BUILDING BRANDS FOR LIFE. TODAY AND FOR FUTURE GENERATIONS.

PZ Cussons plc / Annual Report and Accounts 2024

FOR EVERYONE, FOR LIFE, FOR GOOD.

Summary of Financial Performance

Financial performance in FY24 has been materially impacted by the devaluation of the Nigerian Naira which commenced in June 2023.

Revenue

£527.9m

2024	**£527.9m**
2023	£656.3m
2022	£592.8m

Revenue growth – Statutory

(19.6)%

2024	**(19.6)%**
2023	10.7%
2022	(1.7)%

LFL revenue growth[1]

4.4%

2024	**4.4%**
2023	6.1%
2022	2.9%

Operating margin – Statutory

(15.9)%

2024	**(15.9)%**
2023	9.1%
2022	11.1%

Operating margin – Adjusted[1]

11.0%

2024	**11.0%**
2023	11.2%
2022	11.3%

Net (debt)/cash

£(115.3)m

2024	**£(115.3)m**
2023	£5.7m
2022	£(9.8)m

Dividend per share

3.60p

2024	**3.60p**
2023	6.40p
2022	6.40p

Basic (loss)/earnings per share – Statutory

(13.60)p

2024	**(13.60)p**
2023	8.70p
2022	11.88p

Adjusted basic earnings per share[1]

8.02p

2024	**8.02p**
2023	11.23p
2022	12.57p

1 Alternative performance measures are explained and reconciled to the most directly comparable financial measure prepared in accordance with IFRS on pages 206 to 209.

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Read our report online
www.pzcussons.com/investors

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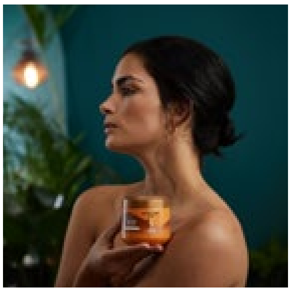
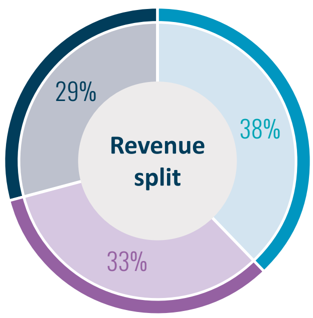


See Key Performance Indicators on **page 16**

HOW WE REPORT

We currently report the activities of our business across three operational segments, described right:

Europe and the Americas
Asia Pacific
Africa



A Word from our Chair

DEAR SHAREHOLDER

I am pleased to present the Annual Report for PZ Cussons for the year ending 31 May 2024.

The Group was badly affected by the steep decline in the value of the Naira, the Nigerian currency, falling by 70% against Sterling over the course of the twelve months. Despite significant profit growth in the UK and some other parts of the Group, we are therefore setting out a disappointing set of results in the pages which follow. Earnings per share declined substantially and we therefore intend to reduce the annual dividend by 44%.

During the year, the Board carried out a detailed strategic review. As a result of this, we announced a plan to focus our portfolio on fewer activities – those where we can be most competitive. We believe that this will maximise shareholder value in the years ahead.

FY24 performance

In my Chair's Statement this time last year, I warned about the serious effect of the devaluation of the Naira on the Company. Since then, it has fallen further. This has been by far the most significant challenge we have faced in the last twelve months, especially as Nigeria has been one of the Group's largest markets for many years.

This devaluation has put enormous pressure on the Nigerian consumer and on our business in Nigeria. It has also put pressure on the Group's financial position because of the high levels of cash held in Naira, the value of which declined greatly with the devaluation. The cash had been left in Naira because of the barriers in place in Nigeria to inhibit overseas companies returning profits and dividends to their parents. The devaluation reduced the value of the Group's cash by £140 million.

The executive team has worked tirelessly in the year to find effective means to reduce the Group's future exposure to the Naira. It has also found ways to repatriate cash from Nigeria which has helped us to pay down the Group's gross debt. There is now minimal surplus cash in Nigeria.

This issue has naturally been a major focus for the Board throughout the year. It remains firmly in our minds today as the Naira has weakened further over recent months.

"During the year, the Board carried out a detailed strategic review which we believe will maximise shareholder value in the years ahead."

David Tyler
Chair

Outside Nigeria, however, we made progress against the strategic priorities we set out at the start of FY24. I have been particularly pleased to see the growth of revenue and profit in our UK personal care business which benefited from new leadership and from organisational changes announced part way through the year. Childs Farm continues to make good progress and our Australian business out-performed expectations, growing its profit materially in FY24.

Maximising shareholder value through portfolio transformation

The Board's main objective is to maximise long-term shareholder value. In the light of this year's results, we have spent significant time deliberating on what our optimal portfolio for the future should be, and vigorously debating the alternatives. As a result, we have agreed to focus the Group on fewer activities – those where we have the potential for competitive advantage in markets which can be expected to grow. So, we announced in April the planned sale of St.Tropez and a strategic review of our Africa portfolio.

St.Tropez is a very attractive brand with enormous growth potential. However, we believe that these opportunities would be better captured under alternative ownership and a sales process is therefore now well under way.

Our portfolio in Africa is complex and so we are evaluating strategic options both to reduce risk and to maximise shareholder value. There is no pre-determined outcome but, having received expressions of interest from a number of parties, the Board is now exploring transactions that could lead to the partial or full sale of our African business.

The aim with both of these processes is to transform PZ Cussons into a business with a more focused portfolio, delivering sustainable, profitable growth. We plan to use any proceeds initially to pay down debt. Beyond that, we plan to invest organically in the business to enhance performance and to look in a disciplined way at potential acquisitions of brands or businesses which fit closely with our future more focused activities. We will update investors in due course about progress in executing this strategy.

Directorate changes

Jeremy Townsend stepped down from the Board of PZ Cussons in February to focus on his executive responsibilities and I would like to thank him for his contribution to the Company. Over his four years on the Board, Jeremy was a strong and effective Non-Executive Director and we are grateful for his chairmanship of the Audit and Risk Committee.

In May, we were delighted to welcome Vivek Ahuja to the Board as a Non-Executive Director and as Chair of the Audit and Risk Committee. He brings a wealth of experience from his extensive career in senior financial and general management roles in international financial services and private equity. He is already making a significant contribution to the Board and the wider business.

In addition, I would like to express my gratitude to John Nicolson who has decided to stand down from the Board at our AGM on 21 November 2024. John has been a Director for eight and a half years and our Senior Independent Director for nearly all of that time. His wisdom and his courtesy have made their mark to great effect around the Board table over the years and the Company has benefited from his long experience at international fast-moving consumer goods companies.

We have decided not to bring another Non-Executive Director onto the Board to replace John at present, preferring instead to wait for our planned strategic changes to progress before deciding what additional skills will be most important for the Board in the coming years. However, we have decided that Vivek Ahuja will be appointed as our new Senior Independent Director on John's retirement. I look forward to working closely with him.

Finally, on behalf of the Board, I would like to thank all our colleagues very much for their skill and hard work in what has been a challenging year. I would also like to thank our customers, suppliers, shareholders and other stakeholders for their partnership and trust in PZ Cussons.

David Tyler
Chair

PZ Cussons at a Glance

WE ARE A BRANDED CONSUMER GOODS BUSINESS.

With 140 years of heritage, we employ over 2,500 people across our operations in Europe, North America, Asia Pacific and Africa. Since our founding in 1884, we have been creating products to delight, care for and nourish consumers. We are building on these foundations with our strategy and business transformation, as we look to the future.

£527.9m
Revenue in FY24

4.4%
LFL revenue growth[1] in FY24

2,500+
Employees

140 years
Of heritage

4
Priority markets

Locally-loved brands

We see our brands as being 'locally-loved', solidifying their market presence by using local knowledge and customer relationships to compete against global rivals. Simultaneously, we capitalise on our global capabilities, efficiencies and best practices to out-perform domestic operators.

It is this approach that positions our business not as multi-national, but as 'multi-local'.

Across these markets, our Must Win Brands, and the majority of our Portfolio Brands, are centred around the three core categories of Hygiene, Baby and Beauty.

Must Win Brands (51% of FY24 revenue)[2]

- Competitive brand investment levels
- Strong innovation pipeline
- Focus for commercial capabilities
- Validated, repeatable growth wheel
- Robust and regular management review.

Portfolio Brands (49% of FY24 revenue)[2]

- Brilliant execution
- Clear role for each brand
- Resources tailored to specific role
- Incubator support for brands with further potential.

1 Alternative performance measures are explained and reconciled to the most directly comparable financial measure prepared in accordance with IFRS on pages 206 to 209.
2 Excluding Group central revenue.

Our Markets in Focus

FY24 revenue split

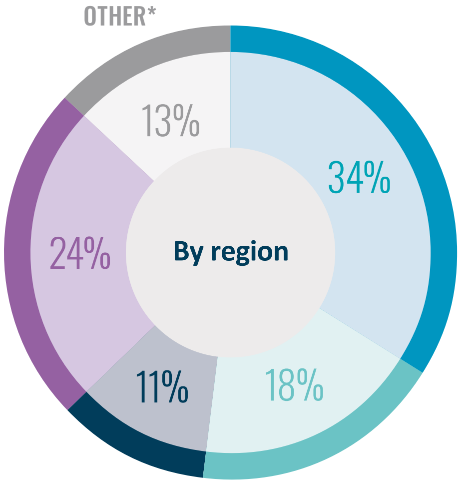
Our priority markets are:

UK Nigeria Indonesia Australia/New Zealand

The majority of our brands operate in these four markets.

NIGERIA
Strong footprint in Family Care with joint venture partnerships in Electricals and Edible Oils

INDONESIA
Leading toiletries brand with Cussons Baby



UK
Leading positions in Washing and Bathing, with strong distribution and in-house manufacturing

ANZ
Leading Homecare and Baby Food brands, focused on Australia's two leading grocers

Trends affecting our business

Macro-economic environment

Changing economic conditions drive near-term trading performance

A number of our markets have seen challenging macro-economic conditions during FY24. Most notably, Nigeria in June 2023 experienced a devaluation of its currency, the Naira. In addition to creating inflationary pressures in the market, this has had a material impact on the translation of the Group's reported results.

Developing markets

Africa and Indonesia are expected to benefit from long-term growth

Notwithstanding short-term volatility and disruption as noted above, we see long-term opportunities in our developing markets. Nigeria, for example, is expected to see its population double by 2050, becoming the world's third most populous country, trailing only China and India.

Channel disruption

Changing consumer buying habits have implications for our route-to-market strategy

Across a number of our markets, we are seeing changes to the way in which consumers search for, and purchase, goods. In developed markets, consumers are increasingly buying online, frequently having learned about products and offerings through digital media. While in developing markets, we are seeing a shift as consumers move towards supermarkets and modern retail and away from the legacy markets and traditional trade.

Sustainability

Evolving stakeholder expectations create a number of commercial risks and opportunities

Consumers now have higher expectations for the brands they buy and the companies behind them. They are actively seeking reassurance regarding ethically sourced ingredients, absence of harsh chemicals and environmental hazards, as well as a guarantee that products are cruelty-free. Additionally, consumers are becoming more conscious of packaging choices, favouring recycled and recyclable materials over virgin plastic.

Technology

Rapidly changing technologies can offer risks and opportunities and drive investment choices

Technological change is ever present and we continue to see a significant rise in the use of generative Artificial Intelligence (AI). While it remains early days, the technology could have profound implications for many aspects of our business, creating efficiencies and requiring new ways of working.

* Other revenue primarily relates to our operations in the US, Ghana and Kenya, and other markets accessed through distributors.

FY24 A Year in Review

OUR STRATEGY AND PROGRESS.

Introduction

In March 2021, we set out our strategy: 'Building brands for life. Today and for future generations.' We defined where we will play, focusing on the core categories of Hygiene, Baby and Beauty in our four priority markets of the UK, ANZ, Indonesia and Nigeria, with a particular focus on our Must Win Brands. Underpinning this strategy, our growth will be enabled by strengthening our approach to capabilities, talent and leadership, culture and sustainability. Running through everything we do is a drive to dramatically reduce complexity across our business.

BUILD BRANDS
Investing in our brands to drive awareness and consumer loyalty.

SERVE CONSUMERS
Winning where the shopper shops.

REDUCE COMPLEXITY
Simplifying our operations and portfolio to improve returns and reduce risk.

DEVELOP PEOPLE
Investing in our teams to strengthen capabilities.

GROW SUSTAINABLY
Acting in the right way for long-term growth.

Our progress

Throughout the year, we made good progress across the key focus areas of our strategy.

AUG 2023

DEVELOP PEOPLE

A new people strategy

We established a new people strategy to enable us to attract, grow and retain talented people at PZ Cussons. As part of this, we created an extended leadership team called 'PZ Pioneers'- a group of around 50 of our most senior leaders who report to our Executive Committee with a mission to drive business performance and employee engagement. We have also renewed our commitment to Diversity, Equity and Inclusion to ensure that our employees feel a part of, and reflect, the communities that we serve.

Read more on **page 22**

SEP 2023

BUILD BRANDS **GROW SUSTAINABLY**

Brand specific sustainability plans

We developed tailored sustainability plans for brands such as Sanctuary Spa and Original Source, with a narrative that is intimately linked to each brand purpose. As part of this, a packaging 'future plan' was designed for our UK and Ireland and ANZ business units, with prioritised upstream technologies and other changes that will allow us to meet our corporate packaging-related goals by 2030.

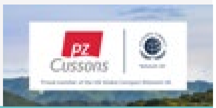
Read more on **page 32**

DEC 2023

GROW SUSTAINABLY

Joining the UN Global Compact

In December 2023, we joined the UN Global Compact, which helps us to validate and showcase progress in our Environmental and Social Impact programme. The UN Global Compact is the largest corporate sustainability initiative in the world and a voluntary leadership platform to align business strategy and operations with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption.



Read more on **page 28**

FEB 2024

REDUCE COMPLEXITY BUILD BRANDS

Simplifying our business and investing in capabilities

As part of our continued effort to transform the capabilities of the Group, we have made a fundamental change to our organisational structure as we reorganise and simplify our UK business while strengthening our overall Group brand-building and innovation capabilities. Firstly, we have merged our UK Personal Care and Beauty business units into one UK and Ireland (UKI) business unit. The change will drive significantly greater scale and faster decision-making, with one team and one 'face to the customer'. Secondly, we have created a Growth Markets business unit, and we are strengthening further our brand-building capabilities, particularly behind our brands with the most growth potential.

Read more on **pages 11 to 12**

FEB 2024

SERVE CONSUMERS BUILD BRANDS

Reaching underserved consumers

Charles Worthington launched a new innovation, called MenoPlex. This is a range of four products, developed and tested on perimenopausal and menopausal women. With 87% of menopausal women feeling overlooked by brands according to the Gen M Invisibility report[1], these products help to strengthen hair and its density. Our commitment to supporting underserved consumers was demonstrated by us being the first haircare brand to partner with Gen M and to proudly display the 'M Tick' on the packaging.

FEB 2024

GROW SUSTAINABLY

Reducing our impact on the environment

Our commitment to sustainability is reflected in the robust governance structure we have established for managing Scopes 1 and 2 emissions, water and waste in the last decade. In FY24, we have made solid improvements in measuring our Scope 3 emissions as an annual practice, being able to calculate and verify our FY21 baseline with an improved methodology, and our FY23 inventory. This builds on our robust climate plan and improved performance in our CDP submission, progressing our score in 2023 compared to 2022.

Read more on **page 33**

MAR 2024

BUILD BRANDS

Making handwashing fun

Carex launched a three-year partnership with Magic Light Pictures, the licence owner of the much-loved picture book *The Gruffalo*, to help combat the spread of germs amongst children. Half of UK parents surveyed[2] think making handwashing more fun will encourage children to improve their hand hygiene. This hand wash uses artwork from the popular children's book on its packaging, featuring a bright purple colour, a nod to the iconic 'purple prickles' from the Gruffalo's back.

MAR 2024

DEVELOP PEOPLE

Diversity, Equity and Inclusion

We have a diverse and experienced Board. The Board comprises eight Directors, three of whom are women. We have three minority ethnic Directors, well ahead of the Parker Review target of at least one.

Read more on **page 26**

1 Further information regarding the Gen M invisibility report can be found on their website www.gen-m.com.

2 Research commissioned by PZ Cussons and conducted by Toluna. A survey of 151 UK parents concluded that almost half (42%) think making handwashing more fun will encourage handwashing amongst children.

FY24 A Year in Review continued

APR 2024

REDUCE COMPLEXITY

Maximising shareholder value through portfolio transformation

In April, following a strategic review of our brands and geographies, we announced our decision to refocus our PZ Cussons portfolio on where the business can be most competitive and where it can create most value for shareholders. We announced our intention to sell the St.Tropez brand, and that we were exploring strategic alternatives for our Africa business.

FY24

SERVE CONSUMERS | BUILD BRANDS

Recruiting the next generation of parents in Indonesia and Nigeria

In Indonesia, our innovative, new Cussons Baby Minyak Telon Plus range can be used at all stages of a baby's development and incorporates Telon Oil, which is ingrained in Indonesian culture thanks to its calming properties and mosquito protection.

In Nigeria, our Cussons Baby brand has driven demand through a hospital programme, focusing on partnerships with hospitals and healthcare professionals and educating and reassuring over 800,000 pregnant and new mums around the country.

FY24

SERVE CONSUMERS

Geographic expansion

Childs Farm is disrupting the baby category in multiple markets with unique selling points. In FY24, we saw double-digit growth on Amazon in the US. By November 2023, the brand became the fastest growing baby brand in the portfolio of Germany's leading pharmacy chain, drogerie markt (dm), with over 200 four- or five-star reviews in the first three months of launch.

The brand is launching in Al Nahdi, the number one pharmacy chain in Saudi Arabia alongside our presence in Boots International; and with Rossman and dm, the brand also launched in the Czech Republic, Iceland and Malta and in BIPA stores in Switzerland.

