

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 2018 Annual General Meeting

This document should be read as a whole. Your attention is drawn to the letter from the Chairman which is set out on page 2 of this document. Details of the action you are recommended to take are set out on page 2 of this document.

Notice of the AGM of the Company, to be held at Manchester Business Park, 3500 Aviator Way, Manchester M22 5TG at 10.30am on Wednesday 26 September 2018 is set out on pages 3 to 6 of this document.

Whether or not you propose to attend the AGM, please complete and submit a proxy appointment in accordance with the Notes to the Notice of AGM set out on page 4. To be valid, the proxy appointment must be received at the address for delivery specified in the Notes by no later than 10.30am on Monday 24 September 2018.

This document should be read in conjunction with the accompanying Form of Proxy and the definitions set out in Part IV of this document.

No person has been authorised to give any information or make any representation other than those contained in this document and, if given or made, such information or representation must not be relied on as having been so authorised. The delivery of this document shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in it is correct as at any subsequent time.

J.P. Morgan Securities plc, which conducts its UK investment banking activities as J.P. Morgan Cazenove ("J.P. Morgan Cazenove"), which is authorised by the Financial Conduct Authority ("FCA") in the United Kingdom, is acting solely for the Company in relation to the related party transactions described in this document ("Related Party Transactions") and nobody else (including any recipient of this document) and will not be responsible to anyone other than the Company for providing the protections afforded to clients of J.P. Morgan Cazenove nor for providing advice in relation to the Related Party Transaction or any other matter referred to in this document. Apart from the responsibilities and liabilities, if any, which may be imposed upon J.P. Morgan Cazenove by the Financial Services and Markets Act 2000 (as amended) or the regulatory regime established thereunder, J.P. Morgan Cazenove does not accept any responsibility whatsoever for or make any representation or warranty, express or implied, concerning the contents of this document, including its accuracy, completeness or verification, or concerning any other statement made or purported to be made by it, or on its behalf, in connection with the Company or the Related Party Transaction and nothing in this document is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or future. J.P. Morgan Cazenove accordingly disclaims, to the fullest extent permitted by law, all and any responsibility and liability whether arising in tort, contract or otherwise (save as referred to above) which it might otherwise have in respect of this document or any such statement. J.P. Morgan Cazenove has given and has not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which they are given.

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Expected timetable of principal events

Expected timetable of principal events	Time and date
Publication of this document	24 August 2018
Latest time for receipt of individual Forms of Proxy for the AGM	10.30am 24 September 2018
Voting record date	24 September 2018
Annual General Meeting	10.30am 26 September 2018

Future times and dates are indicative only and are subject to change by the Company. If the expected timetable of events changes from the above, the Company will release an announcement to this effect.

References to time in this document are to London time.

Directors, company secretary and advisers

Directors	Caroline Silver (Independent Non-executive Chair)	Company Secretary	Sam Plant
	Alex Kanellis (Chief Executive)	Sponsor	J.P. Morgan Securities plc 25 Bank Street Canary Wharf E14 5JP
	Brandon Leigh (Chief Financial Officer)	Lawyers	Addleshaw Goddard LLP One St Peter's Square Manchester M2 3DE
	John Nicolson (Independent Non-executive Director)	Registrars	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS13 8AE
	Helen Owers (Independent Non-executive Director)		
	Jeremy Maiden (Independent Non-executive Director)		
	Tamara Minick-Scokalo (Independent Non-executive Director)		
	Dariusz Kucz (Independent Non-executive Director)		

PZ Cussons Plc

Manchester Business Park
3500 Aviator Way
Manchester M22 5TG

Part I - Letter from the Chair

24 August 2018

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

Dear Shareholder

2018 Annual General Meeting

I am pleased to be writing to you with details of our 2018 Annual General Meeting which we will be holding at Manchester Business Park, 3500 Aviator Way, Manchester, M22 5TG at 10.30am on Wednesday 26 September 2018.

The formal Notice of the AGM is set out on pages 3 to 6 of this document and contains the proposed resolutions. Explanatory notes to the business to be considered are set out on pages 5 to 6.

