available on the Company's website at [www.pzcussons.com](http://www.pzcussons.com) for not less than the same period until the conclusion of the Company's AGM) and at the AGM itself.

#### RESOLUTION 5 – DECLARATION OF A FINAL DIVIDEND

The Directors recommend a final dividend of 3.42p per ordinary share for the financial year ended 31 May 2021. If approved by ordinary resolution of the Shareholders, the dividend will be paid on 30 November 2021 to Shareholders on the register as at the close of business on 22 October 2021.

#### RESOLUTIONS 6 TO 14 – 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 the UK Corporate Governance Code, and each of them shall stand for election or re-election (as the case may be) by the Shareholders.

Each of Resolutions 6 to 14 shall be proposed as an ordinary resolution. Biographical details of all of the Directors seeking election or re-election can be found on pages 64 and 65 of the 2021 Annual Report and Financial Statements, together with the reasons why their contributions are, and continue to be, important to the Company's long-term sustainable success. These details include membership of the principal committees. The Board has also considered whether each of the independent Non Executive Directors is free from any relationship that could materially interfere with the exercise of his or her independent judgement and has determined that each continues to be considered to be independent.

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 9 to 14 (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) are deemed to be controlling shareholders of the Company (the 'Controlling Shareholders'). As at the close of business on 4 October 2021, the Controlling Shareholders held 188,167,623 shares, representing approximately 43.89% 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 (i) by a majority vote of all Shareholders and, separately, (ii) 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 9 to 14 (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 9 to 14 (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 9 to 14 (inclusive) are 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.



## **RESOLUTIONS 6 TO 14 – ELECTION AND RE-ELECTION OF DIRECTORS CONTINUED**

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 page 65 of the 2021 Annual Report and Financial Statements. 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 2021 review has been facilitated by the Company Secretary who, in conjunction with the Chair of the Board, prepared a detailed questionnaire relating to the composition, governance and performance of the Board for completion by the Directors. The results of 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 Chief Human Resources Officer on senior executive talent management and succession planning throughout the Group. The Nomination Committee will then make any appointment recommendations to the Board.

## **RESOLUTIONS 15 AND 16 – 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 15,

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

## **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 and accounts, as required by the Companies Act 2006.

## **RESOLUTION 18 – 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 2022 within the limits prescribed by The Investment Association.

## EXPLANATORY NOTES CONTINUED

### TO THE BUSINESS OF THE ANNUAL GENERAL MEETING

#### RESOLUTION 18 – AUTHORITY TO ALLOT SHARE *continued*

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 £1,429,000, representing approximately 33% of the Company's issued ordinary share capital as at the close of business on 11 October 2021 (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 2022 or, if earlier, at the conclusion of the Company's annual general meeting held in 2022.

The Company held no treasury shares as at the close of business on 11 October 2021.

#### RESOLUTION 19 – 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 19 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 11 October 2021 (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.

The authority contained in Resolution 19 will expire upon the expiry of the authority to allot shares conferred in Resolution 18 (being at the close of business on 30 November 2022 or, if earlier, at the conclusion of the Company's annual general meeting held in 2022).

#### RESOLUTION 20 – 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.

The minimum notice period for general meetings of listed companies is 21 days, but companies may reduce this period to 14 days (other than for AGMs) provided that two conditions are met. The first condition is that the company offers a facility for shareholders to vote by electronic means. This condition is met if the company offers a facility, accessible to all shareholders, to appoint a proxy by means of a website. The second condition is that there is an annual resolution of shareholders approving the reduction of the minimum notice period from 21 days to 14 days. 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 2022. 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 21 – ARTICLES OF ASSOCIATION

The Directors are proposing that the Company adopt new Articles of Association to reflect changes to company law and market practice since the existing Articles of Association were last updated in 2009. The principal changes proposed to the existing Articles of Association are set out in Appendix 1 on pages 11 and 12. In addition, a marked-up version of the new Articles of Association is available on our website at [www.pzcussons.com](http://www.pzcussons.com).

## APPENDIX 1

### SUMMARY OF THE PRINCIPAL CHANGES TO THE COMPANY'S ARTICLES OF ASSOCIATION

It is proposed that the Company adopt new Articles of Association (the 'New Articles') in place of the existing Articles of Association, which were adopted in 2009 (the 'Current Articles').

The principal changes in the New Articles are summarised below. They are intended to reflect developments in market practice, certain legal and regulatory changes and provide additional flexibility where this is considered appropriate.

In addition, the Company has taken the opportunity to incorporate amendments of a more minor, technical or clarifying nature which are not summarised below. These seek to modernise the language in the document and clarify how certain provisions should operate.

#### Bearer Shares

The Current Articles (Article 5) allow for the issuance of bearer shares. This has been deleted from the New Articles as the issuance of bearer shares has been prohibited since May 2015.

#### Share Certificates

The New Articles confirm that share certificates are sent at the member's risk and that new, consolidated and replacement share certificates may be issued to members for a reasonable fee (Articles 11 and 12).

#### Untraced Members

The process of selling shares belonging to Shareholders who remain untraced for over 12 years has been modernised in the New Articles (Article 29) to bring them into line with current market practice. The changes include removing the requirement for notices in relation to untraced Shareholders to be published in a national newspaper (notices must still be sent to the registered address or last known address of the Shareholder). The Company is also required to use reasonable steps to trace the untraced Shareholder, for example, using a professional asset reunification company or other tracing agent.