Original Source launched in Spain in FY23, and FY24 has seen a number of fun and disruptive campaigns to drive awareness and trial. In Germany and Poland, the brand is innovating with new, sweet fragrances to suit regional preferences.

Imperial Leather launched in Thailand, expanding into the premium herbal and health segment with new bar soaps, and also targeting younger consumers in collaboration with local influencers and fashion brands.

FY24

BUILD BRANDS

A brand for all seasons

Stella, the largest brand in our Family Care business in Nigeria, is a moisturising jelly that is used in the dryer north of the country and particularly during the Harmattan dry season. In FY24, we worked to 'de-seasonalise' trading and communicate wider usage occasions for our consumers by emphasising the benefit of daily moisturisation and targeting 5,000 stores in prominent open markets.

FY24

SERVE CONSUMERS

Driving value for consumers

Following the launch of Cussons Creations in May 2022, the brand continues to perform well, delivering to its brand positioning of 'A little fun, a lot of value', and had the fastest volume growth in the Washing and Bathing category. This growth has come from serving more consumers – with distribution gains and good product development, including 'Mallow Magic', and a focus on seasonal events such as Christmas with 'Dachshund through the snow' and 'Driving Gnome for Christmas' trends. The brand is also starting to move into adjacent categories, with the launch of Gifting SKUs and plans in place to enter the Kid's Haircare category.

FY24

BUILD BRANDS

A locally-loved brand in ANZ

Radiant laundry detergent launched in Australia in 1988. As a locally-loved brand, Radiant has been steadily growing market share in recent years and is one of the most trusted laundry detergent brands in the category. Radiant sales have grown more than 50% over the past two years; brand growth has been fuelled by a major re-stage including optimisation of pack price architecture, evolved promotional programmes and a focus on innovation. Of note has been the recent launch of Radiant into the fast-growing Capsules segment. Radiant is now the number three brand used by one in seven ANZ households.

Chief Executive's Review

TRANSFORMING PZ CUSSONS.

INTRODUCTION FROM OUR CHIEF EXECUTIVE OFFICER

Four years ago, we embarked upon a multi-year journey to transform PZ Cussons – a company with inherently strong brands, excellent people and attractive underlying markets and categories. We defined our strategy by focusing on the core categories of Hygiene, Baby and Beauty in our four priority markets: the UK, ANZ, Indonesia, and Nigeria. We have been prioritising spending on those brands where we see the greatest opportunity for return on investment: our Must Win Brands. Underpinning this strategy, our growth is enabled by strengthening our capabilities, talent, leadership, culture, and our approach to sustainability. Running through everything we do is a drive to reduce complexity across our business. As such, we have summarised our strategy around five choices: Build Brands, Serve Consumers, Reduce Complexity, Develop People and Grow Sustainably.

Over this time, we have come a long way. We have strengthened our brands, re-energised and professionalised the organisation, and raised the bar on performance. Nevertheless, our FY24 reported results fell short of our initial expectations, primarily due to the macroeconomic developments in Nigeria, which, as we indicated last year, would significantly affect our results. The 70% currency devaluation[1] over the course of the financial year has, therefore, caused a significant impact not only on our local business but also on the profitability and financial position of the Group.

Against this backdrop, our efforts have been focused on our strategic priorities for FY24, which are detailed below. We have, therefore, sought to address our challenges and opportunities head-on. In particular, we have made good progress in strengthening and simplifying our operations in Nigeria to the point where the business no longer relies on lending from the Group to provide it with US Dollars. There is now minimal surplus cash in Nigeria following the repatriation of cash to the UK.

1 Reference to devaluation is based upon 31 May 2023 to 31 May 2024.

> "We remain confident in the long-term potential for PZ Cussons as a business with stronger brands in a more focused portfolio, delivering sustainable, profitable growth."

Jonathan Myers
Chief Executive Officer

LFL revenue growth[1]

+4.4%

Cash repatriated from Nigeria

c.£50m

Recycled, reusable or compostable packaging

85.6%

As we announced in April 2024, there is much more to do to deliver a transformation of PZ Cussons and unlock the full potential of the business. Despite the progress already made in reducing complexity – both in terms of our portfolio footprint and operations – the Group remains too complex for its size. Resource is spread too thinly to generate consistently high returns and we cannot always fully benefit from competitive advantages where we have them. There is a significant opportunity for the Group to out-compete both larger multinational players and smaller local players by concentrating on a strong portfolio of locally-loved brands with operations focused in markets where we can leverage our existing infrastructure, such as manufacturing or commercial capabilities. However, there is only so much that can be achieved within the framework of our existing portfolio, which spans multiple markets and categories. To this end, the disposal of St.Tropez is progressing and we are now considering a partial or full sale of our African business, having received expressions of interest from a number of parties.

We remain confident in the long-term potential for PZ Cussons as a business with stronger brands in a more focused portfolio, delivering sustainable, profitable growth.

On behalf of the Board, I would like to thank the PZ Cussons teams for their continued energy and tenacity amidst challenging conditions and our suppliers and customers for their valued partnership.

Delivering against FY24 strategic priorities

Throughout the year, we made good progress across the year's strategic priorities:

#1: Further simplifying and strengthening Nigeria

A major focus for the Group throughout the year has been foreign exchange and cash management activity in Nigeria. We have reduced our requirements for foreign currency whilst expanding and diversifying our access to US Dollars so we can repatriate cash from Nigeria and repay UK borrowings. In doing so, we have been able to reduce gross borrowings and limit the impact of further currency devaluation. Specifically, we have repatriated approximately £50 million over the course of the year, resulting in minimal surplus cash in Nigeria as at the end of the year. Critically, the business will effectively be self-funding going forward, with little reliance on Group lending.

We have been focused on strengthening the operations of the Nigerian business, and given the number of competitors exiting the market, there have been opportunities for market share gains.

In addition, during the year, we identified more non-trading assets in Nigeria to be divested. We expect these assets to be sold during the course of FY25 and proceeds will be repatriated to the UK and used to reduce gross debt further.

Our plans to de-list and buy out minority shareholders of our Nigerian-listed entity were paused during the year, in part as a result of the Group's broader portfolio transformation plans, announced in April 2024.

1 Alternative performance measures are explained and reconciled to the most directly comparable financial measure prepared in accordance with IFRS on pages 206 to 209.

Chief Executive's Review continued

#2: Returning the UK to sustainable, profitable growth

Our UK Personal Care business has performed very strongly in FY24 with double-digit revenue growth and a significant margin improvement. This performance is the result of a strengthened leadership team and a more determined focus on building back core executional capabilities. We are more disciplined now in focusing on the right brands, in the right sizes, in the right channels at the right prices. We have seen particular success with Original Source – growing revenue by over 20% and reaching its highest-ever levels of household penetration. There has been successful Revenue Growth Management (RGM) activity across the portfolio, and continued success with the re-staging of Imperial Leather and the launch of Cussons Creations. Carex also returned to growth for the year as a whole, supported by its successful collaboration with the Gruffalo and the launch of the 1-litre refill packs.

Looking ahead, there remains further opportunity to regain previous profitability levels in our UK Personal Care business and we are working to improve the performance of our other UK brands, such as Sanctuary Spa, Charles Worthington, and Fudge, which have previously been managed as part of our Beauty business unit.

#3: Driving further expansion from the core

We have had continued success with Childs Farm during the year, which reported its second year of double-digit revenue growth. In addition, we have seen further growth in distribution, with successful international launches in the year. In the US, we continued to build our position with Amazon, and in August 2024, we launched the brand in Wegmans, a premium grocery chain, through its online and in-store offerings. In Germany, the brand was launched via dm – a major retailer – and our Sleep Mist product became the number one online SKU within the category in dm.

Original Source in Spain continues to develop, and during the year we extended our distribution in one of largest hypermarkets in Spain, Carrefour.

#4: Continuing to transform capabilities

We continue to strengthen the business's capabilities to support our growth plans. During the year, we made a significant change to simplify our organisational structure, allowing us to strengthen our UK businesses while improving brand-building capabilities and strengthening growth plans across the Group.

Firstly, having previously operated as two separate business units, with two leadership, two commercial and two support teams, we have made good progress in combining our UK Personal Care and Beauty businesses. With one combined leadership team and one 'face to the customer,' we anticipate benefits from greater scale and faster, more efficient decision-making. We have already seen some benefits emerge as we combine shelving space at key retailers and leverage the UK Personal Care commercial execution with Beauty influencer and digital media expertise.

Secondly, we have taken further steps to strengthen brand-building team capabilities under Paul Yocum, previously Managing Director of Business Development, in the new role of Chief Growth and Marketing Officer. The organisational changes will lead to greater consolidation of central R&D and innovation resources which will allow us to evaluate opportunities more effectively and provide better support to our Business Units. This will enable us to leverage the benefits of centralising certain activities while retaining the local insights our multi-local portfolio footprint can provide.

Growing sustainably

We are making good progress towards becoming a more sustainable business. Key achievements in FY24 included:

- A 42.8% reduction compared to baseline in Scopes 1 and 2 carbon emissions (FY23: -0.3%)
- A 9.2% reduction in virgin plastic compared to baseline (FY23: -7.8%)
- 85.6% packaging is now recyclable, reusable or compostable (FY23: 84.4%).

We have decided to strengthen our commitment to sustainability by joining the UN Global Compact, the largest corporate sustainability initiative in the world. By becoming a participant, we have committed to aligning our strategy and operations with the UN's Ten Principles for human rights, labour, environment, and anti-corruption. We will also commit to submitting an annual Communication on Progress report.

FY25 priorities

FY25 is set to be a year of significant change for PZ Cussons. We are specifically focused on three priorities to support our transformation:

1. drive our businesses in the UK, ANZ and Indonesia;
2. strengthen our brand-building capabilities and embed our new operating model; and
3. deliver the portfolio transformation to maximise shareholder value.

Jonathan Myers
Chief Executive Officer

18 September 2024


MORNING FRESH
+botanics
refill
SUPERIOR GREASE CUTTING POWER
PUSHING FOR A GREENER FUTURE

Business Model

WE BUILD BRANDS ENABLING US TO CREATE VALUE FOR ALL OUR STAKEHOLDERS.

Our competitive advantage

Our strength is in being a multi-local rather than multi-national business, with the level of focus, experience and dedication to our priority markets that this brings.

Our brands

High-quality, trusted and well-loved brands

Our people

Diverse, skilled and passionate employees. Leaders at all levels

Our infrastructure

World-class manufacturing and distribution capabilities in selected geographies

Our stakeholders

Close working relationships with customers, consumers, suppliers and communities

Our financials

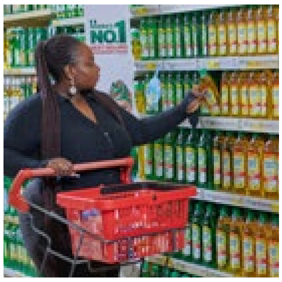
Strong balance sheet reflecting our disciplined financial approach

What we do

We are a branded consumer goods business.

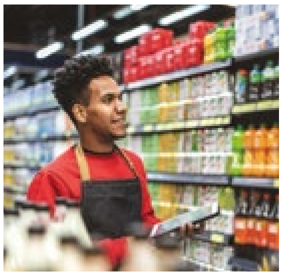
Trial and loyalty

Delight consumers through the use of our products



Sales and distribution

Establish customer partnerships and channels to deliver our products to wherever our shoppers shop



Advertising and marketing

Invest in multi-channel advertising and marketing campaigns to connect with consumers and build memorable, trusted and well-loved brands

All underpinned by our purpose, culture, values, governance and ethics

The value we create

Our business model creates shared, sustainable value for all our stakeholders.

Insight and innovation

Obtain insights into current consumer needs and longer-term trends. Through continuous innovation, use these insights to continuously develop brands and products that consumers want and desire

Sourcing and manufacturing

Service consumer demand by sourcing ethically-responsible raw materials and manufacturing them into high-quality finished products, either in our own world-class facilities or through carefully-selected, trusted third-party supplier relationships

FOR CONSUMERS

Innovative, high-quality and trusted brands

FOR CUSTOMERS

Our retail partners and customers benefit from selling our leading brands

FOR EMPLOYEES

Engaged teams and relationships, training and development opportunities and a supportive culture and values

FOR INVESTORS

A plan to transform PZ Cussons into a business with a more focused portfolio and stronger brands, delivering sustainable, profitable growth

FOR SOCIETY

Community and charitable initiatives linked to our priority markets

FOR THE ENVIRONMENT

Sustainability at the heart of what we do. Sustainable sourcing practices on plastic, paper and palm oil; for better products and reduced carbon emissions, water use and landfill waste; for better operations

Key Performance Indicators

HOW WE MEASURE OUR PERFORMANCE.

FINANCIAL KEY PERFORMANCE INDICATORS

Financial performance in FY24 has been materially impacted by the devaluation of the Nigerian Naira which commenced in June 2023.

Revenue growth

Revenue growth allows management and investors to measure our relative performance. Sustainable revenue growth is a key strategic ambition.

Revenue growth – Statutory

(19.6)%

2024	**(19.6)%**
2023	10.7%
2022	(1.7)%

LFL revenue growth[1]

4.4%

2024	**4.4%**
2023	6.1%
2022	2.9%

Profit margin

Profit margin allows management and investors to determine our relative performance.

Operating margin – Statutory

(15.9)%

2024	**(15.9)%**
2023	9.1%
2022	11.1%

Operating margin – Adjusted[1]

11.0%

2024	**11.0%**
2023	11.2%
2022	11.3%

Basic (loss)/earnings per share

Basic earnings per share provides management and investors with a key indicator of value enhancement to shareholders.

Basic (loss)/earnings per share – Statutory

(13.60)p

2024	**(13.60)p**
2023	8.70p
2022	11.88p

Adjusted basic earnings per share[1]

8.02p

2024	**8.02p**
2023	11.23p
2022	12.57p

Dividend per share

Dividend payments allow investors to receive a cash return on their investment in PZ Cussons plc. Dividend growth is a key indicator in terms of tangible return to shareholders.

3.60p

2024	**3.60p**
2023	6.40p
2022	6.40p

Net (debt)/cash

Net debt is an indicator of the overall debt position and a way to evaluate the financial strength of the Group.

(115.3)m

2024	**£(115.3)m**
2023	£5.7m
2022	£(9.8)m

1 Alternative performance measures are explained and reconciled to the most directly comparable financial measure prepared in accordance with IFRS on pages 206 to 209.

NON-FINANCIAL KEY PERFORMANCE INDICATORS

Our sustainability key performance indicators embody our ongoing commitment to key strategic priorities, providing management and investors with a clear measure of our progress.

SUSTAINABILITY[2]

Carbon reduction and neutrality

Achieve 42% reduction in Scopes 1 and 2 carbon emissions (aligned with science-based targets) by 2030.

Scope 1 and 2 (market-based)

42.8%

Reduction since 2021

Achieve carbon neutrality in our operations by 2025.

Carbon neutrality in our operations

26%

of our emissions in 2024

Packaging reduction

Reduce virgin plastic by 33% by 2030 from a 2021 baseline.

9.2%

Reduction in virgin plastic since 2021

Achieve 100% recyclable, reusable or compostable packaging by 2030.

85.6%

Recyclable, reusable or compostable packaging in 2024

Waste reduction

Achieve zero waste to landfill by 2030 in those countries where appropriate infrastructure exists.

69%

Reduction since 2021

EMPLOYEE

Engagement score[3]

The global engagement survey allows management and investors to assess how well our employees are engaged, which is a key driver of business performance.

73

Engagement score

2 Refer to pages 28 to 41 for further details on our sustainability targets and our emissions reporting methodology.

3 Refer to page 27 for further details on our employee engagement survey.

Financial Review

MANAGING THROUGH VOLATILITY.

"A key focus for the Group throughout the year has been in mitigating any further impact of the Naira devaluation through strengthening the operations of the Nigerian and repatriating cash to the UK."

Sarah Pollard
Chief Financial Officer

OVERVIEW OF GROUP FINANCIAL PERFORMANCE

Our FY24 financial performance has been defined by the material adverse impact of the devaluation of the Nigerian Naira, which first took place in June 2023. It has significantly impacted the trading of our Nigeria business and has caused a deterioration in the Group's balance sheet.

A key focus for the Group throughout the year has therefore been in mitigating any further impact through strengthening the operations of the Nigerian business with a focus on profitability and repatriating cash to the UK – reducing exposure to further devaluation and allowing us to repay gross borrowings. At the same time, we continued to invest across the business to ensure continued delivery against our strategy.

Revenue declined by 19.6%, impacted by the Naira devaluation. LFL revenue growth[1] was 4.4%, which reflected price/mix growth of 6.8% and volume declines of 2.4%.

Adjusted gross profit margin[1] increased by 60bps to 39.8%. This increase primarily reflects the strong underlying improvement in the Europe and Americas segment. There was also a favourable currency mix effect as Africa, with lower margins, represented a smaller proportion of revenue compared to the prior year as a result of the Naira devaluation.

Marketing investment was reduced slightly in FY24, mainly due to a reduction in allocation to our UK-based Beauty brands. Central costs increased by £11.9 million compared to the prior year, but included an £8.9 million cost related to the cancellation of a debt previously attributable to our Africa region. PZ Wilmar, our cooking oils joint venture with Wilmar International, performed strongly and contributed £10.7 million to operating profit (FY23: £7.5 million).

Adjusted operating profit[1] declined by £15.0 million at reported FX rates. Adjusted EPS[1] declined by 28.6% – lower than the 39.7% decline in adjusted profit before tax[1] due to a reduction in the Effective Tax Rate and a lower non-controlling interest. On a statutory basis, the operating loss was £83.7 million primarily due to the foreign exchange loss of £107.5 million, which arose primarily on the translation and settlement of USD-denominated liabilities in our Nigerian subsidiaries following the Naira devaluation.