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

Election and re-election of Independent Non-executive Directors (Resolutions 6 to 11)

Resolutions 6 to 11 relate to the election and re-election of the Company's Independent Non-executive Directors. By virtue of the fact that certain Shareholders in the Company (principally comprising the founding Zochonis family or certain wider family groups, certain Company trusts, the Executive Directors and current or former employees) together hold approximately 53% of the Company's issued share capital, the Company must comply with 'Controlling Shareholder' obligations under the Listing Rules again this year.

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

Dividend Rectification (Resolution 18)

In the trading update issued on 14 June 2018 the Board referred to the identification of an irregularity concerning the payment of certain historic interim dividends to Shareholders. The effect of this irregularity is that, while (other than as referred to below in relation to the interim dividend paid during the financial year ended 31 May 2012) the Company held adequate reserves to cover the amount of the dividend payments, the Company had not filed with the Registrar of Companies (as required by the Companies Act 2006) additional "interim" accounts which would have demonstrated that the Company had the requisite level of distributable reserves. Resolution 18 is proposed to rectify the position.

Resolution 18 is also proposed in order to address the further irregularity arising from the fact that the interim dividend paid in the financial year ended 31 May 2012 was paid to Shareholders at a time when the Company did not hold adequate distributable reserves (although there were sufficient reserves held in subsidiaries of the Company which could have been distributed to the Company in order to provide the Company with adequate reserves).

To satisfy the steps required to achieve rectification of these irregularities, it is proposed that the Company enters into a Deed of Release effectively to waive any and all claims which the Company may have against current or former Shareholders who received the relevant historic dividends, and claims which the Company may have against the Relevant Directors and Relevant Former Directors, in each case in respect of those elements of the relevant interim dividends which were, by reason of such irregularities, technically unlawful.

Action to be taken

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

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

The Form of Proxy should be returned or, if voting by electronic means, an Electronic Proxy Instruction or CREST Proxy Instruction should be transmitted, in each case, as soon as possible and in any event so as to be received by no later than 10.30am on Monday 24 September 2018.

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

Recommendation

The Board considers that Resolutions 1 to 17 as 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.

Given the interests of the Relevant Directors in Resolution 18, the Relevant Directors have not considered whether Resolution 18 is in the best interests of the Company and did not take part in the Board's consideration of the matter.

Accordingly, the Relevant Directors cannot recommend that Shareholders vote in favour of Resolution 18, but do recommend that those Shareholders who are entitled to do so should vote on it. The remainder of the Board, being Dariusz Kucz and Tamara Minick-Scokalo, however, can and do recommend that Shareholders vote in favour of Resolution 18.

Additionally, Dariusz Kucz and Tamara Minick-Scokalo consider, the Board having been so advised by J.P. Morgan Cazenove, in its capacity as the Company's Sponsor, that (i) the waiver of claims against current or former Shareholders and against the Relevant Directors and Relevant Former Directors pursuant to Resolution 18 and (ii) the entry into the Deed of Release referred to in Resolution 18 are fair and reasonable so far as the Shareholders of the Company are concerned.

Yours faithfully,

Caroline Silver
Chair

Part II – Notice of 2018 Annual General Meeting

Notice is hereby given that the next AGM of the members of PZ Cussons Plc will be held at Manchester Business Park, 3500 Aviator Way, Manchester M22 5TG on Wednesday 26 September 2018 at 10.30am for the purposes set out below.