Amendments have also been made to the process of the sale of shares of untraced members. The obligation to sell the shares on a 'best execution' basis has been deleted in the New Articles, and proceeds of sale of the share(s) will be forfeited by the former Shareholder, with no further right to claim the proceeds (Article 30). Various consequential amendments have been made to the New Articles to reflect the above changes.

#### Transmission of shares

The provisions in relation to transmission of shares in the New Articles clarify that persons receiving shares by transmission shall only have the rights of a Shareholder after the relevant transferee gives notice of their entitlement to the Company (Article 38).

#### General Meetings

A number of changes are proposed to the provisions in the Current Articles in relation to General Meetings.

The New Articles provide that the Company may hold 'hybrid' general meetings (including annual general meetings) in such a way that enables members to attend and participate in the business of the meeting by attending a physical location or by attending by means of an electronic facility (Article 42). The Directors consider it prudent to obtain the flexibility to hold hybrid meetings. Voting at hybrid meetings will, by default, be decided on a poll and hybrid meetings may be adjourned in the event of a technological failure. The provision does not permit virtual-only or electronic-only general meetings to be convened. The New Articles also provide for satellite/multi-venue meetings (Article 46).

The provisions in relation to adjourning a general meeting in the New Articles have also been updated (Article 48). The changes include clarifying that the same meeting may be adjourned more than once, and that the date and time to which a meeting is adjourned does not need to be specified at the relevant meeting.

The New Articles include a new power for the Directors to postpone a meeting after notice of that meeting has been sent but before the meeting is held (Article 49). This power is intended to provide flexibility in the event of difficulties arising prior to the meeting being held, for example, if there are issues in relation to the meeting venue or facilities. A number of other modernising or consequential amendments have been made to the provisions in the New Articles in relation to general meetings, including updating the security and order provisions (Article 47) and incorporating an article providing for a voting record date (Article 53).

#### Proxies and corporate representatives

The New Articles provide that where an appointment of proxy purports to be executed by a duly authorised person on behalf of a member, the Company may treat that as sufficient evidence of that person's authority to appoint a proxy on behalf of a member, clarify that termination of proxy or corporate authority must be made in writing and that Company shall not be bound to enquire whether any proxy or corporate representative votes in accordance with the instructions given to him by the member he represents (Articles 57, 58 and 61).

A number of other modernising or consequential amendments have been made to the provisions in the New Articles in relation to proxies and corporate representatives.

#### Directors

The Current Articles include 'retirement by rotation' provisions in respect of the Directors. In line with the requirements of the UK Corporate Governance Code, the New Articles require Directors to retire and seek re-election at each annual general meeting of the Company (Articles 66 and 69). This reflects existing Company practice. In addition, minor changes are proposed to the provisions in the Current Articles which relate to the removal of Directors, the proceedings of Directors and alternate Directors.

## APPENDIX 1 CONTINUED

### SUMMARY OF THE PRINCIPAL CHANGES TO THE COMPANY'S ARTICLES OF ASSOCIATION

#### Uncalled Capital

This article has been removed from the Current Articles (Article 86) in line with market practice.

#### Borrowing Powers

The Company is proposing to amend the borrowing powers in the Current Articles (Article 88). The Current Articles includes a limb excluding intangible assets (save for goodwill) for the calculation of capital and reserves for the purposes of the borrowing power. This has been removed from the New Articles (Article 88). The amendment has the effect of simplifying the formula for calculating the borrowing limit and provides additional borrowing headroom and reflects institutional investor guidelines on borrowing powers which provide that goodwill and intangible assets may be included in capital and reserves (subject to the provisions of applicable international reporting standards).

The Board considers that the proposed change reflects the Group's current size and that it is commercially prudent and timely to refresh the borrowing limits since they were last amended and adopted in 2009, and provides a more sustainable debt limit for the future. The proposed change will not materially change the Company's borrowing policy and the Board believes the change to be in the best commercial interests of the Group and will keep the borrowing powers under review.

#### Non Executive Director Remuneration

The Current Articles (Article 89) provide that the Non Executive Director's fees shall not exceed £500,000 per annum in aggregate, a limit which was last reviewed in 2009. Although there are currently no plans to make any material changes to the fees paid to the Non Executive Directors, the Board considers it desirable to increase the fee limit contained in the New Articles (Article 89) in order to provide flexibility going forward. It is proposed that the limit be increased to £1,000,000 per annum in aggregate. The fees paid to the Non Executive Directors will always be subject to the terms of the Company's approved Directors' Remuneration Policy.

#### Dividends

The New Articles give the Board greater flexibility to determine the appropriate method(s) by which it pays dividends to Shareholders (Article 116). This flexibility will help the Board take account of developments in market practice and keep down the administrative cost of making payments. The New Articles also provide that where a payment cannot be made because a Shareholder has not provided valid account details or an address to the Company, that amount will be treated as unclaimed until the Shareholder provides those details (Article 120). In such an event: (i) no trust will arise in relation to such sums; and (ii) no interest will need to be paid on such sums.

In addition, the Current Articles permit authority to offer a scrip dividend to last up to five years from the date of authority. This is now inconsistent with the guidance produced by the Investment Association in relation to scrip dividends, being that any authority should be renewed at least every three years. This is reflected in the New Articles (Article 122).

#### Notices and other communications

Changes are proposed to modernise and clarify the articles relating to service of notices or documents by the Company (Articles 133 and 134).