Free cash flow[1] was £41.6 million, which was lower than the prior year's £69.9 million, due principally to lower operating profit and working capital outflow.

Our net debt was £115.3 million, which represents a material change from the £5.7 million net cash position in the prior year, driven largely by the £139.9 million reduction in the value of cash held in Nigeria due to the devaluation.

1 Alternative performance measures are explained and reconciled to the most directly comparable financial measure prepared in accordance with IFRS on pages 206 to 209.

PERFORMANCE BY GEOGRAPHY

EUROPE AND THE AMERICAS (38.0% OF FY24 GROUP REVENUE)

£m, unless otherwise stated	FY24	FY23	Reported growth/ (decline) (%)
Revenue	**200.7**	205.8	(2.5)%
LFL revenue growth[1]	**(1.9)%**	(0.5)%	n/a
Adjusted operating profit[1]	**32.6**	29.3	11.3%
Adjusted margin[1]	**16.2%**	14.2%	200bps
Operating profit	**0.7**	0.4	75.0%
Margin	**0.3%**	0.2%	10bps

Revenue declined by 1.9% on a like-for-like basis[1] due to the decline in our Beauty brands, partly offset by strong growth in our UK Personal Care business. Price/mix growth was 0.1% and volume declined by 2.1%.

Our UK Personal Care business, consisting primarily of Carex, Original Source, and Imperial Leather, has delivered double-digit revenue growth. The UK washing and bathing category grew 6% in value terms as consumers began to increase spending following a period of cost-of-living challenges. Our market share grew 140bps in volume terms with improvements in all sub-categories and was unchanged on a value basis. Carex returned to growth for the year as a whole and delivered improving trends throughout the year, supported by its successful collaboration with the Gruffalo and the launch of the 1-litre refill packs. Original Source revenue grew by over 20% due to strong campaign activity and increased listings, with distribution points growing by 12%. We have seen continued success of the Imperial Leather relaunch, which began in FY22 and which was supported by the launch of Cussons Creations at a value price point, with the brands together growing double-digits in FY24. Cussons Creations was one of the fastest-growing brands in the Washing and Bathing category. Imperial Leather maintained its market share with improved packaging, which provided increased in-store prominence.

In our legacy Beauty business unit, which consists primarily of St.Tropez, Sanctuary Spa, Fudge, and Charles Worthington, revenue declined by double-digits. This decline was primarily driven by St.Tropez, where we experienced de-stocking from a major customer and slower trading in the US, driven by overall softer consumer sentiment and poor weather. Sanctuary Spa's revenue declined in the first half of the year, reflecting the decision to reduce the Christmas gifting product portfolio to protect profitability. However, it saw good revenue growth in the second half of the year.

Childs Farm reported a second full year of double-digit revenue growth under our ownership. This growth was driven by continued strong commercial execution, with a 5% increase in distribution points, and ongoing brand strengthening with awareness improving and a near doubling of social media followers over the past two years. Together, these elements have resulted in good market share gains.

Despite the reduction in revenue, adjusted operating profit[1] and adjusted margin[1] improved. At 19.5%, the H2 FY24 adjusted operating profit margin[1] is the highest since the Covid-19 peak in FY21 and was achieved despite a softer performance from our higher-margin brands such as St.Tropez. This improvement in adjusted operating margin[1] was primarily driven by our UK Personal Care business following the strong RGM and cost initiatives throughout the year. Childs Farm recorded positive adjusted operating profit[1], primarily due to improved adjusted gross profit margin[1]. On a statutory basis, operating profit was £0.7 million, which includes investment in transformation projects and the impairment of Sanctuary Spa in the first half of the year.

ASIA PACIFIC (33.3% OF FY24 GROUP REVENUE)

£m, unless otherwise stated	FY24	FY23	Reported growth/ (decline) (%)
Revenue	**175.2**	190.7	(8.1)%
LFL revenue growth[1]	**(3.4)%**	4.4%	n/a
Adjusted operating profit[1]	**28.0**	27.5	1.8%
Adjusted margin[1]	**16.0%**	14.4%	160bps
Operating profit	**27.0**	29.6	(8.8)%
Margin	**15.4%**	15.5%	(10)bps

Revenue declined 8.1% due to a decline in LFL revenue[1] and unfavourable FX, driven by a depreciation in the Indonesian Rupiah and Australian Dollar. On a LFL basis[1], revenue declined 3.4% with consistent growth in ANZ offset by a decline in Indonesia.

Cussons Baby in Indonesia declined slightly, reflecting softer consumer sentiment and a reduction in distributor stock levels throughout much of the year. The business returned to revenue and market share growth in Q4, however, and distributor stock as at the end of the year had returned to normal levels. Despite some loss of market share for the year as a whole, Cussons Baby retained #1 or #2 positions in most of the sub-categories in which it plays. The launch of Cussons Baby into the warming oil segment, a category estimated to be used by over 80% of Indonesian mothers, has gone well. We continue to see meaningful opportunities with this innovation.

Financial Review continued

ANZ delivered continued solid growth. This was led by Radiant, up double-digits, resulting in it becoming the third largest brand in the laundry market (up from sixth previously). Growth came through both price volume and price/mix, driven by the successful launch of capsules alongside the existing powder and liquid products. Morning Fresh also performed well, maintaining its nearly 50% category share. The FY23 launch of the Morning Fresh auto dishwash range also contributed to revenue, although its performance has been softer than initially anticipated due to a strong competitor response. Our long-term ambition to leverage the significant brand equity of Morning Fresh to extend 'beyond the sink' is unchanged. Rafferty's Garden revenue slightly declined but market share was stable.

Despite the decline in revenue, adjusted operating margin[1] grew by 160bps. This was principally due to a further significant improvement in profitability in ANZ, where new product innovation has been highly accretive to margins, and reduced freight costs. Profitability was also improved due to the reduction in cost associated with our wider manufacturing operations in Asia, albeit offset by the challenging trading in Indonesia. On a statutory basis, margins declined by 10bps.

AFRICA
(28.7% OF FY24 GROUP REVENUE)

£m, unless otherwise stated	FY24	FY23	Reported growth/ (decline) (%)
Revenue	**151.7**	256.3	(40.8)%
LFL revenue growth[1]	**26.5%**	13.4%	n/a
Adjusted operating profit[1]	**30.3**	37.2	(18.5)%
Adjusted margin[1]	**20.0%**	14.5%	550bps
Operating (loss)/ profit	**(50.7)**	48.3	n.m.
Margin	**(33.4)%**	18.8%	(5,220)bps

The results should be seen in light of the Naira devaluation throughout this year. This devaluation has created high inflation levels, and we have needed to carry out nearly 30 rounds of price increases during the year. This has been a key driver of the 26.5% LFL revenue growth[1]. Volumes declined by 4.7% in FY24, but this trend improved throughout the year. On a reported basis, revenue declined by 40.8% due to the Naira being 57% lower in FY24 compared to the prior year. The continued transformation of our route-to-market has been a major driver of revenue growth in our Nigerian business and has helped to limit the decline in volumes. Firstly, we have continued to increase the availability of our products through expanding the number of stores served directly as opposed to via wholesalers. We serve approximately 151,000 stores today – over 50% higher than at the end of FY23 and more than double the number of two years ago. Secondly, we have also continued to increase the number of 'priority' stores – those which attract greater commercial focus and are typically supplied with a wider range of products. Thirdly, the productivity of our existing distribution has increased with vans and bikes reaching more customer and consumer locations. Our sales per van have more than doubled due to this increased efficiency.

As a result of the improved distribution, the market shares of our key Nigerian brands have remained largely unchanged despite the significant price increases. Morning Fresh, however, has seen some share loss due to its pricing relative to competitor products.

Revenue in our electricals business grew over 20% on a LFL basis, contributing revenue of £56.6 million. Gross margins declined as price increases did not fully offset the increased costs resulting from the devaluation of the Naira. Compared to the rest of our Nigerian business, the electricals business sees greater input costs denominated in US Dollars.

The PZ Wilmar joint venture contributed £10.7 million (FY23: £7.5 million) to adjusted operating profit[1]. Compared to the prior year, this improvement reflects continued strong commercial execution.

Adjusted operating profit margin[1] grew by 550bps. Profit however included an £8.9 million credit from some intra-Group debt forgiveness, with the loss being recorded in our Central segment. Excluding this, Africa adjusted operating profit margin[1] declined by 40bps. On a statutory basis, we reported an operating loss of £50.7 million, reflecting the increased value of trade and loan liabilities denominated in US Dollars.

OTHER FINANCIAL ITEMS

ADJUSTING ITEMS

Adjusting items in the year totalled a net expense of £140.6 million before tax. This related primarily to a £107.5 million foreign exchange loss arising from the devaluation of the Nigerian Naira. A charge of £24.4 million was incurred due to the impairment of the Sanctuary Spa brand, and costs of £10.1 million were incurred on simplification and transformation projects.

The devaluation of the Nigerian Naira has had a significant impact on our financial results and comparisons to the prior year. The foreign exchange loss of £107.5 million primarily arose on the translation and settlement of USD-denominated liabilities in our Nigerian subsidiaries and is wholly the result of the devaluation of the Naira, which fell by 70% from 31 May 2023 to 31 May 2024. See further details on the Naira rates used in our financial statements in the table on page 21.

After accounting for adjusting items, the Group's statutory operating loss was £83.7 million compared to a statutory operating profit of £59.7 million in the prior year.

1 Alternative performance measures are explained and reconciled to the most directly comparable financial measure prepared in accordance with IFRS on pages 206 to 209.

2 Reference is made to an interim, rather than final, dividend due to the distributable reserves in the relevant Company being negative as at 31 May 2024. The Group has subsequently reversed this position and future dividend payments will not be affected.

FOREIGN EXCHANGE

The devaluation of the Naira resulted in a £130.6 million adverse impact on year-on-year revenue in FY24 when translated into Sterling. Outside of Nigeria, the general strengthening of Sterling against other currencies resulted in a £19.3 million reduction in FY24 revenue compared to FY23.

Average FX rates

	% of FY24 revenue	FY23	FY24	Revenue impact (£m)
GBP	**34%**	1.0	**1.0**	**–**
NGN	**24%**	536.3	**1,256.7**	**(130.6)**
AUD	**17%**	1.8	**1.9**	**(6.7)**
IDR	**12%**	18,174.2	**19,549.7**	**(5.3)**
USD	**6%**	1.2	**1.3**	**(1.9)**
Other	**7%**	–	**–**	**(5.4)**
Total	**100%**	–	**–**	**(149.9)**

Given the materiality of the movement in the Nigerian Naira in recent periods, the rates used in recent reporting periods are summarised below. The currency devalued by 70% from 31 May 2023 to 31 May 2024, and was on average 57% lower for the financial year as a whole:

NGN/GBP	FY22	FY23	FY24
Rate used for P&L	558	536	**1,256**
Rate used for balance sheet	530	577	**1,893**

The value of the Nigerian Naira continued to depreciate subsequent to the year end. At the end of Q1 FY25, the closing Naira/GBP rate was 2,100 (31 May 2024: 1,893) and the average Naira/GBP rate was 1,979 (31 May 2024: 1,256).

TAXATION

On an adjusted basis, the effective tax rate was 14.5% (FY23: 27.1%) reflecting the underlying cash tax impact to Group. The year-on-year reduction was primarily due to a change in the tax regime operating in Nigeria whereby, for loss-making businesses, tax is assessed on the basis of revenue rather than profitability, together with the tax deductibility of realised FX impacts arising as a result of the cash repatriation from Nigeria to the UK.

On a reported basis, the tax credit for the year was £24.1 million compared to a tax charge of £15.4 million in the prior year. The effective tax rate for the year is 25.0% (2023: 24.9%).

LIQUIDITY

Cash and cash equivalents at 31 May 2024 were £51.3 million (FY23: £256.4 million). The decrease was driven principally by £109.7 million net cash outflows from financing activities and adverse foreign exchange movements of £120.7 million which were partially off-set by net cash inflows from operating and investing activities of £12.9 million and £12.4 million respectively.

The reduction in net assets from £422.1 million to £235.2 million is primarily the result of losses relating to the devaluation of the Naira and a £24.4 million impairment of the Sanctuary Spa brand, partly offset by the Group's underlying net profit.

The Group has a £325.0 million committed credit facility which is available for general corporate purposes. The credit facility incorporates both a term loan, of up to £125.0 million, with the balance as a revolving credit facility (RCF) structure. Entered into in November 2022, the term loan is a two-year facility and the RCF a four-year facility, with both facilities retaining two, one-year extension options, the first of which was executed in October 2023. At 31 May 2024, this facility was £161.0 million drawn (FY23: £252.0 million).

Total free cash flow[1] was £41.6 million, which was lower than the prior year's £69.9 million due principally to lower operating profit and a working capital outflow.

DIVIDEND

The Board announces its intention to declare an interim dividend of 2.10p per share[2], down 44% compared to last year's final dividend of 3.73p. This represents a full year dividend of 3.60p which is also down 44%, reflecting the impact of the Naira devaluation on earnings per share while maintaining an earnings cover of approximately two times.

The dividend will be paid on 4 December 2024 to shareholders on the register at the close of business on 1 November 2024.

OUTLOOK

Current trading

The FY25 financial year has started positively, with Group LFL revenue growth[1] of 4.7% driven by strong growth in both Africa and Europe and the Americas.

Operating profit guidance

Guidance has been provided to separate the impact of the Naira uncertainty on the Group's results. Assuming that the average FX rates in Q1 FY25 prevail for the balance of the year, the Group expects to deliver adjusted operating profit[1] in the range of £47–53 million. Based on these exchange rates, FY24 adjusted operating profit[1] would have been approximately £40 million.

Movements in the Naira are expected to be a key determinant of the Group's reported FY25 result. Such movements impact the translation of local currency earnings when reported in Sterling, as well as the foreign exchange revaluation of intra-group liabilities. The adjusted operating profit[1] sensitivity related to the latter has increased in FY25 due to necessary accounting changes brought about by the increased likelihood of the repayment of inter-company loans following the receipt of expressions of interest relating to our African business. We will provide an analysis of the impact of the revaluation of these liabilities on our earnings in future financial results.

Sarah Pollard
Chief Financial Officer

18 September 2024

People and Culture

DEVELOPING PEOPLE AT PZ CUSSONS.

AT PZ CUSSONS WE ARE GUIDED BY OUR PURPOSE, 'FOR EVERYONE, FOR LIFE, FOR GOOD', CHAMPIONING THE WELLBEING OF OUR CONSUMERS, OUR PEOPLE AND OUR COMMUNITIES AROUND THE WORLD.

As a multi-local business with approximately 2,500 employees working for us, we continue to align our people strategy with our business strategy. This is to ensure we have an agile, future-fit organisation with pioneering leadership and a performance culture. Our focus is also on 'brilliant basics', simplifying our people processes and investing in technology to provide data and insights to inform decision-making. The delivery of our people strategy will continue in FY25, and we are already making good progress.

STRATEGY DEPLOYMENT

This year we re-energised our organisation with conversations about our business strategy and changes to our operating model. We created an extended leadership team, the PZ Pioneers. These leaders are 'change agents', driving higher levels of performance and embedding new ways of working to help us achieve our goals. The Executive Committee is now engaging with this group regularly, from global virtual events and briefings on critical topics to interactive Q&A sessions.

To build on this, we invited our UK PZ Pioneers to an innovative and interactive pilot 'Strategy Experience' event which was held over several days and consisted of a variety of event formats ranging from presentations to team activities. Our aim was to ensure that everyone understood our strategic direction and the changes to new processes and ways of working that need to be made. This event allowed us the opportunity to ensure all our PZ Pioneers understood their role and commitments as leaders in driving this change. With help from our PZ Pioneers, we extended this conversation to everyone working for us via a series of events in our markets hosted by the Executive Committee, with plenty of opportunity to ask questions and get involved.

We have a powerful PZ Cussons purpose, 'For everyone, for life, for good', championing the wellbeing of our consumers: people, families and communities everywhere.

LEADERS AT ALL LEVELS

Pioneering leadership is a critical enabler of everything we want to achieve, and our focus has turned to how we lead at PZ Cussons and to ensuring that colleagues are set up for success. Building on the launch of our PZ Purpose and BEST values two years ago, we worked with colleagues to develop a global leadership framework that will apply to all leaders globally. This will be embedded into our processes in FY25 including performance management, recruitment and development to ensure that we are attracting, developing and retaining leaders who will be successful.

During the year, we established a new Diversity, Equity and Inclusion (DEI) strategy. We continued to invest in 'Early Careers', part of our diverse workforce, and we welcomed a cohort of six multi-discipline graduates into the business in the UK, who will rotate around key functions over the next two years. In parallel, we have also recruited a further six graduates into PZ Cussons who will join the key capability functions of Commercial, Marketing, Supply Chain and IT in October 2024.

OUR VALUES

Our BEST values were defined by our people, for our people and we have embedded these into our processes and communications, ensuring that everyone is familiar with them and understands our ways of working.

AS INDIVIDUALS WE ARE

BOLD

FEARLESS, PIONEERING AND PASSIONATE, OPEN AND HONEST, TRUE TO OURSELVES AND PROUD OF WHO WE ARE

IN OUR TEAMS WE ARE

ENERGETIC

DYNAMIC AND PROACTIVE, CAPABLE AND FLEXIBLE, EMBRACING CHANGE AND MOVING FAST INTO THE FUTURE

AS A BUSINESS WE ARE

STRIVING

RAISING THE BAR, PUSHING PERFORMANCE, AIMING HIGH AND ACHIEVING MORE

OUR SHARED CULTURE BRINGS US

TOGETHER

ONE FAMILY, MANY VOICES; SUPPORTED, INCLUDED, RESPECTFUL, EMPOWERED, AND WITH JOY IN WHAT WE DO

People and Culture continued

FULFILLING CAREERS.

PZ Cussons remains committed to creating opportunities for career development for talented colleagues at all levels of the business.