Resolutions 1 to 14 will be proposed as ordinary resolutions. Resolutions 15 to 18 will be proposed as special resolutions. Resolutions 6 to 11 relating to the election and re-election of the Independent Non-executive Directors will be passed only if both a majority of votes cast by the Independent Shareholders (as defined in the explanatory notes on page 5 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 2018 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 2018.
3. To declare a final dividend for the year ended 31 May 2018 of 5.61p per Ordinary Share of 1p each in the Company.
4. To re-elect G A Kanellis as a Director.
5. To re-elect B H Leigh as a Director.
6. To re-elect C L Silver as a Director.
7. To elect D Kucz as a Director.
8. To re-elect J K Maiden as a Director.
9. To elect T Minick-Scokalo as a Director.
10. To re-elect J R Nicolson as a Director.
11. To re-elect H Owers as a Director.
12. To re-appoint Deloitte LLP as the auditor of the Company.
13. To authorise the Audit & Risk Committee to fix the remuneration of the auditor.
14. 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 29 November 2019 or, if earlier, at the conclusion of the AGM of the Company to be held in 2019;
 - (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.
15. That, subject to the passing of Resolution 14 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 14 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) 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 14 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.
16. 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 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 29 November 2019 or, if earlier, at the conclusion of the AGM of the Company to be held in 2019; 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.
17. That any general meeting of the Company other than an AGM may be called on not less than 14 clear days' notice.
18. That:
 - (a) in respect of the payment of any and all interim dividends by the Company in each of the financial periods ended on 31 May 2012, 31 May 2013, 31 May 2016 and 31 May 2017 (the Interim Dividends), paid to current and former shareholders of the Company, the appropriation of distributable profits of the Company (as shown in the audited accounts of the Company for the financial period in which each such Relevant Dividend was paid) to such payment, to the extent that such payment represented, at the time at which it was made, an unlawful dividend, be and it is hereby ratified and confirmed;
 - (b) any and all claims which the Company may have in respect of the payment of any unlawful dividend, as part of any Interim Dividend, against any current or former shareholder who appeared on the register of shareholders on the relevant record date for such Interim Dividend be released and a deed of release in favour of such shareholders be entered into by the Company in the form of the deed produced to this meeting and signed by the Chairman for the purposes of identification and thereafter be delivered to the Secretary of the Company for retention on behalf of the said current and former shareholders (the Release);
 - (c) any distribution involved in the giving of the Release in relation to the unlawful element of any particular Interim Dividend be made out of the profits appropriated to the unlawful element of such Interim Dividend pursuant to paragraph (a) above by reference to a record date identical to the record date for that Interim Dividend; and
 - (d) any and all claims which the Company may have against any of its directors (both current and former) either (i) in respect of the payment of the unlawful element of any Interim Dividend or (ii) in respect of any breach of duty owed by any such director to the Company arising out of the payment of the unlawful element of any Interim Dividend be and they are hereby released and that the release in favour of the Company's directors, which forms part of the Release (as described in paragraph (b) above) be entered into by the Company through execution of the Release (which shall be retained by the Secretary of the Company also on behalf of the said directors).