Four colleagues share their stories here:

PAUL YOCUM
Chief Growth and Marketing Officer

Passionate about anticipating and responding to what our consumers need and want

Paul Yocum became Chief Growth and Marketing Officer in FY24, with responsibility for accelerating the future growth of the business in international markets, and leading our brand-building, innovation and brand-planning capabilities in line with our business strategy.

He joined PZ Cussons as Interim Managing Director of our Beauty business in 2021, successfully leading the team during a busy transition period, and remaining on the Executive Committee to accept the role of Managing Director, Business Development, and then Chief Growth and Marketing Officer in December 2023.

Paul brings a blend of over 25 years' experience in consumer marketing, sales and general management. He started his career at Procter and Gamble, quickly progressing through various senior management roles to Managing Director for Cosmetics International Operations and driving household penetration for brands including Max Factor and Olay.

Paul's passion for understanding the consumer is inspiring. He encourages his teams to stay curious. Recently, Paul shared that "turning insights into powerful ideas is key to unlocking our brands' potential." This belief is central to his vision for building world-class marketing capabilities and innovation.

KATIE BARKER
Marketing and Innovation Director

Building brands for life

Katie has been with PZ Cussons since Sanctuary Spa was acquired in 2008 and her successful career is testament to the expertise, energy and commitment she brings to any challenge.

Beginning in product management marketing on Sanctuary Spa and then St.Tropez, she quickly progressed to Head of Marketing for Haircare, working on several brand re-stages including Charles Worthington and Fudge Pro and then took a secondment role as General Manager of our US office. Following the Group's acquisition of Childs Farm, Katie moved to oversee marketing, commercial and technical responsibilities, including spearheading the brand's first ever TV commercial.

More recently, Katie has been promoted to Marketing and Innovation Director for our Growth Markets business unit, combining her experience on global brands and distributors to help to drive growth internationally.

Katie says: "I have been very lucky at PZ Cussons to come in via a product marketing role with a marketing background, and to have the opportunities to move into full brand management, then to lead a commercial function and to have an international secondment. All the time working with talented colleagues across the Group. I am passionate about PZ's brands and seeing the difference that they make in the lives of our consumers."

WAHYU WIKANDARI

Head of Manufacturing

A trailblazer in manufacturing in Indonesia

Early this year, we promoted Wahyu Wikandari (known as 'Wiwi') to Head of Manufacturing at our Tangerang factory, near Jakarta, Indonesia.

Wiwi began her journey with PZ Cussons 20 years ago in the factory. Her career development has been shaped by her commitment to excellence in every project and every innovation, and by turning every challenge into an opportunity.

Her inclusive and insightful leadership style has driven strong results at the factory, and she has also nurtured a generation of future leaders. When asked what drives her passion for PZ after all these years, Wiwi said: “PZ Cussons is like my second home. I share the values of the Company, so I also feel the responsibility to ensure my contribution to the business is meaningful. Having the opportunity to grow, to be involved in positive change where the products are manufactured and be a catalyst for others to develop, is what drives me every day.”

Given the stereotypes that can sometimes prevail within the manufacturing environment in Indonesia, Wiwi is a trailblazer and a role model for other women in manufacturing.

IFEANYICHUKWU ABADOM

Supply Chain Director

An expert ‘ahead of the curve’ in Africa

Chemical Engineer by training, Ifeanyichukwu Abadom began his career with PZ Cussons in 2002, when he joined the soap plant in Nigeria as a production Manager.

Ifeanyichukwu’s expertise in optimisation and control, coupled with experience of the Food, Pharmaceuticals and Chemicals sectors, made Ifeanyichukwu well-placed to excel in capability building, capacity expansion, process management and people management.

Over time, Ifeanyichukwu progressed to becoming Factory Manager and later Head of Manufacturing for PZ Cussons Nigeria and most recently he became Supply Chain Director for our Africa region. Ifeanyichukwu is focused on building a sustainable, value chain for PZ Cussons to meet the business ambitions for today and for the future. He leads this through teamwork, developing great relationships and supporting people to perform their roles to the very best of their ability. Ifeanyichukwu brings energy and drive to all of his roles, and says he is 'driven by a desire to be ‘ahead of the curve’ in an unpredictable environment'. He is an excellent example of how well careers can progress and develop at PZ Cussons and is also a role model for others.

People and Culture continued

DIVERSITY, EQUITY AND INCLUSION (DEI) IS AT THE HEART OF OUR PEOPLE STRATEGY

We have a diverse and experienced Board. We have three women Directors representing 37.5% of the Board. One of the four senior positions on the Board is held by a woman. In addition, three of our Directors are from a minority ethnic background which means that we exceed the Parker Review target of having one ethnic minority Director.

The Parker Review has asked every FTSE-350 company to set a target for 2027 for the proportion of its senior management group made up of executives from minority ethnic backgrounds. We have set a target of 35% for 2027 and the share of the management group in December 2023 was 33%.

This is the first DEI strategy for PZ Cussons, and it comprises four pillars:

- CULTURE OF BELONGING
- PIONEERING LEADERSHIP
- TALENT DIVERSITY
- OUR COMMUNITIES

In addition to the global launch call, we held local events and associated activities in all of our business units around the world. In Indonesia, we hosted a coffee morning for female employees, where women from around the business came together to share inspiring stories. In Africa, the team partnered with three female related brands, created an International Women's Day newsletter and hosted a talk on 'Inspiring Inclusion'. In the UK, in addition to celebrating women at PZ Cussons by encouraging pledges from the teams, we took the opportunity to launch the groundbreaking MenoPlex haircare range for perimenopausal and menopausal women during the same week, which was well received by both the market and colleagues.

In the UK, our 'Proudly PZ' employee engagement group has also raised diversity awareness through a series of events including Race Equality Week, a Ramadan one-day Fast, Deaf Awareness focus and newsletters celebrating Pride month, Black History Month and LGBT History Month.

WELLBEING

Our philosophy for supporting the wellbeing of our people is a combination of immediate support where it is needed most, as well as more long-term positive and preventative approaches to help people to thrive at work.

We offer flexible working including hybrid working to support people to perform at their best and maintain their work-life balance. Annually, and targeted by market, we also offer our teams a wellbeing day to take important downtime following their hard work during the year. Private healthcare and employee assistance programmes support colleagues all year around, and our line-managers are expected to have regular one to ones with their direct reports as part of our performance process to ensure visibility and responsiveness for any concerns.

We promote the importance of physical wellbeing in support of mental wellbeing and offer online and in-person fitness facilities to help colleagues build time into their schedules, from online apps and gyms to time for wellbeing walks.

Our wellbeing approach is particularly strong when our internal initiatives align with our marketing activity and include:

- Celebrating International Women's Day and then celebrating International Men's Day with Premier Cool to talk about men's mental health
- Our DEI strategy launch in conjunction with our external MenoPlex launch
- Providing Cussons Baby giftpacks to new parents working at PZ Cussons.

We also recognise the importance of promoting healthy financial wellbeing and, in addition to providing targeted cost-of-living support in certain markets during high inflation, we have also offered a range of financial seminars and events across the Group.

Global Engagement Survey 2024

We are pleased to have maintained our overall employee engagement score at 73 (2023: 73) against an industry benchmark of 71 while we continued to navigate the challenges of our external environment and changes to our business units.

Coincidentally, we also achieved the same 96% participation rate as in 2023 following a sustained effort across PZ to ensure that everyone had the opportunity to tell us what is working and where we can improve. This included kiosks for colleagues working in factories and providing appropriate translation.

Employees responded favourably to questions about their work/life balance at PZ Cussons, and also what is expected of them in their roles, both of which are encouraging cultural indicators. These two scores are particularly high in comparison to our industry benchmark. There remains a high awareness of our BEST values, which will be important as we continue to evolve our culture.

We anticipated that our 'Total Reward offer' would be a lower score in the survey results this year and included specific, additional questions that will help us to develop this work in FY25. We will develop a targeted reward and recognition plan that meets global and local market needs, as part of our people strategy.

Accepting that change will be a constant in FY25, we will engage our PZ Pioneer leadership as we continue to transform PZ Cussons and support our people with effective change management and communications. Colleagues have told us in survey comments that they want more support when we are making organisational changes, and that they would like more support on structured career progression.

HOW THE GLOBAL ENGAGEMENT SURVEY INFORMS OUR WORK

Global Town Hall calls, hosted by the Chief Executive Officer and Executive Committee, take place each quarter. The purpose is to communicate with every colleague on important topics in a transparent way and thereby drive understanding, engagement, advocacy and commitment. The Engagement Survey is referenced regularly. Each market has its own action plan, created as a result of the Global Engagement Survey scores and sentiments. The Indonesia team for example has created the BEST Lunch, a monthly initiative where a small group of employees share a meal with the leadership team, with the aim of breaking down hierarchies and promoting open and honest dialogue. In Australia and New Zealand and Africa they have a spotlight on Recognition. In Africa, they have introduced the BEST Awards, with quarterly winners showcased to the rest of the region's employees and the overall winner selected in December. The UK has focused on personal development and also volunteering, partnering with our chosen charities.

I am proud to work for PZ Cussons

86%

(2023: 88%)

I would recommend PZ Cussons as a great place to work

85%

(2023: 85%)

Survey run by Culture Amp. Benchmark Consumer Goods and Services, January 2024.

BOARD PRIORITISING ENGAGEMENT

Designated Non-Executive Director for employee engagement: Kirsty Bashforth

Kirsty plays an active role ensuring that workforce engagement continues to be part of the Board's agenda. By taking part in a wide selection of internal meetings she is able to share with the Board, on a regular basis, any observations and insights for the Board to consider, including key challenges and opportunities in our markets. Her presence as a participant enables colleagues to understand how the Board works and to see the Non-Executive Director role as connected with the business. This year, Kirsty has taken part in global Town Halls, an International Women's Day event, internal product launches for Telon Oil; in Jakarta and MenoPlex; globally, a People Leadership Team meeting discussing insights on workforce themes in key markets, a UK annual priority-setting event, and a focus group around evolving our culture for the next phase of our transformation.

Sustainability

IT'S IN THE DNA OF PZ CUSSONS TO BE A FORCE FOR POSITIVE CHANGE.

INTRODUCTION TO ENVIRONMENTAL AND SOCIAL IMPACT AT PZ CUSSONS

We recognise our impacts on the planet and society, take responsibility for addressing these impacts and work in partnership with our suppliers, customers and communities to make a difference. Our Company's purpose guides us: For Everyone, For Life, For Good, which helps us consider the consumers, customers and communities we serve, our employees, and the planet when we make decisions as a business.

Our Environmental and Social Impact (ES) framework, which we call 'Better for All', aligns with our purpose, and our sustainability strategy helps everyone in the business, whatever their role, understand how they can help us achieve our targets. The framework is also supported by the KPIs we have set. A Group-wide materiality assessment validated and determined the areas within the framework we focus on.

THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS AND GLOBAL COMPACT

The 17 UN Sustainable Development Goals (SDGs) and their associated targets offer a blueprint for achieving a more peaceful and prosperous world by 2030. To deliver the SDGs, businesses must focus their efforts where their actual and potential impact is greatest. In line with this, we have identified the SDGs where we can have the most significant impact as a business. This Sustainability Report shows where these goals guide our actions.

In FY24, we strengthened our commitment by joining the UN Global Compact, the largest corporate sustainability initiative in the world. By becoming a participant, we have committed to aligning our strategy and operations with the UN's Ten Principles in human rights, labour, environment, and anti-corruption. We'll also commit to submitting an annual Communication on Progress Report.

GOVERNANCE

The Board oversees our sustainability strategy via a sub-committee, the Environmental and Social Impact (ES) Committee. The Executive Committee is responsible for developing the strategy, presenting it to the Board ES Committee for approval, and monitoring progress towards our sustainability key performance indicators (KPIs).

The Sustainability Steering Group (SSG) reports to the ES Executive Committee. The SSG comprises representatives from our different markets and business functions, and its role is to review the plans in place and our progress towards our corporate and market KPIs. The SSG monitors progress toward our ES goals and oversees communication efforts to both internal and external audiences. It ensures the effective implementation of our ES strategy across the Group and market levels, supporting the achievement of our KPIs.

To facilitate the execution of our ES objectives, we have established functional and regional working teams that report to the SSG. These teams meet regularly to develop and implement business unit and functional level projects.

In the second half of FY24, the global Sustainability Function was integrated into the Global brand-building organisation. This strategic move aims to embed sustainability practices more deeply into our operations, enhance brand value, and create operational efficiencies.

Decision & monitoring	**Board Environmental and Social Impact Committee** – approval of strategy and monitoring of delivery, including corporate KPIs.	
Decision, collaboration & monitoring	**ES Executive Committee Forum** (sub-set of the Executive Committee) – makes operational and investments decisions.	
	Sustainability Steering Group (SSG) (report to Executive Committee) – monitoring of ES goals; oversight of internal and external communications.	
Delivery	**Sustainability team**	
	Functional workstreams – development and management of plans to achieve strategic aims and KPIs from a workstream perspective.	**Market delivery projects** – full P&L accountability, has to align with business context; responsible for delivery of ES projects on a business unit level.

FOR EVERYONE

Our impacts on people:

This addresses our impact on people, our employees' safety and wellbeing, and the communities that we serve.

For more details see **page 30**

FOR LIFE

Our environmental impacts:

This addresses our environmental impacts on the atmosphere through our carbon emissions impact; on the Earth through the sourcing decisions we make and the way we manage waste and packaging; and on the oceans through our use of water and the impact of our products.

For more details see **page 32**

FOR GOOD

Our behaviours as a business:

This addresses how we behave as a business and the decisions we make, including the way we market and sell our products, management of our supply chain, ES and corporate governance.

For more details see **page 36**

This section of our Annual Report provides a summary of our sustainability activity.

For more details visit our website:
www.pzcussons.com/sustainability

Sustainability continued

FOR EVERYONE.

We are committed to providing high-quality and safe products to our consumers and customers, and we regard quality and consumer safety as a fundamental business responsibility.

All our manufacturing sites are accredited to ISO 9001 for quality. We use the principles established in ISO 10377, the standard for consumer product safety to assess and improve our performance.

Our ambition is to inspire responsible consumption of our products and disposal of our packaging by adapting our pack communication so consumers can make informed choices.

We are members of the EcoBeautyScore Consortium, which aims to develop an environmental impact assessment and scoring system for cosmetic products to enable consumers to make informed and sustainable choices. We are also adopting an on-pack recycling labels (OPRL) labelling system across the UK portfolio before the EPR (Extended Producer Responsibility) mandatory deadline.

HEALTH AND SAFETY

Our manufacturing sites remain accredited to ISO 45001, and in FY24, we continue to make positive progress in health and safety across our KPIs. We continue strengthening our health and safety culture throughout our operations by focusing on behavioural safety and reporting/closure of the leading safety indicators. In FY24, we have seen a 14% reduction in the number of health and safety incidents recorded versus the previous year.

Unfortunately, we did report two lost time incidents (LTI) from one of our manufacturing sites in Africa. These incidents were fully investigated, and an audit was carried out on the health and safety conditions. We fully expect that the actions implemented after these incidents will deliver the desired results of creating a work environment and culture that leads to a zero LTI mentality.

	FY23	FY24	Change vs prior year
Fatalities	0	**0**	**0**
LTI[1]/Yr.	1	**2**	**+1**
LTIFR[2]	0.02	**0.04**	**+0.02**
AAIFR[3]	1.15	**0.82**	**-0.33**

1 LTI defined as Lost Time Incidents. LTI refers to an incident sustained at work that has resulted in the loss of productive work time in the form of absenteeism. This applies when time is lost starting from the next working day.

2 LTIFR defined as Lost Time Incident Frequency Rate.

3 AAIFR defined as All Accident Incident Frequency Rate.

Aligning to the SDGs

COMMUNITIES

We want to create positive social change in the communities where we operate. Our Code of Ethical Conduct requires that our charitable donations are free from political affiliations or conflicts of interest. In FY24, we rolled out our Charity Partnership Framework across the Group to identify gaps and improve our community programme. We also joined the Business for Societal Impact (B4SI) network to help us measure and understand our social impact. In the next year, we will look to optimise our social impact, continuing to encourage partnerships that align with our corporate purpose and brands, with an additional emphasis on employee engagement.

For more details visit our website:
www.pzcussons.com/sustainability/for-everyone


Employees in Nigeria collected plastic waste from the local community and donated it to Greenhill Recycling, helping reduce use of virgin materials.


Employees in UK and Ireland participated in a dragon boat race to fundraise for Wood Street Mission, who support families living on a low income.


PZ Cussons Indonesia, together with the PKK Mothers community, commemorated the Family Empowerment and Welfare Movement Unity Day, which aims to improve community welfare.

Employees in Australia volunteered with Foodbank, who provide food and grocery relief to those in need.

Sustainability continued

FOR LIFE.

We address all our environmental impacts through the lens of our purpose.

We are committed to minimising our impact on the Earth and oceans. We do this by reducing our carbon emissions, considering our sourcing decisions, and managing our packaging, waste and water use.

We measure, manage and report our performance in the areas we believe are most important to the business and where we have the most significant impact including:

- Carbon emissions
- Water usage
- Landfill waste
- Plastic consumption and disposal
- Sustainable sourcing of palm oil and paper.

All our operating sites comply with local regulations and our Group standards. In addition to this, all our manufacturing sites are certified to ISO 14001, including our Kenya site that received the certification in FY24. We operate a continuous improvement programme in our factories, which reduces our carbon emissions, water use and landfill waste.

PLASTICS AND PACKAGING

The packaging agenda is high on our list of priorities. Reducing our packaging footprint is as important as it is challenging.

This year, we developed specific programs for brands with higher consumer expectations for sustainability, both environmental and social, like Sanctuary Spa and Original Source. We have been choiceful about the sustainability narrative that is intimately linked to the brand purpose and will help inform activation plans and behind-the-scenes interventions for the near and long term.