Date: 24 August 2018
By Order of the Board

S P Plant
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 attend, speak and vote at this meeting is entitled to appoint another person, or two or more persons in respect of different shares held by him, as his proxy (whether a member or not) to exercise all or any of his rights to attend and to speak and vote at the meeting.
2. A member wishing to attend and vote at the meeting in person should arrive prior to the time fixed for its commencement. A member which is a corporation can only attend and vote at the meeting in person through one or more representatives appointed in accordance with section 323 of the Companies Act 2006. Any such representative should bring to the meeting written evidence of his appointment, such as a certified copy of a board resolution of, or a letter from, the corporation concerned confirming the appointment.
3. Any member wishing to vote at the meeting without attending in person or (in the case of a corporation) through its duly appointed representative must appoint a proxy to do so. A form for the appointment of a proxy which can be used for this purpose is enclosed with this document. To be valid, a hard copy Form of Proxy must be completed in accordance with the instructions which accompany it and then delivered (together with any power of attorney or other authority under which it is signed or a certified copy of such power or authority) to the Company's Registrar at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY so as to be received by no later than 10.30am on Monday 24 September 2018.
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. 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 so as to be received by no later than 10.30am on Monday 24 September 2018. Members who hold their shares in uncertificated form may use the 'CREST voting service' to appoint a proxy electronically, as explained in Notes 5 and 6 below.
5. CREST members who wish to appoint one or more proxies through the CREST system may do so by utilising the procedures described in the 'CREST voting service' section of the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed one or more voting service providers, should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
6. In order for a proxy appointment or a proxy instruction made using the CREST voting service to be valid, the appropriate CREST message must be properly authenticated in accordance with the specifications of CREST's operator, Euroclear UK & Ireland Limited (Euroclear), and must contain all the relevant information required by the CREST Manual. To be valid, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, the message must be transmitted so as to be received by the Company's 'issuer's agent' (ID 3RA50) by no later than 10.30am on Monday 24 September 2018. 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.
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 the close of business on Monday 24 September 2018 (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 Part V of this document) as at the close of business on Monday 24 September 2018 shall not be entitled to vote in respect of the separate approval of Resolutions 6 to 11 (inclusive) by Shareholders who are not Controlling Shareholders in accordance with LR 9.2.2ER (2) of the Listing Rules. Shareholders considered to be a related party of the Company in respect of the dividend rectification proposals (Resolution 18) and their associates are precluded from voting on that resolution.
10. As at 23 August 2018 (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, all carrying one vote each, and (ii) the total voting rights in the Company were, therefore, 428,724,960.
11. Each member attending the meeting has the right to ask questions relating to the business being dealt with at the meeting which, in accordance with section 319A of the Companies Act 2006 and subject to some exceptions, the Company must cause to be answered. Information relating to the meeting which the Company is required by the Companies Act 2006 to publish on a website in advance of the meeting may be viewed at www.pzcussons.com. A member may not use any electronic address provided by the Company in this document or with any Form of Proxy or in any website for communicating with the Company for any purpose in relation to the meeting other than as expressly stated in it.
12. It is possible that, pursuant to members' requests made in accordance with section 527 of the Companies Act 2006, the Company will be required to publish on a website a statement in accordance with section 528 of the Companies Act 2006 setting out any matter which the members concerned propose to raise at the meeting relating to the audit of the Company's latest audited accounts. The Company cannot require the members concerned to pay its expenses in complying with those sections. The Company must forward any such statement to its auditor by the time it makes the statement available on the website. The business which may be dealt with at the meeting includes any such statement.
13. Please note the Company takes all reasonable precautions to ensure no viruses are present in any electronic communication which it sends out but the Company cannot accept responsibility for loss or damage arising from the opening or use of any email or attachments from the Company and recommends that members and other recipients subject all messages to virus checking procedures prior to opening or use. Any electronic communication received by the Company (including the lodgement of an electronic proxy appointment) that is found to contain, or is suspected of containing, any virus will not be accepted.
14. All resolutions to be proposed at the meeting will be put to vote on a poll. This 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 the UK Corporate Governance Code, the Company proposes, as an ordinary resolution, a resolution on its annual accounts and reports for the financial year ended 31 May 2018 (2018 Annual Report and Accounts).

Resolution 2 – Approval of the Report on Directors' Remuneration

In accordance with the Companies Act 2006, the Company proposes an ordinary resolution to seek Shareholder approval of the Report on Directors' Remuneration for the financial year ended 31 May 2018. The Report on Directors' Remuneration is set out on pages 17 to 25 of the 2018 Governance & Financial Statements but, for the purposes of this resolution, does not include the part of the Report on Directors' Remuneration containing the Directors' Remuneration Policy which is set out on pages 10 to 16 of the 2018 Governance & Financial Statements. The vote on this resolution is advisory only and the Directors' entitlement to remuneration is not conditional on its being passed.

The Companies Act 2006 requires the Directors' Remuneration Policy to be put to Shareholders for approval annually unless the approved policy remains unchanged, in which case it need only be put to Shareholders for approval at least every three years. The Company is not proposing any changes to the Directors' Remuneration Policy approved at the AGM in 2017.

Resolution 3 – Declaration of a final dividend

The Directors recommend a final dividend of 5.61 pence per Ordinary Share. If approved by ordinary resolution of the Shareholders, the dividend will be paid on 4 October 2018 to Shareholders on the register as at the close of business on 10 August 2018.