Furthermore, we have developed a future packaging trajectory for our UK and ANZ business units to help prioritise upstream technologies and other changes required to meet our corporate packaging-related goals by 2030. Other BUs will follow.

Our global paper target aligns with our business strategy and underscores our commitment to sustainability. We are actively increasing the use of certified or recycled paper, ensuring that our materials come from responsibly managed, certified forests such as FSC, PEFC or equivalent certification. This approach not only makes the most of precious forest resources, but also reduces the pressure to harvest more trees.

	FY24 current reporting year	FY23 previous reporting year
Reduce virgin plastic in our packaging by one third by 2030 from a 2021 baseline	**-9.2% compared to baseline**	-7.8% compared to baseline
Ensure 100% recyclable, reusable or compostable packaging by 2030	**85.6%**	84.4%[1]
Use 100% certified or recycled paper by 2025	**97%[2]**	96%

1 FY23 recyclable, reusable or compostable % coverage has been corrected from 88.4% to 84.4%.

2 The data covers over 95% (by tonnage) of our manufactured and third-party sourced consumer goods. Certification and recycled content is based on supplier documentation and has not been independently verified or physically reviewed.

Aligning to the SDGs

REDUCING CARBON EMISSIONS

Reducing carbon emissions is a priority for our business, and we continue to submit a full climate report to the Carbon Disclosure Project (CDP). Our Scopes 1 and 2 near-term reduction targets and our Scope 3 long-term commitments align with science-based methodology.

In FY24, the Group's carbon footprint for Scopes 1 and 2 (market-based) decreased by 42.8% compared to our baseline, and we reduced our energy consumption by 32% compared to FY23. This reduction has been achieved through the outsourcing of power generation at our Ikorodu factory in Nigeria, entering a more reliable gas supply contract for our Aba factory in Nigeria and further continuous improvement of energy efficiency initiatives across all our operations.

In FY24, we continue to achieve carbon neutrality in the UK, Beauty, ANZ, and Asian operations. Carbon neutrality means we have off-set our remaining Scopes 1 and 2 emissions by purchasing Gold Standard VER carbon credits. We have done this by increasing energy efficiency, moving to renewable electricity and purchasing carbon off-sets. We purchased 13,000 tonnes of CO_2e off-sets, supporting transformation across two projects, in Nigeria and Indonesia. Both projects meet the requirements of the Gold Standard, an internationally recognised off-setting provider.

We completed the energy assessment for our organisations in the UK that meet the qualification criteria under the UK Government Energy Savings Opportunity Scheme (ESOS) phase 3.

We follow the UK Government's environmental reporting guidance, including the Streamlined Energy & Carbon Reporting (SECR) requirements. In addition, we have also used the GHG Protocol Corporate Accounting and Reporting Standard Revised Edition. Our emissions are calculated using the UK Government GHG Conversion Factors for Company Reporting and the IEA factors for overseas electricity.

Verco[1] has assured our emissions data for Scopes 1 and 2 and EcoAct[2] for Scope 3, both of which are independent third-party experts.

Target	FY24 current reporting year	FY23 previous reporting year
Achieve carbon neutrality in our operations by 2025	**26% of our emissions**	19% of our emissions[3]
Achieve a 42% reduction in Scopes 1 and 2 carbon emissions (aligned with science-based targets) by 2030	**-42.8% compared to baseline**	-0.3% compared to baseline
Achieve net zero emissions across Scopes 1, 2 and 3 by 2045	**-11.7% vs baseline[4]**	n/a

1 Verco provide limited assurance, following the ISO 14064-3:2019 GHG – Part 3. Boundary: PZ Cussons and all subsidiaries worldwide on an operational control basis. Based on the verification work undertaken, Verco consider that all material GHG emission sources have been appropriately identified, measured, and reported. It is Verco's conclusion that there is no evidence to suggest that the GHG emissions statement for FY24 are not materially correct or are not a fair representation of PZ's operations. It is Verco's conclusion that there is no evidence to suggest that the GHG emissions calculation have not been prepared in accordance with the WRI/WBCSD GHG Protocol.

2 EcoAct provided a limited level of verification aligned with the ISO 14064-3:2019 standard with specification and guidance for the verification and validation of greenhouse gas statements. The organisational boundary of PZ Cussons was established as to include operation sites in FY23. EcoAct used the operational control approach, which is where the business has full operational control. Based on the data and information provided by PZ Cussons and the processes and procedures followed, nothing has come to EcoAct's attention to indicate that the GHG Scope 3 emissions totals reported for FY23 are not fairly stated and free from material error.

3 FY23 carbon neutrality % coverage has been corrected from 22% to 19% due to calculation methodology change from using market-based emissions in FY23 vs using location-based emissions in FY24.

4 Calculating and verifying Scope 3 data is a complex and time-consuming exercise. The figures presented for FY24 current reporting year are from the latest available data which for Scope 3 is the FY23 inventory and for Scopes 1 & 2 is the FY24 inventory. Both are verified by third-party experts. The Group will seek to progress the timelines of our reporting such that the Scope 3 inventory disclosure aligns to the reporting financial cycle in the future.

Sustainability: For Life continued

EMISSIONS TABLES

Greenhouse gas emissions and energy consumption*:

	FY24 current reporting year			FY23			FY21 baseline year		
	UK	Global	Total	UK	Global	Total	UK	Global	Total
Energy consumption used to calculate emissions (MWh)	**6,361**	**112,883**	**119,244**	6,518	169,868	176,386	6,209	158,214	164,423
Scope 1[1]									
Emissions from activities for which the Company owns or controls including combustion fuel & operation of facilities (Scope 1) (tCO_2e)	**507**	**20,238**	**20,745**	642	32,912	33,554	785	30,637	31,422
Scope 2[1]									
Emissions from purchase of electricity, heat, steam and cooling purchased for own use									
(Scope 2 location-based) (tCO_2e)	**741**	**6,396**	**7,137**	676	5,569	6,245	833	7,815	8,648
Emissions from purchase of electricity, heat, steam and cooling purchased for own use									
(Scope 2 market-based) (tCO_2e)	**0**	**1,903**	**1,903**	0	5,569	5,569	0	7,815	7,815
Total Scopes 1 & 2[1]									
Total gross Scope 1 and 2 location-based emissions (tCO_2e)	**1,248**	**26,634**	**27,882**	1,318	38,481	39,799	1,618	38,451	40,069
Total gross Scope1 and Scope 2 market-based emissions (tCO_2e)	**507**	**22,141**	**22,648**	642	38,481	39,123	785	38,451	39,236
Intensity ratio tCO_2e (Scope 1 and 2 market-based) /£100,000 revenue	**0.25**	**6.78**	**4.29**	0.31	8.61	5.96	0.18	21.55	6.50
Total Out of Scope Emissions (tCO_2e)[6]	**0**	**2,028**	**2,028**	0	2,390	2,390	0	2,159	2,159
Scope 3[2,3,4]									
Cat 1 Purchased goods and services		**504,712**				594,048			521,474
Cat 2 Capital goods		**373**				332			312
Cat 3 Fuel and energy related activities		**7,952**				8,486			6,315
Cat 4 Upstream transport and distribution		**89,055**				102,670			155,957
Cat 5 Waste generated in operations		**1,802**				1,565			1,950
Cat 6 Business travel		**1,200**				726			227
Cat 7 Employee commuting		**1,872**				1,915			2,268
Cat 8 Leased assets		**545**				561			608
Cat 9 Downstream transport and distribution		**30,404**				30,926			48,390
Cat 10 Processing of sold products		**n/a**				n/a			n/a
Cat 11 Use of sold products		**5,616,201**				6,206,104			6,364,955
Cat 12 End-of-life treatment of sold products		**64,533**				61,372			69,634
Cat 13 Downstream leased assets		**n/a**				n/a			n/a
Cat 14 Franchises		**n/a**				n/a			n/a
Cat 15 Investments[5]		**432,568**				462,727			463,188

* All emissions have been calculated following the Greenhouse Gas Protocol and using the UK Government GHG Conversion Factors for Company Reporting. Scopes 1 and 2 emissions have been calculated using actual data. Scope 3 emissions have been calculated using spend data and industry average emission factors.

1 Information assured and verified by Verco Advisory Services Limited.

2 Information assured and verified by Carbon Clear Limited trading as 'EcoAct' for FY23 and FY21 inventories. FY22 is unverified but adjusted in line with verification recommendations.

3 In FY24, we have improved the methodology of our Scope 3 emissions for 2021 and subsequent years in line with verification recommendation. Due to changes in the methodology approach, the revised GHG Scope 3 emission totals for FY21 resulted in a decrease of 12% in comparison to the Scope 3 emissions initially reported in FY23 Annual Report. The decrease was a result of improved data quality and reporting procedures, including use of actual activity data as basis of the calculations, standardisation of data reporting across BUs and rectification of errors identified in the Scope 3 emissions initially reported in the original FY21 baseline. Corrections to data errors were mostly related to downstream transportation and distribution, waste generated in operations and business travel.

4 Calculating and verifying Scope 3 data is a complex and time-consuming exercise. The figures presented for FY24 current reporting year are from the latest available data which for Scope 3 is the FY23 inventory. For FY23 disclosure this is the FY22 Scope 3 inventory. Both are verified by third-party experts. The Group will seek to progress the timelines of our reporting such that the Scope 3 inventory disclosure aligns to the reporting financial cycle in the future.

5 Category 15 Investments include emissions associated with the PZ Wilmar joint venture 6 Out of scope emissions relate to our use of biomass for the generation of steam in our Kenyan operations.

WASTE

In FY24, we reduced our absolute amount of overall waste to landfill by 69% compared to a FY21 baseline, with our UK operations maintaining zero waste to landfill achievement. We are progressing towards our target of zero waste to landfill by 2030 in the markets where appropriate infrastructure exists. We aim to reduce the amount of solid waste sent to landfill year-on-year, and all our factories and locations have waste reduction programmes in place, achieving a 40% reduction in FY24 versus the previous year where infrastructure exists. We study and map our landfill waste to identify improvement actions, which we implement via our continuous improvement programme.

Target	FY24 current reporting year	FY23 previous reporting year	FY21 baseline year
By 2030, we aim to send zero waste to landfill in those countries where appropriate infrastructure exists	**-69% reduction from a FY21 baseline**	-49% reduction from a FY21 baseline	141 tonnes

WATER

Reducing the amount of water we use is essential, and we have a continuous improvement programme to ensure we use it effectively. In FY24, we reduced our water consumption per tonne of finished product by 16% compared to a FY21 baseline. Our absolute operational water[1] consumption was reduced by 29% compared to a FY21 baseline and 7% reduction versus last year. Following on from our first water submission to the Carbon Disclosure Project (CDP) last year we expect to make a full submission in 2024.

Target	FY24 current reporting year	FY23 previous reporting year	FY21 baseline year
Reduce water intensity by 30% from 2021 baseline by 2030[2]	**-16% reduction from a FY21 baseline**	-12% reduction from a FY21 baseline	5.64m^3/t of production

1 Operational water is defined as the total water used net of water in our finished products.
2 Water intensity is defined as the operational water use per tonne of production.

BIODIVERSITY

We purchase and source raw materials that, in some cases, impact biodiversity and forests. Our most significant purchases are paper-based materials and palm oil. We have been disclosing data on the impacts of those commodities yearly to CDP.

Targets
Continue to use 100% responsible palm oil in our products (no deforestation, peat or exploitation)
100% of our paper will be certified or recycled by 2025

We continue working towards 100% NDPE (No Deforestation, No Peat and No Exploitation) palm oil supply.

Our progress in palm

99% of our crude palm oil (CPO) and palm kernel oil (PKO) is supplied by direct suppliers with NDPE commitments aligned with ours.	98% of palm oil derivatives are supplied by suppliers with NDPE commitments aligned with ours.	98% of the CPO/PKO we use is fully traceable to mill.	98% of the derivatives we use are fully traceable to mill.

We are committed to use 100% certified or recycled paper by 2025 and have reached 97% in FY24.

For more details visit our website:
www.pzcussons.com/sustainability/for-life

Sustainability continued

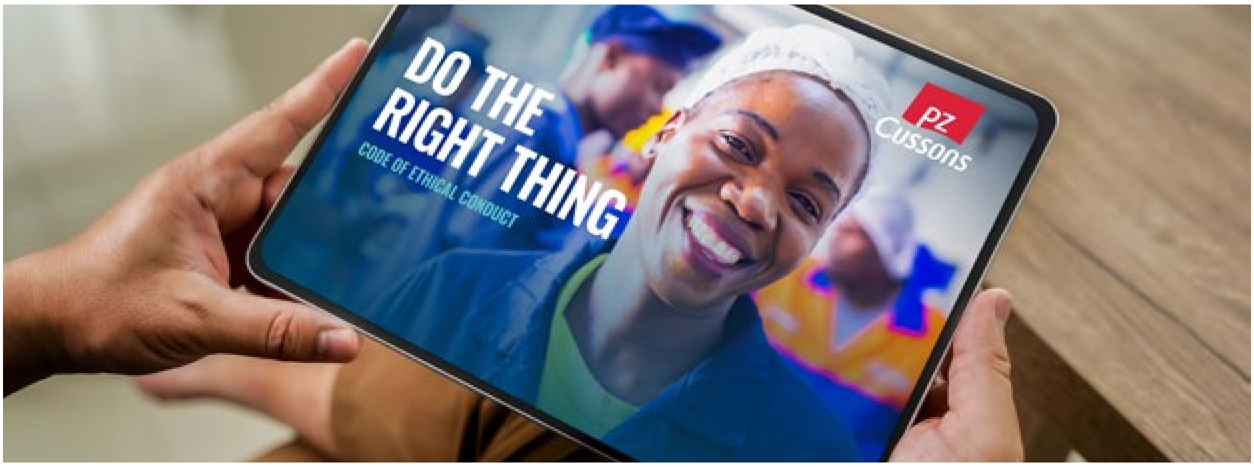
FOR GOOD.

We behave ethically as a business through our decisions and our corporate, environmental and social impact governance processes.

We operate in an open, honest and fair business environment with our suppliers, customers and business partners. Our ethical principles, rooted in respect and integrity, guide our dealings with all stakeholders, ensuring they feel valued and respected.

The policies and standards which govern our approach include:

- Code of Ethical Conduct
- Modern Slavery Statement
- Supplier Code of Conduct.



Code of Ethical Conduct

The Code of Ethical Conduct (the EC Code) sets out our statement of ethical principles and the behaviours expected across the business. It provides rules and guidance to ensure we comply with the UK Bribery Act and equivalent legislation in other countries. The EC Code applies to all employees, contractors, Directors and senior management, joint venture partners, suppliers, agents, consultants and advisers.

The EC Code also sets out our position on animal testing, anti-slavery and forced labour, supply chain due diligence, our responsibilities towards our employees, the prevention of financial crime (including zero tolerance of all forms of bribery and corruption and the prohibition of payment of bribes, kickbacks, and facilitation payments) and the protection of whistle-blowers. The EC Code is supported by a number of other policies, detailed in the Audit and Risk Committee Report on pages 84 to 89 of this Annual Report and Accounts.

In FY24, we conducted our annual EC Code confirmation survey which was completed by all eligible employees. The confirmation sought feedback on the level of embeddedness of our EC Code and how well it was understood across our business. The feedback showed a strong understanding of the EC Code and the procedures in place to make whistle-blowing reports.

The new joiners process is working well, and with the use of Workday and the Trace International learning management system portal, all new joiners are tracked to ensure they have read the EC Code and completed the Anti-Bribery and Corruption training. The Head of Ethics & Compliance and local compliance champions conducted additional face-to-face training on the EC Code in high-risk markets. We also conducted face-to-face training for employees at several factory sites, with over 400 employees attending.

Modern Slavery Act and Supplier Code of Conduct

Our Slavery and Human Trafficking Statement sets out our commitment to detecting and preventing the use of all forms of slavery in our supply chain. It is supported by our Supplier Code of Conduct (SCOC) and procurement policies to ensure that we do not engage directly or indirectly with slavery or human trafficking.

Our SCOC incorporates our Modern Slavery Act statement and mirrors our ethical principles set out in the EC Code, requiring our suppliers to adhere to the same standards to which we hold ourselves, including but not limited to compliance with relevant laws and regulatory standards in all countries in which we operate as well as committing to not test finished products or ingredients on animals. 99.8% of our high-value direct suppliers have signed the SCOC or demonstrated they maintain an equivalent code within their business.

In FY24, we implemented our Supplier Sustainability Principles*, a statement of key principles around supplier sustainability behaviour. It builds on our Supplier Code of Conduct to encourage more sustainable behaviour in our supply chain and can be found on our website. 88.5% of our high-value direct suppliers have acknowledged to work towards those principles.

We have evolved our supplier risk due diligence in the past 12 months by conducting a global risk assessment across our vendor base and our regions of operations.

Our risk assessment covers specific sector risks across People & Ethics, Environmental and Supply Chain risk management. We have calibrated our internal risk using external controls across Dow Jones and Sedex, while our SCOC has further reduced our risk profile across our supplier landscape.

In parallel, we plan to reduce the number of suppliers we work with to improve governance and control.

* Same document is being referenced on page 112 as the Sustainability Charter.

For more details visit our website:
www.pzcussons.com/sustainability/policies-and-disclosures

Taskforce On Climate-Related Financial Disclosures (TCFD)

We set out below our climate-related disclosures which comply with UKLR 6.6.6R by incorporating climate-related financial disclosures consistent with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and recommended disclosures as well as the guidance for all sectors as set out in the 'Annex' published in October 2021.

Our TCFD reporting complies with all requirements except for Strategy (b) disclosure. We anticipate becoming fully compliant in the coming years when the expected regulation on climate transition plans for UK listed issuers is introduced. The finalisation of our transition plan and impact of climate-related risks and opportunities will then be further embedded into our financial planning.