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

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

Each of Resolutions 4 to 11 shall be proposed as an ordinary resolution. Biographical details of all of the Directors can be found in the 2018 Governance & Financial Statements. 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 11 (inclusive) relate specifically to the election and re-election of those Directors whom the Board has determined to be independent for the purposes of the UK Corporate Governance Code. The Company is required to comply with provisions of 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, the Executive Directors and current or former employees) are deemed to be Controlling Shareholders of the Company. As at 23 August 2018, the Controlling Shareholders held 228,635,856 shares, representing approximately 53% of the Company's issued share capital.

As a consequence, and to ensure continuing good governance, at the AGM the election and 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 and re-election of Directors other than the Controlling Shareholders (the Independent Shareholders).

Resolutions 6 to 11 (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 11 (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 11 (inclusive) is not approved by 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 AGM.

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 32 of the 2018 Governance & 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 2018 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 Group HR Director on senior executive talent management and succession planning throughout the Group. The Nomination Committee will then make any appointment recommendations to the Board of Directors. This process was followed during the year in relation to the appointments of D Kucz and T Minick-Scokalo.

Explanatory notes to the business of the Annual General Meeting continued

Resolutions 12 and 13 – Auditor reappointment and remuneration

At each meeting at which the annual reports and accounts are laid, the Company is required to appoint an auditor to serve until the next such meeting. The Audit & Risk Committee has recommended to the Board, and the Board now proposes to Shareholders at Resolution 12, the reappointment 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 13 is an ordinary resolution giving the Audit & Risk Committee the discretion to determine the auditor's remuneration.

Resolution 14 – Authority to allot shares

The Directors currently have an authority to allot shares in the Company and to grant rights to subscribe for, or convert any securities into, shares in the Company. This authority is due to expire at the AGM. The Board is seeking, by ordinary resolution, to renew that authority to provide the Directors with flexibility to allot new shares and grant rights up until the Company's next AGM 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 23 August 2018 (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 29 November 2019 or, if earlier, at the conclusion of the AGM of the Company held in 2019.

The Company held no treasury shares as at 23 August 2018.

Resolution 15 – Disapplication of statutory pre-emption rights

This is a special resolution which renews a similar power granted at last year's AGM 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 15 will permit the Board to allot Ordinary 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 23 August 2018 (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 AGMs.

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 16 – Purchase of own shares

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

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

The maximum number of Ordinary Shares which may be purchased is 42,872,496, representing approximately 10% of the Company's issued Ordinary Share capital as at 23 August 2018 (being the latest date prior to publication of this document). The authority will expire at the close of business on 29 November 2019 or, if earlier, at the conclusion of the AGM of the Company held in 2019. 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 AGMs.

As at 23 August 2018, there were no options or rights outstanding to subscribe for new Ordinary Shares.

Resolution 17 – Notice of general meetings

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

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

Resolution 18 – Dividend Rectification

The reasons for proposing this resolution are set out in the Chairman's letter on page 2 and are also described in more detail in Part III of this document.

Part III – Rectification of the Relevant Dividends and Releases

1. The Relevant Dividends

As explained in Part I, an irregularity has arisen with regard to the formalities required in connection with the declaration and payment of certain historic interim dividends. The Companies Act 2006 requires the amount of any dividend distribution to be justified by reference to relevant accounts which show the requisite level of distributable reserves. If the Company's last annual accounts do not show the necessary reserves then the Company must prepare interim accounts and, in the case of a public company, file those interim accounts with the Registrar of Companies prior to the payment of the relevant dividend. There have been four occasions within the last twelve years in which interim accounts required for that purpose by the Company were not filed with the Registrar. In one of such years, being the financial year ended 31 May 2012, the interim accounts of the Company did not show a sufficient level of distributable reserves for the interim dividend payment and thus the shortfall would have required rectification in any event.

The maximum shortfall between the element of each of these dividend payments which was compliant with the Companies Act 2006 and the actual amount which was distributed (being the unlawful elements (the Relevant Dividends)) has been calculated to be the sum set out in the table below.