GOVERNANCE

Board oversight

PZ Cussons' climate risk is ultimately governed and overseen by the Board. The Board approves and oversees our sustainability strategy, committing the Group to environmental, social and governance performance and that we deliver against our goals. The Board is also responsible for setting our risk appetite and monitoring the application of our Risk Management Framework and methodology.

Three Board Committees are also closely involved in reviewing the elements of sustainability that impact the key areas of our business:

- The Environmental and Social Impact Committee reviews and approves the sustainability strategy, goals and implementation plans
- The Audit and Risk Committee ensures oversight of the risk management process. The Audit and Risk Committee assesses the extent to which climate change and other ESG risks are likely to have a material impact upon our financial statements
- The Remuneration Committee ensures ongoing focus on key environmental and social commitments through their approach to the Remuneration Policy and related incentive schemes as detailed on pages 92 to 95 of this report.

See our ES governance infographic on **page 29**

The Environmental and Social Impact (ES) Committee met three times during the year. Throughout the year, the ES Committee monitored progress against the goals set out in the Group's sustainability strategy. The strategy provides operational focus and, alongside a set of clearly defined performance targets, supports the Company in achieving its goals. The ES Committee is pleased to see that the Company is on track to meeting its targets of being carbon neutral in operations by 2025, reaching a 42% reduction against 2021 by 2030, and net zero across Scopes 1, 2 and 3 by 2045. The ES Committee will continue to monitor and advise on projects which will best achieve these targets. Key priorities for the ES Committee for FY25 include continuously reviewing the Group's sustainability strategy and goals and monitoring progress against each, ensuring required processes and capabilities are in place to deliver the goals and further optimising sustainability reporting.

Read more about our priorities on **page 91**

Management's roles and responsibilities

Our Chief Executive Officer is responsible for our environmental and social impact policies and climate commitments. Key management-level individuals, such as the Chief Supply Chain Officer, Chief Financial Officer, and Head of Risk, are tasked with identifying and enacting climate-related changes within the business. Sustainability management is responsible for presenting climate-related issues to the ES Committee at least twice a year before annual reporting. We have established a robust governance structure that operates top-down through the ES Committee, as described on page 29. PZ Cussons has a dedicated TCFD working group with representatives from the Sustainability, Risk Management and Finance functions.

Sustainability strategy

We have identified climate change within the "Sustainability and the Environment" principal risk. To better understand the potential impacts, we have conducted quantitative scenario analysis of physical and transition risks over the short, medium and long term to test the resilience of our business, under a range of future climate scenarios. As an international consumer goods business with main markets in the UK, Nigeria, Indonesia and Australia, our business is exposed to multiple and varying geographical physical and transition risks. The nature of our business means that we have offices and manufacturing facilities spread globally, which further increases our relative exposure to physical risks like extreme weather and transition risks, including changing regulatory environments.

Scenario modelling

We have assessed potential impacts across two future scenarios covering physical and transition risks and opportunities that may impact our business in the future.

1) Net zero scenario: The low carbon revolution is an ambitious scenario that limits global warming to <2°C by 2100 through stringent and immediately introduced climate policies and innovation, reaching net zero CO_2 emissions around 2050. It is linked to RCP2.6, which involves more transition risks early on but manages to limit physical risks to a minimum (NGFS Scenario: Net Zero 2050).

2) Current policies: Assumes that only currently implemented policies are preserved. The world does not cut emissions, and climate change accelerates, causing 2.5°C of warming by 2050 and >4°C by 2100, bringing irreversible changes. It is linked to RCP8.5, and involves little to no transition risks early on but results in irreversible and globally disrupting physical risks (Network for the Greening the Financial System (NGFS) Scenario: Current Policies).

Transition risks were assessed by considering possible risks and opportunities for the Group over the short, medium, and long term resulting from economic, market and regulatory changes. Financial modelling has been conducted for these transition risks using available PZ Cussons data and assumptions and external data from sources including:

- International Energy Agency (IEA)
- Network for the Greening the Financial System (NGFS)
- International Institute for Applied Systems Analysis preparing the Shared Socio-economic Pathways (SSP)
- Intergovernmental Panel on Climate Change (IPCC).

Physical risks were assessed by modelling the exposure of all PZ Cussons' facilities across manufacturing, storage and distribution operations with the assistance of a third-party provider, leveraging tools and models developed for the insurance industry that integrate climate projections. We also assessed the risk to selected key global suppliers of raw and packaging materials and finished goods. Exposure was assessed for a range of acute and chronic climate risks under two physical risk scenarios, specifically RCP2.6 and RCP8.5. We will continue to analyse the details of these physical risks and the organisation's resilience and put mitigation plans in place. Our progress will be disclosed in next year's Annual Report.

We define low/medium/high relative impact based on the net profit financial impact thresholds from our Risk Management Methodology:

L Low risk	Insignificant to moderate financial impact: <8% of adjusted operating profit[1]
M Medium risk	Major financial impact: >8% and <12% of adjusted operating profit[1]
H High risk	Severe financial impact: >12% of adjusted operating profit[1]

1 Alternative performance measures are explained and reconciled to the most directly comparable financial measure prepared in accordance with IFRS on pages 206 to 209.

Time horizons: We have assessed potential impacts across three time horizons (short/medium/long term) according to our current targets, commitments and useful asset lives. We have selected these horizons in accordance with TCFD and their relevance to our business as explained below.

Short: 1-5 years, which is linked to our short-term financial planning horizons

Medium: 5-10 years, which is linked to our medium-term commitments and targets

Long: 10+ years, which is linked to the operational lifetime of our existing assets and our net zero commitment

Considering risks on our business, strategy and financial planning

Climate risks have been considered through our financial modelling of transition and physical risks to establish the relative low/medium/high impact on the business over three different time horizons and two climate scenarios. We have considered the impact of the identified climate-related risks and opportunities on the business and strategy. To prepare for these scenarios, we have embedded mitigating actions among our transition risks and opportunities to manage potential risks and capitalise on potential opportunities. See pages 40 and 41.

PZ Cussons is undertaking further analysis to fully embed climate risks into the business and strategy, especially within the financial planning processes.

We aim to disclose how these risks are considered in our financial planning processes in future disclosures.

We are continually reviewing, updating and enhancing our understanding of climate-related risks and opportunities and the resultant impacts on our business in light of external trends, new information and changes to our business. We will continue to assess changes to our overall resilience as our understanding of climate-related risks and opportunities matures, and if our business strategies change. We are developing our transition plan in line with the Transition Plan Taskforce (TPT), which describes our progress to date against our climate-related targets and initiatives for reducing carbon emissions.

Based on our risk assessment and scenario analysis results, the transition to a low-carbon economy consistent with a 2°C or lower scenario (our 'net zero' scenario described above) is not expected to fundamentally impact our business model. However, the Group has several direct and supplier operations in locations exposed to heat stress, flooding and heavy precipitation. We believe that the mitigation plans that are in place and further mitigation actions will provide business and organisational resilience to our short- and medium-term risks, and we consider our strategies to be appropriate for managing our identified risks. We will continue to assess our climate-related risks and opportunities under different scenarios and determine our overall resilience, as we acknowledge that changes to internal and external factors over time will impact the resilience of our business strategies to climate change.

RISK MANAGEMENT

Climate risks are integrated into our overall risk management process. Our risk management process is based on a common risk framework to ensure we identify, assess and mitigate all risks, i.e., product safety and quality, health and safety, cybersecurity, legal compliance, climate change, environmental and regulatory compliance risks that threaten the successful delivery of our strategic objectives. You can find full details on our risk management process on pages 42 to 50 of this Annual Report and Accounts.

Specifically, our Risk Management Methodology on page 43 describes our processes for identifying, assessing and mitigating all risks, including climate-related risks. We also identify new and emerging risks through a number of approaches that are listed on page 44. Climate change forms part of our sustainability and the environment's Principal Risk, with further information on how we manage this risk provided on page 49.

Taskforce On Climate-Related Financial Disclosures (TCFD) continued

ST Short-term MT Medium-term LT Long-term

L Low risk M Medium risk H High risk

PHYSICAL RISKS

Group operations

Description of material risk or opportunity: Business interruption of the Group's operation caused by climate change impacts, such as extreme heat, extreme rainfall, heat stress, precipitation stress, drought stress, fire and sea level rise.

Potential financial impact	Modelling approach	Scenario	Relative impact ST	Relative impact MT	Relative impact LT	How we're responding
The Group's direct operations might be affected by physical impacts, which may lead to increased costs for repair/retrofit of impacted assets and decreased revenue due to operational outages.	Exposure of each asset is determined based on location and the severity/intensity of a climate hazard occurring at each location, with the value exposed being the full asset value located in an area of material climate hazard intensity.	Net zero	L	H	H	The Group will continue to analyse a variety of locations which are key to the business, covering important parts of the value chain, our internal operations and important customer markets, and use scenario analysis and climate modelling to better understand the range of physical risks the Group is exposed to. **Highest exposure countries:** Nigeria, Indonesia
		Current policies	L	H	H	

Supplier operations

Description of material risk or opportunity: Business interruption of the Group's suppliers' operations caused by increased frequency and severity of flood risk.

Potential financial impact	Modelling approach	Scenario	Relative impact ST	Relative impact MT	Relative impact LT	How we're responding
The Group's supply chain might be disrupted by physical risks resulting in increased costs and loss of revenue due to changes in the availability of goods and services from suppliers.	Exposure of each asset is determined based on location and the severity/intensity of a climate hazard occurring at each location, with the value exposed being the full asset value located in an area of material climate hazard intensity.	Net zero	L	H	H	The Group analyses exposure for a range of acute climate risks and puts mitigation plans in place. Further mitigation actions will provide business and organisational resilience to acute/chronic risks. Alternative suppliers with lower exposure to climate risk might be taken into consideration to mitigate the risk in the future. **Highest exposure countries:** China, Taiwan
		Current policies	L	H	H	

TRANSITION RISKS

Carbon pricing

Description of material risk or opportunity: Increased costs associated with carbon pricing and taxation.

Potential financial impact	Modelling approach	Scenario	Relative impact ST	Relative impact MT	Relative impact LT	How we're responding
Carbon pricing already exists in some of the Group's jurisdictions, including the EU and UK. Under different scenarios, carbon taxes are expected to increase, which could increase the Group's direct operating costs, resulting in a loss of revenue.	Carbon prices from NGFS applied to our long-term emissions forecasts.	Scope 1&2: net zero	L	L	L	In our sustainability strategy, we are setting ambitious targets; see page 33, to reduce GHG emissions throughout our value chain, reducing our dependence on future carbon taxes and voluntary off-set markets. We also monitor government policies and climate change actions and take necessary steps to minimise the impact on our business. **Highest exposure countries:** Nigeria
		Current policies	L	L	L	
		Scope 3: net zero	L	H	H	
		Current policies	L	L	L	

Extended producer responsibility

Description of material risk or opportunity: Introduction of carbon footprint labelling and Extended Producer Responsibility (EPR).

Potential financial impact	Modelling approach	Scenario	Relative impact ST	Relative impact MT	Relative impact LT	How we're responding
Increasing regulatory pressure and taxes regarding the sustainability of materials used in the manufacturing of products may impact profitability through increased cost of goods.	Estimated EPR costs applied to our long-term packaging forecasts.	Net zero	L	H	H	We monitor regulatory developments and work with the wider industry to prepare. We are a founding member of the EcoBeautyScore Consortium, which aims to develop an environmental impact assessment and scoring system for cosmetic products to enable consumers to make informed and sustainable choices. We are also adopting on-pack recycling labels (OPRL) labelling system across the UK portfolio before the EPR mandatory deadline. **Highest exposure country:** UK
		Current policies	L	L	L	

Cost of energy

Description of material risk or opportunity: Abrupt and unexpected shifts in energy costs.

Potential financial impact	Modelling approach	Scenario	Relative impact ST	Relative impact MT	Relative impact LT	How we're responding
The Group anticipates higher levels of energy price volatility. This will impact energy costs associated with the Group's operations, which will also affect our supply chain resulting in increased costs and loss of revenue.	Energy prices from NGFS applied to our long-term energy forecasts.	Net zero	L	L	L	Through our continuous improvement programme in our factories, we continue to incorporate energy reduction initiatives across our sites to minimise the risk of increased energy costs. **Highest exposure country:** Nigeria
		Current policies	L	L	L	

OPPORTUNITY

Energy efficiency

Description of material risk or opportunity: Reduced energy costs through efficiency gains and cost reductions.

Potential financial impact	Modelling approach	Scenario	Relative impact ST	Relative impact MT	Relative impact LT	How we're responding
Reduced energy costs may decrease the Group's operational costs.	Energy prices from NGFS applied to our long-term energy forecasts.	Net zero	L	L	L	We will continue improving the energy efficiency of our assets and suppliers through our continuous improvement programmes, which will also result in lower operational costs. In FY24, we completed the outsourcing of power generation at our Ikorodu (Nigeria) manufacturing site, reducing our cost per kWh by 17%. **Highest exposure country:** Nigeria
		Current policies	L	L	L	

Metrics and targets

We consider greenhouse gas emissions, energy consumption, landfill waste and packaging reductions as principal metrics that allow us to monitor progress regarding climate-related risks and opportunities. We ensure ongoing focus on our environmental and social commitments through our approach to the Remuneration Policy and related incentive schemes. We do not currently have an internal carbon pricing mechanism. However, we will continue to assess the feasibility of introducing one to mitigate our external exposure to carbon taxation and legislation.

We will continue to ensure our metrics and targets are appropriate for our risk profile and expand our metrics in the future, considering the TCFD all-sector and cross-industry metric guidance. We currently use our existing environmental metrics to track progress against our targets and will further develop processes to better track and manage our progress over time.

Full details on our metrics and targets, including the KPIs we use to track progress, can be found on **pages 32 to 35** of this Annual Report and Accounts

Risk Management and Principal Risks

HOW WE MANAGE RISK.

RISK CULTURE

PZ Cussons is committed to conducting its business responsibly, prioritising safety and adhering to all legal requirements. We integrate risk awareness into our decision-making processes, ensuring informed responses to both opportunities and potential threats.

As an international business, we acknowledge the inherent risks and uncertainties associated with executing our strategy across our key markets. Through effective risk management practices and proactive identification of opportunities, we strengthen our capacity to achieve our strategic objectives.

GOVERNANCE AND OVERSIGHT

The Board has ultimate responsibility for establishing the Group's risk appetite and ensuring the effectiveness of the Risk Management Framework. This latter responsibility is delegated to the Audit and Risk Committee, which reviews the most significant risks faced by the Group at least twice a year. The Board has completed a robust assessment of the Group's emerging and principal risks.

While the Audit and Risk Committee conducts in-depth reviews of specific risks, other Board Committees and sub-committees also review risks relevant to their respective areas of oversight.

At the market level, business unit leadership teams implement the Risk Management Framework with the support of a network of Risk Champions. Leadership teams supported by Risk Champions are responsible for ensuring the accuracy and relevance of market level risk information, that may require escalation to the Audit and Risk Committee as necessary.

At the Group level, the Executive Committee adopts a combined top-down and bottom-up approach to reviewing risks across the Group. This ensures the identification and monitoring of both strategic and operational risks of significant impact. The Executive Committee also assess all Principal Risks and emerging risks and may conduct deeper analyses of critical Principal Risks to verify adequate resource allocation for controls and mitigations.

Ownership of each Principal Risk is assigned to a specific Executive Committee member. The Group Internal Audit Function provides independent assurance to both the Executive Committee and the Audit and Risk Committee regarding the effectiveness of the Risk Management Framework and internal control systems. For joint venture agreements, where applicable, the Group implements its established risk management processes.

It is important to note that the Group's risk management processes are designed to manage, not eliminate, risk entirely. These processes provide reasonable, but not absolute, assurance against material misstatement or loss.

Board of Directors

Defines policy, sets risk appetite and assesses Principal Risks for the Group.
Has overall responsibility for sound risk management and internal controls.

AUDIT AND RISK COMMITTEE

Assesses and reviews the effectiveness of the Group’s Risk Management Framework and internal control systems.

EXECUTIVE COMMITTEE

Ensures that the Risk Management Framework is embedded and operates throughout the Group. Regularly reviews the regional and consolidated risk registers and ensures that mitigation activities are in place.

GROUP RISK TEAM

Oversees the consistent application of the Group’s Risk Management Framework.

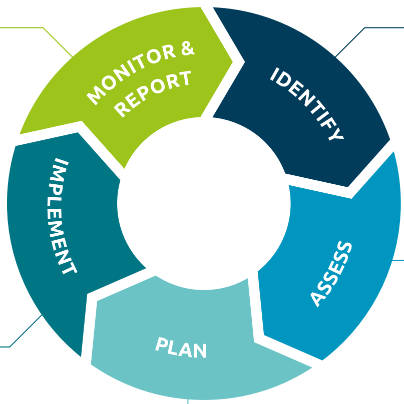
REGIONAL AND BUSINESS UNIT MANAGEMENT

Ensures that the Risk Management Framework is embedded at a regional and local level. Regularly reviews the risk register and ensures that mitigation activities are in place.

OUR RISK MANAGEMENT METHODOLOGY

The Group leverages a comprehensive risk management process and standardised framework to proactively identify, assess, and mitigate risks that could impede the successful execution of our strategic objectives. The risk management methodology and framework are applied consistently across all levels, encompassing Principal Risks down to market and operating unit levels.

In FY24, we enhanced our risk management methodology and framework, ensuring consistency of application, relevant risk assessment criteria and an improved bottom-up process. The strengthened framework and methodology have been bolstered by a dedicated program of engagement and training activities, including workshops, the embedding of Risk Champions across the Group, and enhanced reporting and insights. These initiatives contribute significantly to fostering a robust risk culture throughout the Group.



1 The initial **identification** of risks, including emerging risks at the operational level.

2 These risks are then **assessed**, including an assessment of the potential impact of the risk on our business, and the extent to which the risk can be mitigated or controlled.

3 Mitigating actions are then **planned**, agreed and communicated to the relevant risk owners throughout the Group.

4 Actions are **implemented** by regional and business unit management.

5 The results and status of those risk actions are **monitored** by the Group Risk Team, management and second line assurance functions.

The status of risk actions is **reported** frequently to the Audit and Risk Committee.

RISK APPETITE

The Board is committed to managing risk in a way that is aligned with our vision and culture. We are aware of the many risks that our business faces and we have a process in place to identify, assess and mitigate these risks.

We have a lower risk appetite for risks that could damage our reputation or business opportunities. These include risks related to:

- Product safety and quality
- Health and safety
- Legal compliance
- Environmental and regulatory compliance
- Cybersecurity and data protection.

We have a higher appetite for risks that are associated with growth and the achievement of our bold strategic ambitions. These include:

- Our involvement in emerging markets
- Business transformation.

We seek to mitigate our risk exposure to within appetite through a variety of means including insurance cover, planning and control processes, and natural portfolio hedges such as the diversity of our supply chain, brand and product ranges, and global footprint.

Risk Management and Principal Risks continued

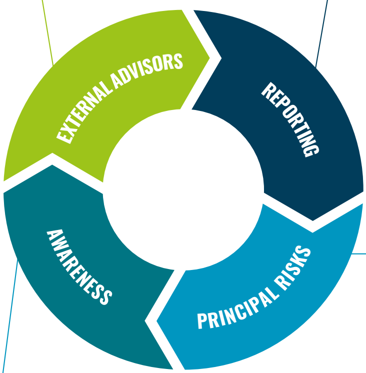
EMERGING RISKS

A formal, biannual review of emerging risks is undertaken by the Audit and Risk Committee in conjunction with the Principal Risks assessment. In addition, new and emerging risks are identified in a number of ways as illustrated in the diagram below.

We believe that our approach to identifying new and emerging risks is comprehensive and effective. By taking a variety of approaches, we are able to identify risks that may not be immediately obvious and to take steps to mitigate them before they cause harm to our business.

4 Discussions with external advisers:

These processes are informed by regular discussions with the Group's network of external advisers including its lawyers across all relevant territories, accountants and tax advisers, internal audit partners, insurance brokers, health and safety advisers and sustainability and PR advisers. The Group is also a member of various trade and industry bodies across the world and leverages the experience of its peers and external industry experts.



1 Reporting to the Board:

Potential new and emerging risks are reported to the Board and considered during its periodic reviews of Group risks.

2 Considering Principal Risks:

In formulating and evolving the Group risk register, the Executive Committee and the Board consider the Principal Risks, and those identified by individual markets and functions to determine whether there are any new risks which require Group-wide focus and mitigation.

3 Awareness of emerging macro trends:

Our in-house Group Risk Team ensures we are aware of emerging macro trends and risks associated with our industry and geographical footprint.

OUR PRINCIPAL RISKS

The most significant risks, those that could affect our strategic ambitions, future performance, viability and/or reputation, form our Principal Risks.

The following table sets out our Principal Risks. This includes a summary of key information, including the type of risk, links to our strategic drivers and residual risk trends. This list does not include all our risks. Other risks, not presently known, or those we currently consider to be less material, may also have adverse effects.

Changes to our Principal Risks in the year:

As per our Risk Management Framework, we formally assess the Principal Risks facing the Group on a bi-annual basis; the results of that assessment have identified changes to the Principal Risks:

Macro-economic and Financial Volatility, inc. Foreign Exchange

As a global Group, macro-economic and financial factors impact the Group in a number of ways including global financial market volatility impacting exchange rates, particularly in Nigeria, political change resulting in evolving tax regimes, and worldwide market dynamics impacting access to capital. The Group have updated this Principal Risk to more accurately reflect the broad scope of risk factors, having previously been called 'Financial Controls (Foreign Exchange, Treasury and Tax)'.

Geopolitical Instability

Given the global footprint of the Group, the effects of increasing geopolitical tensions and escalating conflicts, alongside global political upheaval related to elections and energy crises, impact our business operations and supply chain. The Group have updated this Principal Risk, previously called 'Market and Economic Disruption inc. Emerging Markets' to better reflect the impacts to the Group.

Consumer Safety

In previous years, the 'Health and Safety' Principal Risk has encompassed both employee health and safety and consumer safety. Recognising that consumer safety, especially in baby food products sold in Australia and New Zealand, is the primary risk driver, the Group has updated this Principal Risk while still including the employee health and safety elements.

The Principal Risks that have increased in the year:

Talent Development and Retention

The strategic review of our African business increases the 'Talent Development and Retention' Principal Risk in the region owing to uncertainty, coupled with this is the related talent and people risks associated with other ongoing strategic transformation programmes.

Business Transformation

We are strategically transforming the business by enhancing our organisational design and improving internal efficiencies to reduce complexity. Consequently, due to its significance for the future of the Group, the 'Business Transformation' Principal Risk is increasing.

RISK 1: MACRO-ECONOMIC AND FINANCIAL VOLATILITY INC. FOREIGN EXCHANGE

Trend:

Link to Strategy:

Description of risk:

Due to our international footprint, we are exposed to a variety of external financial risks in relation to Foreign Exchange, Treasury and Tax. Macro-economic volatility and disruption can cause the relative value of exchange rates to fluctuate significantly and, as a result of our global operations, can have a material impact on financial performance. In addition, because we consolidate our financial statements in GBP, we are subject to exchange rate risk associated with the translation of our underlying net assets and earnings of our foreign subsidiaries.

Given our geographic footprint, we are also subject to exchange rate fluctuations and macro-economic political decisions and the consequences thereof in some of our jurisdictions that impact our ability to access foreign currency to settle intercompany liabilities that may include the repatriation of cash to the UK by way of dividend payments. In FY24, we saw this macroeconomic and financial volatility materially impact the Group due to our operations in Nigeria and exposure to the Naira.

A material shortfall in our operating cash flow and/or our ability to access appropriate sources and levels of funding could undermine our ongoing business activity and the next stage of business transformation. In times of financial volatility, we may not be able to raise funds or access credit in an appropriate jurisdiction due to market illiquidity. We are also exposed to counterparty risks with banks, suppliers, customers and other credit providers which themselves could be impacted by macro-economic volatility and hence could result in financial losses to the Group.

Tax is a complex and ever evolving area where laws and their interpretation change frequently, and which may lead to unexpected or new tax exposures. As a global Group, we are subject to transfer pricing and general taxation policies and regulation, which are also subject to international and local regulatory changes that may have an impact on business performance.

How we manage the risk:

- Managing the Group's exposure to the Naira is a key priority for the Executive Committee. A dedicated Steering Committee meets regularly to closely monitor foreign exchange risk and develop strategies to manage the Group's exposure
- The Audit and Risk Committee oversees treasury and tax related risks, with a significant focus and oversight on foreign exchange exposure related to the Nigerian currency, the Naira. Additionally, the Committee oversees tax and treasury strategy, potential tax obligations, and financial controls
- As part of the monthly business performance cycle, cash flow forecasts from operating units are reviewed, scrutinised and consolidated; the monthly performance cycle also includes in depth analysis of the outlook for all covenants related to our banking facilities to inform strategic decision-making
- We maintain an established Group Treasury function and our Group Treasury Policy defines our non-speculative approach to the management of foreign currency and other financial market exposures
- Transactional currency exposures are managed within prescribed limits with short- to medium-term forward exchange contracts taken to reduce our exposure to fluctuations
- Margin improvement projects to deliver savings and mitigate the cost impact of currency devaluation, as well as cash repatriation strategies to move cash from Nigeria to the UK and reduce borrowing costs and interest payments, are in place
- Local sourcing of raw materials and services takes place where possible to reduce exposure to foreign currency transactions and inflation
- A Group taxation strategy is in place that defines the way in which we conduct ourselves with respect to our tax affairs. Our in-house Group Tax capability is complemented by the use of specialist tax consultants to ensure compliance with all local and international tax regulations and treaties, and to ensure that changes in regulations are taken into consideration as part of our future business strategy
- Treasury and tax controls are an important part of our overall financial control framework, which continues to evolve to remain fit for purpose and reflective of the nature of business risks.

LINK TO STRATEGY

Build Brands
Develop People
Serve Consumers
Grow Sustainably
Reduce Complexity

TREND

Increased
Decreased
No change
New

Risk Management and Principal Risks continued

RISK 2: IT AND INFORMATION SECURITY

Trend:

Link to Strategy:

Description of risk:

We communicate with our customers and suppliers electronically, and our manufacturing, sales and distribution operations are dependent on reliable IT systems and infrastructure. Prolonged disruption to these systems could have a significant negative impact on the performance of the Group.

Ongoing global instability and uncertainty have kept the risk of cyber attacks high, potentially affecting the security of the personal data we hold as well as business-critical information, and the automated systems we use across our supply chain.

Additionally, the growing use of generative AI introduces new and adaptive cybersecurity threats, increasing the risks associated with data breaches.

How we manage the risk:

- A centrally governed IT function continually monitors known and emerging threats that may impact us
- An industry-approved cybersecurity control framework has been deployed and external reviews of this framework have been conducted, evidencing its effectiveness
- We have delivered a comprehensive information security awareness programme to ensure both business and personal information remain protected
- Critical data is backed up regularly in accordance with our control framework and recovery testing is undertaken
- We have further embedded our relationship with our dedicated Cybersecurity partner, including making use of additional modules in the year
- We have continued our relationship with the National Cyber Resilience Centre to ensure we are aware of emerging risks around Cyber Incident Response (and reactions, including ransom approach), industry insights and approaches and cyber intelligence
- We have an IT risk governance framework in place, with risk information reviewed monthly by the IT Leadership Team, managing the risk profile for the delivery of IT Services across Cybersecurity, IT Operational Risk, Audit and Compliance and Disaster Recovery
- The IT information Security Risk Committee is now fully established. This group meets monthly and has representation from HR, Marketing, Supply Chain, Legal, Audit and Risk and IT. The Committee governs and reviews items such as the use of AI, cyberattacks and remediations, and other IT security risks
- A comprehensive suite of IT policies is in place covering acceptable use, network security, removable media, information security, IT and third-party security, access control and many others.

RISK 3: BUSINESS TRANSFORMATION

Trend:

Link to Strategy:

Description of risk:

Business transformation encompasses both the review of organisational design and ongoing functional and operational changes, aimed at reducing complexities, driving efficiencies and delivering enhanced shareholder value.

We continue to transform the business across all functional areas and markets to achieve our long-term strategic aims. We must successfully manage the impacts of these ongoing activities, while at the same time delivering underlying growth.

There are business risks related to the achievement of our transformative objectives, including our acquisitions and disposals strategy, organisational design changes as well as technology and infrastructural challenges.

We have a wide-ranging number of transformation programmes; failure to execute these initiatives effectively could result in a decline in business performance or an under-delivery of the expected benefits and consequently impact the return we are able to make to our shareholders.

How we manage the risk:

- Periodic reporting on key business and functional business transformation initiatives is provided to the Audit and Risk Committee
- All significant transformation programmes are sponsored and owned by a member of our Executive Committee
- Across our transformation programme we have dedicated Steering Committees, often chaired by Executive Committee members, including the Chief Executive Officer and Chief Financial Officer and project delivery teams, who conduct in-depth analysis of progress and regularly report to the Board
- Our Groupwide Controls Transformation Project, which improves the global control framework, has been brought in-house and now operates as 'business as usual'
- A new Global Transformation Director has been appointed to oversee the Company transformation agenda, which will further strengthen the management of this risk into FY25
- Our Group Internal Audit function is supporting the management and oversight of key transformation programmes as a business partnering exercise
- The transformation of our internal business and consumer data capability is led by a dedicated specialist team to support our wider digital transformation.

RISK 4: TALENT DEVELOPMENT AND RETENTION

Trend: Increased

Link to Strategy: Build Brands, Serve Consumers, Develop People

Description of risk:

We recognise that to deliver sustained, profitable growth we require the best talent. We are focused on attracting, developing and retaining a diverse range of skilled people with the potential to deliver our ambitious growth agenda.

The competition for top talent remains high; attracting key talent in some regions is challenging due to market dynamics such as in Nigeria with the trend to emigration of nationals, and in both Indonesia and the UK with highly competitive employment markets.

With continued global uncertainty, we also see employee engagement, reward and wellbeing as continued priorities.

The impact of the strategic review of our African business, along with other transformation programmes, is also factored into this Principal Risk.

How we manage the risk:

- Specific employee retention strategies have been implemented within our business to ensure appropriate employee management and maintenance is achieved during a period of transformational change
- We continually measure overall engagement and our engagement scores have been consistent over the last three years, despite a landscape of internal and external change. 96% of our people completed the survey, and we achieved an engagement score of 73%
- We continue to have vibrant and open conversations with our people, through Group-wide social media, communication platforms and quarterly global Town Hall meetings; these are augmented by weekly team and market 'Pulses' and regular 'PZ Talks' designed to keep employees informed of key strategic initiatives and goals
- We have a continued focus on wellbeing, with specific initiatives in our markets aimed at support around health and wellness education. We encourage work/life balance, including on Fridays, when many of our office-based people are able to finish work at 1pm
- Our global performance management process helps our people to reach high performance, grow their skills and experience, and progress their career
- Through the use of LinkedIn Learning and other externally hosted training platforms, we have made continuous skills development available to all
- We manage a regular cycle of talent and succession planning for our senior leaders at all levels of the business. Using our people system (Workday), we have visibility of the experience, potential and aspiration of our people; unlocking our ability to identify and move talent around PZ Cussons. We have also assessed the risk to and impact of retention of our future leaders and critical talent
- FY24 saw the further embedding of our Workday system, driving better employee performance management, feedback, talent management and learning. All employees can see the explicit link between employee goals, performance, development and reward
- We continue to offer hybrid and virtual working arrangements across our markets, which are enabled by the deployment of IT platforms such as Microsoft Teams and Office 365 as well as ensuring our offices are set up technologically for both home and office working employees to collaborate.

LINK TO STRATEGY

- Build Brands
- Develop People
- Serve Consumers
- Grow Sustainably
- Reduce Complexity

TREND

- Increased
- Decreased
- No change
- New

Risk Management and Principal Risks continued

RISK 5: CONSUMER AND CUSTOMER TRENDS

Trend: No change

Link to Strategy: Build Brands, Serve Consumers, Grow Sustainably

Description of risk:

Our consumers continue to face cost-of-living crises across our markets. The risk of competition in the marketplace, especially in online-only offerings and across lower quality, lower priced products, continues to represent a risk to the financial performance of the Group as consumers continually review expenditure on key household items.

Failure to understand our consumers, manage our customer relationships and innovate in response to underlying trends could lead to financial and reputational loss for the Group.

How we manage the risk:

- We use the latest market research and insights data, including the use of AI to monitor our consumers' needs
- Specialist online-only marketing and sales teams are in place
- We continue to focus on maintaining strong relationships with our existing customers and developing relationships with new customers
- We remain focused on cutting any costs we can from our products that do not impact the consumer experience or sacrifice performance or quality
- We have diversified our product offering, including brands targeted at a more cost focused consumer base
- We have invested in our internal business and consumer data capability to more closely analyse, and adapt to, changing consumer trends
- We have renewed our focus on R&D and innovation, placing it at the heart of our strategy.

RISK 6: GEOPOLITICAL INSTABILITY

Trend: New

Link to Strategy: Build Brands, Serve Consumers, Reduce Complexity

Description of risk:

Geopolitical events, including conflicts, trade wars, economic and political polarisation, nationalisation of supply chains and energy crises could disrupt our operations both within the markets in which we operate and also in our wider supply chain.

Additionally, political instability can lead to changes in government policies, regulations, and taxes. This risk is particularly stark across emerging markets, most notably within Nigeria, and can lead to disruption to business operations, increased costs, and difficulty in strategic forward planning.

Political instability in resource-rich regions can lead to significant fluctuations in the price of raw materials and energy, impacting production costs. Trade wars and embargoes can lead to increased tariffs and import/export restrictions, driving up the final cost of goods. Geopolitical volatility can also increase insurance premiums for businesses operating in risky regions.

Failure to react to changing market conditions could lead to a material effect on the Group's financial performance, market share or reputational standing.

How we manage the risk:

- We have a dedicated Group Risk Management Function that reports to the Board, via the Audit and Risk Committee material matters of concern in relation to emerging Geopolitical risks
- We have brands across multiple segments and price points across multiple markets, which ensures we have sufficient diversification across our product mix to cater for a wide range of consumers and we continue to diversify our production capabilities and the simplification of our global supply chain
- Our Global Procurement Team establishes forward contracts where possible to mitigate the exposure to instability in raw material commodity prices
- We have extensive experience operating within emerging markets and use this experience to manage regionalised instability risks
- With both our in-house and external legal expertise, we ensure we are aware of emerging market-related legal and compliance related risks
- Trends in relation to geopolitical instability are monitored and modelled regularly and integrated into our monthly business performance cycle.

LINK TO STRATEGY

- Build Brands
- Develop People
- Serve Consumers
- Grow Sustainably
- Reduce Complexity

TREND

- Increased
- Decreased
- No change
- New

RISK 7: LEGAL AND REGULATORY COMPLIANCE

Trend:

Link to Strategy:

Description of risk:

We are subject to a wide spectrum of legislation, regulation and codes of practice that can vary between the geographies in which we operate. Examples include product safety, competition, anti-bribery and corruption and employment. Failure to adhere to such laws and regulations can result in reputational damage, as well as significant fines and the possibility of criminal liability.

As the use of generative AI continues, there is an increased risk of IP infringement and leakage of confidential information as employees establish how to use the new tools. There is also an increased risk that regulations fail to keep pace with the emerging technologies, exposing the Group to potential issues.

Alongside this, like all companies, we are exposed to litigation risk in the markets in which we operate and must continually remain vigilant to the risk of financial liability in respect of our contractual obligations.