Relevant Dividends		
Description	Maximum shortfall	Payment Date
2012 Interim Dividend	£3,744,554	2 April 2012
2013 Interim Dividend	£4,371,785	8 April 2013
2016 Interim Dividend	£2,336,701	4 April 2016
2017 Interim Dividend	£5,090,281	4 April 2017

2. The consequences of Relevant Dividends having been paid otherwise than in accordance with the 2006 Act

The Company has been advised that, as a consequence of the Relevant Dividends having been paid otherwise than in accordance with the 2006 Act, it may have claims against past and present Shareholders who were recipients of the Relevant Dividends and against persons who were directors of the Company at the time of payment of the Relevant Dividends.

The Board notes, however, that the Company has no intention of bringing any such claims.

3. Shareholder resolution

In order to remedy the potential consequences of the Relevant Dividends having been paid otherwise than in accordance with the 2006 Act, the Company is proposing Resolution 18, the full text of which is set out in the Notice in Part II of this document.

The resolution (which is proposed in four linked parts) asks Shareholders to: (a) approve the appropriation of the historic profits of the Company to the unlawful element of the dividend payments concerned; (b) release the current and former Shareholders from any claim by the Company for repayment of any such unlawful element received by them; (c) treat any such release as being equivalent to the unlawful element of the dividend that was originally paid, and (d) release the current and former directors from any liability to the Company in respect of the payment of the Relevant Dividends or any associated breach of their duties in that regard. The purpose of the resolution is to put past and present Shareholders, Relevant Directors and Relevant Former Directors into the position in which they were always intended to be had the interim dividends in the relevant years been paid fully in accordance with the requirements of the 2006 Act.

The approach that the Company is proposing by way of Resolution 18 is consistent with the approach taken by other UK incorporated companies whose shares are admitted to the UK Listing Authority's Official List and to trading on the Main Market of the London Stock Exchange and who have also made distributions otherwise than in technical compliance with the 2006 Act.

4. Authorisation of the appropriation of the Company's distributable profits

The approach that the Company is proposing involves the authorisation of the appropriation of the distributable profits of the Company (as shown by the audited accounts of the Company for the relevant financial years) to the payment of the Relevant Dividends. As a matter of common law, it is necessary for the appropriation of distributable profits to be approved by shareholders.

This will not, however, have any effect on the Company's financial position. This is because the Relevant Dividends are equal to and offset by the release of each Recipient Shareholder

(by the Deed of Release) from the liability to repay the unlawful element of any amount already paid by way of interim dividend in financial years 2012, 2013, 2016 and 2017 and the Company will not be required to make any further payments to Shareholders in respect of such interim dividends.

5. The Deed of Release

Under the Company's Articles of Association, it is necessary for Shareholders to approve the Company's waiver of any rights of the Company to make claims against the Relevant Directors, the Relevant Former Directors and the personal representatives (and their successors in title) of any deceased Relevant Former Directors in respect of the Relevant Dividends, since the Board would itself have a potential conflict of interest in approving such a waiver. This is because members of the Board are named as beneficiaries of the waiver.

The Company has been advised that it is also preferable for Shareholders to approve the Company's release of those past and present Shareholders who received the Relevant Dividends as such release will, insofar as those persons remain shareholders of the Company, comprise a shareholder distribution.

Both of these releases will be formalised by the execution by the Company of the Deed of Release proposed to be approved by Shareholders under Resolution 18.

The entry by the Company into the Deed of Release, so as to release the Relevant Directors, Relevant Former Directors and Recipient Shareholders from any liability, will not have any effect on the Company's financial position. This is because the Company has not recorded or disclosed the potential right to make claims against Recipient Shareholders or past or present directors as assets or contingent assets in its financial statements. Therefore, the Company's entry into the Deed of Release will not result in the creation of any accounting provisions, any decrease in the Company's net assets or any decrease in the level of its distributable reserves.

7. Related party transactions

Certain Shareholders are considered by the Listing Rules to be related parties of the Company. The release by the Company of potential claims against these Shareholders, and against the Relevant Directors and Relevant Former Directors, constitute related party transactions (as defined in the Listing Rules). However, due to the transactions falling within the parameters outlined in Listing Rule 11.1.10R (by virtue of the maximum aggregate shortfall described in the table above being not more than £15,543,321), modified requirements apply under the Listing Rules and, accordingly, specific approval of these related party transactions by Shareholders is not required.

8. The tax position of UK Shareholders

It is the Company's expectation that, based on the approach that HM Revenue & Customs (HMRC) is understood to have adopted to the circumstances surrounding the payment of corporate distributions otherwise than in technical compliance with the 2006 Act by other UK incorporated companies whose shares are admitted to the UK Listing Authority's Official List and to trading on the Main Market of the London Stock Exchange, the tax position of UK Shareholders will not be affected by any technical irregularity in relation to the relevant interim dividends. Therefore, based on such approach, the Company does not expect the passing of Resolution 18 to have an effect on the UK tax position of such Shareholders.

9. The tax position of non-UK Shareholders

It is similarly not expected that the passing of Resolution 18 should have an effect on the tax position of US Shareholders, although the Company has not and does not intend to seek confirmation from the Internal Revenue Service.

If any US or other non-UK resident Shareholder has any doubts about his or her tax position, he or she should consult with an independent professional adviser.

10. Other information

A copy of the final form of the Deed of Release is available on the Company's website www.pzcussons.com/en_int/news/investor and in hard copy during normal business hours on any day (except for Saturdays, Sundays and bank or public holidays) at the registered office of the Company and at the offices of Addleshaw Goddard LLP, Milton Gate, 60 Chiswell Street, London EC1Y 4AG up to the time of the Annual General Meeting. Copies will also be available at the place of the Annual General Meeting until the conclusion of the Annual General Meeting.

Part IV – Definitions

2006 Act	means the Companies Act 2006
AGM	means the annual general meeting
Board	means the board of Directors
Company	means PZ Cussons plc
Controlling Shareholder	means 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
CREST	means the paperless settlement procedure operated by Euroclear enabling system securities to be evidenced otherwise than by certificates and transferred otherwise than by written instrument
CREST Manual	means the rules governing the operation of CREST as published by Euroclear
Deed of Release	means a deed of release by which the Company waives any rights to make claims against the Relevant Directors, Relevant Former Directors and Recipient Shareholders in respect of the Relevant Dividends
Directors	means the Executive Directors and the Independent Non-executive Directors
Executive Directors	means Alex Kanellis and Brandon Leigh
Financial Conduct Authority or FCA	means the Financial Conduct Authority of the United Kingdom
Form of Proxy	means the form of proxy enclosed with this document for use by Shareholders in connection with the Annual General Meeting
FSMA	means the Financial Services and Markets Act 2000, as amended
HMRC	means Her Majesty's Revenue & Customs
Independent Non-executive Directors	means John Nicolson, Caroline Silver, Helen Owers, Jeremy Maiden, Tamara Minick-Scokalo and Dariusz Kucz
Interim Dividends	means the interim dividends paid by the Company on the dates which are set out in paragraph 1 of Part III of this document
Listing Rules	means the listing rules made by the FCA under Part VI of FSMA (as set out in the FCA Handbook), as amended
Notice	means the Notice of Annual General Meeting set out in Part II of this document
Ordinary Shares	means the ordinary shares of £0.01 each in the capital of the Company
Recipient Shareholder	means a current or former shareholder of the Company who appeared on the register of members on the record date for one or more of the Relevant Dividends
Relevant Directors	means Alex Kanellis, Brandon Leigh, John Nicolson, Caroline Silver, Helen Owers and Jeremy Maiden
Relevant Dividends	means such elements of the Interim Dividends as were unlawful by reason of irregularities under the 2006 Act
Relevant Former Directors	each director of the Company who is not a Relevant Director but who was in office at a time when an Interim Dividend was distributed to Shareholders
Shareholders	means the shareholders of the Company