How we manage the risk:

- We have an experienced Ethics and Compliance Team, led by our Head of Ethics & Compliance, reporting into the General Counsel, with our ethics and compliance programme being overseen by the Audit and Risk Committee and Company Secretary
- Our Group Risk Team is now established, overseen by the Audit and Risk Committee
- Our legal and regulatory specialists at both Group and regional level monitor and review the external legal and regulatory environment to ensure that we remain aware of and are up to date with all relevant laws and legal obligations
- We are supported by a network of external experts who can be engaged as required and help us to horizon scan and identify emerging risks. This is particularly important in developing countries where changes in the law can be sudden and unpredictable
- We have a Group-wide Code of Ethical Conduct which employees sign up to and this is complemented by an annual certification exercise
- We have a comprehensive training programme including ethics and compliance and anti-bribery and corruption modules
- We have a comprehensive AI Acceptable Use Policy which is available to all employees via the intranet, this is overseen by the Information Security Risk Committee
- In-house legal leads within each Market leadership team
- A third-party confidential whistle-blowing line is in operation, which gives employees and contractors the chance to raise issues to be investigated by the Ethics and Compliance Team.

RISK 8: SUSTAINABILITY AND THE ENVIRONMENT

Trend:

Link to Strategy:

Description of risk:

The effects of climate change represent a material risk to the business, therefore the need to find more sustainable ways of doing business is vital. This includes ensuring the raw materials we require are responsibly sourced and efficiently used and that we are a responsible and integral part of the communities in which we operate.

One of our key strategic objectives is to grow sustainably. To that end, we have set ourselves science aligned sustainability goals; failure to achieve those targets risks alienating key stakeholders, including consumers and customers, who are increasingly focused on environmental sustainability and transparency in supply chains, and damaging the goodwill in our brands, with consequent limitation of our ability to grow and create value.

How we manage the risk:

- Our Board-appointed Environmental and Social Impact Committee provides governance and oversight over our Sustainability Function and activities. Below this, working forums are in situ, including regular functional and regional forums with Sustainability Champions across different departments and business units
- Dow Jones and Sedex supplier risk management tools, which include sustainability factors and requirements are now well embedded
- FY24 saw the rollout of our Supplier Sustainability Principles, outlining our key expectations and requirements
- To drive awareness and relevancy of sustainability to employees' jobs and personal lives, we have an employee intranet hub outlining our strategic aims, sustainability ambitions, our programme alliances and partnerships and general sustainable living practices and examples for employees in their daily lives
- Our carbon inventory for Scope 1,2 and 3 is verified by third-party experts and is published on our website.

Risk Management and Principal Risks continued

RISK 9: CONSUMER SAFETY

Trend:

Link to Strategy:

Description of risk:

Our brand portfolio includes washing and bathing items, beauty products and food items, as such the safety and quality of our products is of paramount importance to the Group; the risk of contamination, mislabelling or unsafe use of raw materials remains a significant risk to the Group.

A failure in the practices we adopt to ensure consumer safety may result in reputational damage, significant financial loss from product recalls and fines from regulators, together with possible criminal liability for the Group.

How we manage the risk:

- We apply robust quality management standards and systems, rigorously monitoring them throughout all supply chain stages. This applies not only to our own production facilities but also to our third-party manufacturers
- We launched our new Quality and Consumer Safety Policy to ensure that our standards in this area are maintained and developed where necessary
- We also maintain a dedicated consumer complaints hotline. Any incidents relating to the safety of our consumers, or the quality of our products are actively investigated to ensure that timely and effective action is taken
- The same applies to health and safety incidents across the Group, where we seek to identify, assess and respond to incidents to ensure we continuously improve our Health and Safety Framework.

RISK 10: SUPPLY CHAIN AND LOGISTICS

Trend:

Link to Strategy:

Description of risk:

Our production and distribution facilities could be severely impacted by adverse events affecting the continuity of supply, such as a failure of a key supplier, a health and safety incident, an environmental failure, or global events.

Our consumers and customers could be severely impacted by material increases in input costs of raw materials, freight and distribution costs and an inability to supply finished products.

Failure to get the product to our consumers or failing to provide that product at a reasonable price could have a material effect on business performance and our reputational standing.

How we manage the risk:

- We undertake a rigorous selection process before engaging with new third-party suppliers and perform ongoing audits and performance monitoring to ensure that contracted standards are being maintained or exceeded
- We have in place a third-party risk management solution, which enables us to foresee emerging third party-related risks and issues
- We use multiple suppliers where possible and have a dedicated Global Procurement Team who can source alternative suppliers where necessary, complemented by a Quality Management Team able to appropriately assess potential replacement products
- Our dedicated Group Procurement Team has specialist knowledge and understanding of key raw materials and commodities markets, and our systems allow us to review forward requirements and to obtain value
- We use our globally recognised logistics partners to ensure we are adequately aware of specific geopolitical or security risks within the markets in which we operate.

LINK TO STRATEGY

- Build Brands
- Develop People
- Serve Consumers
- Grow Sustainably
- Reduce Complexity

TREND

- Increased
- Decreased
- No change
- New

Viability and Going Concern

GOING CONCERN STATEMENT

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the Group, liquidity position and available borrowing facilities are described within the Financial Review. In addition, note 19 of the Consolidated Financial Statements includes policies in relation to the Group's financial instruments and risk management and policies for managing credit risk, liquidity risk, market risk, foreign exchange risk, price risk, cash flow and interest rate risk and capital risk.

The Group meets its funding requirements through internal cash generation and borrowings. Borrowings are amounts drawn under both committed and uncommitted borrowing facilities. The Group has a £325.0 million committed credit facility which is available for general corporate purposes. As at 31 May 2024, the Group had headroom on the committed facility of £164.0 million and net debt of £115.3 million comprising cash of £51.3 million and borrowings of £166.6 million.

In assessing going concern, the Group has prepared both base case and severe but plausible cash flow forecasts for a period of 18 months until the end of November 2026 (the "going concern review period"), which is at least 12 months from the date of approval of the financial statements. The Group's base case forecasts are based on the Board-approved budget and the first year of the current five-year plan, and indicate forecasted continued compliance with its banking covenants and sufficient liquidity throughout the going concern review period.

The Directors have considered a severe but plausible downside scenario (excluding the uncertainty regarding the Nigerian Naira) which models the following assumptions:

- 5% reduction in Group revenue; and
- Group gross margin decline of 200bps.

This downside scenario also shows both continued compliance with its banking covenants and sufficient liquidity throughout the going concern review period.

However, over the past year there have been significant fluctuations in the Naira exchange rate which, due to the size of the Group's operations in Nigeria, needs to be considered as part of our going concern assessment. The Directors have therefore considered an additional severe but plausible downside Naira exchange rate scenario to stress test the Group's financial forecasts, using a Naira exchange rate decline of greater than 10% from the rate as at the start of September 2024. This unmitigated downside scenario shows a potential breach of the interest cover financial covenant as at 29 November 2024 which if management mitigation actions proved insufficient, would result in the Group needing to negotiate a waiver of its interest cover covenant to ensure the business meets its borrowing facility obligations over the going concern review period as the committed credit facility may become repayable on demand. The Directors are satisfied that this unmitigated downside scenario does not potentially breach any of the Group's other financial covenants.

Management consider there to be significant and feasible mitigations in place. These include both short-term and structural cost reductions, as well as the potential disposal of non-core, non-operating assets. Although management acknowledges that certain of these mitigations are outside their control in the very short term, a number of these mitigating actions are already underway.

The Group is currently engaged in a process to sell its St.Tropez brand and is exploring potential transactions that could lead to a partial or full sale of its Africa business, having received a number of expressions of interest. A partial or full sale of the Group's Africa business could materially reduce the Group's exposure to fluctuations in the Naira exchange rate. The Board has committed to using any proceeds from these transactions to first reduce gross borrowings, and consequently the level of the Group's net interest cost.

After reviewing the current liquidity position, financial forecasts, stress testing of potential risks and considering the uncertainties described above, and based on the current funding facilities, the Directors expect the Group to have the financial resources to continue to operate the business for the foreseeable future. For these reasons, the Directors continue to adopt the going concern basis of accounting in preparing the Group financial statements. However, should management mitigations prove insufficient, the impact of Naira exchange rate volatility on forecast interest cover covenant compliance represents a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

VIABILITY STATEMENT

Assessment of prospects

In assessing the prospects of the Group, the Board has taken account of the following:

- The Business model on pages 14 to 15 and the Group's diversified portfolio of products, operations and customers, which reduce exposure to specific geographies and markets, as well as large customer/product combinations, strong product demand, the share of the market and product penetration our focus brands have and the resilience and strength of manufacturing facilities and overall supply chain
- The Group's cash generation and that the Group currently has significant committed facilities headroom in its existing committed banking arrangements.

Viability and Going Concern continued

Assessment of viability

In determining the appropriate viability period, the Board has taken account of the following:

- The financial and strategic planning cycle, which covers a five-year period. The strategic planning process is led by the Chief Executive Officer and is fully reviewed by the Board
- The investment planning cycle, which also covers five years. The ExCo considers, and the Board reviews, likely customer demand and manufacturing capacity for each of its key markets. The five-year period reflects the typical maximum lead time involved in developing new capacity. The Board considers that, in assessing the viability of the Group, its investment and planning horizon, supported by detailed financial modelling, that five years is the appropriate period.

Assessment period

The Board have determined that the five-year period to May 2029 is an appropriate period over which to provide its viability statement. This period forms part of the Group's strategic planning process and reflects the Board's best estimate of the future viability of the business.

Scenario testing

To test the viability of the Company, we have undertaken a robust scenario assessment:

- 'Top-down' sensitivity and stress-testing. This included a recent review by the Audit & Risk Committee of five-year cash projections which were stress tested to determine the extent to which trading cash flows would need to deteriorate before breaching the Group's facilities. In addition, the financial covenants attached to the Group's debt were stress tested
- The likelihood and impact of severe but plausible scenarios in relation to principal risks as described on pages 44 to 50. These principal risks were assessed both individually and collectively. While the principal risks all have the potential to affect future performance, none of them are considered likely, either individually or collectively, to give rise to a trading deterioration of the magnitude indicated by the stress testing and to threaten the viability of the business over the five-year assessment period.

In concluding on the financial viability of the Group, having considered the scenarios referred to above, the Directors have a reasonable expectation that the Company and the Group will be able to continue in operation and meet all its liabilities as they fall due up to May 2029. For the viability assessment, management considered the availability of committed credit facilities through the viability period. During the prior year, the Group agreed a new £325.0 million committed credit facility which incorporates a term loan and a revolving credit facility, and the Board is confident that during the period it will be able to exercise the options available to extend the facility, and to replace the term loan facility which matures during the viability period at the same level if required.

The scenarios modelled are outlined on page 53 and management consider there to be significant and feasible mitigations in place such that no individual event or plausible combination of events would have a financial impact sufficient to endanger the viability of the Group in the period assessed. These mitigations include both short-term and structural cost reductions, as well as the potential disposal of non-core, non-operating assets. Furthermore, the scenarios do not reflect that the Group is currently engaged in a process to sell its St.Tropez brand and is exploring potential transactions that could lead to a partial or full sale of its Africa business, having received a number of expressions of interest. The Board has committed to using any proceeds from these transactions to first reduce gross borrowings. It would, therefore, be likely that the Group would be able to withstand the impact of such scenarios occurring over the assessment period and would continue to operate in accordance with its bank covenants.

Reverse stress testing

Management has performed reverse stress-testing on the key banking covenants to assess by how much the performance of the Group would need to deteriorate for there to be a breach of the covenants. For the key leverage covenant to be breached EBITDA would need to fall significantly from the current level, and the Board does not believe this scenario to be plausible. In such an event, management would take mitigating actions to reduce the impact of a reduction in EBITDA by, for example, strict management of the Group's cost base, and tight management of the Group's cash, for example, reducing the dividend payment, stopping capital expenditure and taking other actions to preserve cash.

Viability statement

After conducting their viability review, the Board confirm that subject to the material uncertainty noted in the basis of preparation in note 1 of the Consolidated Financial Statements they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the five-year period of their assessment to 31 May 2029.

2024 Scenarios modelled	Link to Principal Risks	Mitigation
1. MACRO-ECONOMIC AND GEOPOLITICAL **Inability to repatriate cash back to the UK due to local market illiquidity** – no cash repatriated to the UK from Nigeria in FY25 and FY26. **Nigerian Naira devaluation** – reduced profitability as a result of a 50% devaluation of the Nigerian Naira throughout the viability period.	1. Macro-economic and financial viability 6. Geopolitical instability	Sufficient committed credit facilities headroom maintained and tight cost control. A dedicated steering committee which develops strategies to manage foreign exchange exposure and margin improvement projects to deliver savings and mitigate the cost impact of currency devaluation.
2. CONSUMER AND CUSTOMER **Competitive landscape and consumer trends leading to pricing pressures** – 5% year-on-year reduction in Group revenue compared to base. **Consumers impacted by high inflationary environment with inability to pass through cost inflation** – 5% year-on-year reduction in revenue in UK and Indonesia markets; reduction in gross margin percentage compared to base case by 250bps in the same markets. **Competitive landscape leading to higher marketing and consumer spend** – M&C spend percentage increased by 5ppt above base case.	5. Consumer and customer trends	The Group has and is continuing to strengthen its capabilities in revenue growth management, marketing and supply chain optimisation. In addition to this, our diverse product portfolio, renewed focus on R&D and innovation, and investment in consumer data insights are important to counteract such pressures. The Group has also already consistently demonstrated its ability to mitigate significant input cost inflation over recent years.
3. SUPPLY CHAIN AND LOGISTICS **Closure of UK in-house manufacturing for six months** – no revenue from in-house manufactured products for six months in FY26.	10. Supply chain and logistics	A dedicated Global Procurement Team who can source alternative suppliers where necessary, complemented by a quality management team able to appropriately assess potential replacement products.
4. IT, LEGAL AND REGULATORY COMPLIANCE AND CONSUMER SAFETY **Fines** – one-off charge of 5% of worldwide revenue in FY26.	2. IT and information security 7. Legal and regulatory compliance 9. Consumer safety	The Group has specialist teams in place which manage the risks relating to IT and information security, legal and regulatory compliance, and consumer safety.

By order of the Board, on 18 September 2024.

Kareem Moustafa
General Counsel and Company Secretary

Non-Financial and Sustainability Information Statement

Sections 414CA and 414CB of the Companies Act 2006 require us to disclose certain information to allow readers to understand our development, performance and position and the impact of our activities. These are set out below, with references to further disclosure throughout this report as appropriate.

CA Ref	Disclosure	Group approach (including policies and due diligence)	Reference
A1	**Climate-related financial disclosures**	Our TCFD disclosures	Page 38
		Our Environmental and Social Impact framework and governance	Page 29
		Our Environmental and Social Impact Committee has Terms of Reference which are approved by the Board and will be reviewed annually	
1(a)	**Environment**	We measure a number of metrics to reflect our environmental impact, including carbon emissions, water usage, landfill waste, plastic consumption and sustainable sourcing of palm oil	Pages 28 to 37
		Our environmental performance, policies and due diligence activities	
1(b)	**Employees**	Our employee engagement policies and practices	Page 56
1(c)	**Society**	We are proud of the contributions we are able to make to the communities in which we operate	Pages 31 and 57
1(d)	**Human rights**	Our policies and due diligence to ensure the integrity of our supply chain	Page 37
1(e)	**Anti-corruption and anti-bribery**	We have zero tolerance for corruption or bribery and this is set out in our Code of Ethical Conduct	Page 36
2(a)	**Business model**	Our Business Model	Page 14
2(d)	**Principal risks**	Our Principal Risks	Page 44
		Our approach to risk management	Page 42
2(e)	**Non-financial key performance indicators**	Our primary non-financial key performance indicators	Page 17

For further details on our sustainability policies and disclosures, see our website
www.pzcussons.com/sustainability

Section 172(1) Statement

CREATING A DIALOGUE WITH OUR STAKEHOLDERS.

OUR APPROACH TO DOING BUSINESS IS FOUNDED ON THE PRINCIPLE OF CREATING SUSTAINABLE VALUE FOR ALL OUR STAKEHOLDERS.

We believe that PZ Cussons thrives in the long term when the interests of different stakeholders are balanced so that they all share in our success. It is therefore important that we fully understand all stakeholders' priorities, expectations and concerns.

THE IMPACT OF STAKEHOLDER ENGAGEMENT ON BOARD DECISION-MAKING

We make use of various engagement channels to receive informative feedback from our key stakeholders which can be factored into our principal decisions and activities.

Section 172(1) of the Companies Act 2006 (Section 172(1)) requires a director of a company to act in the way that he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole.

The table below sets out where you can read more detail in this Annual Report and Accounts on how the Board has discharged its Section 172(1) duty this year. The Directors, both individually and collectively, believe they have given due regard to the stakeholders and matters set out in Section 172(1) (a) to (f) as listed below:

Section 172(1) factor (a) to (f)	Relevant disclosures	Page number or website
(a) consequence of any decision in the long-term	• Company values • Our Business Model • Our strategy • Board activity	Page 23 Page 14 Page 6 Page 70
(b) the interests of the company's employees	• People and culture • Diversity and inclusion • Environmental and Social Impact Committee Report • Board activity	Page 22 Page 26 Page 90 Page 70
(c) the need to foster the company's business relationships with suppliers, customers and others	• Sustainability Report • Modern Slavery Statement • Board activity	Page 28 Page 37 and website Page 70
(d) the impact of the company's operations on the community and the environment	• Sustainability Report • Modern Slavery Statement • Board activity • Palm oil promise	Page 28 Page 37 and website Page 70 Page 35 and website
(e) the desirability of the company maintaining a reputation for high standards of business conduct	• Modern Slavery Statement • Code of Ethical Conduct	Page 37 and website Page 36 and website
(f) the need to act fairly as between members of the company	• Shareholder engagement • AGM • Remuneration Policy • Voting rights	Page 57 Page 69 Page 98 Page 123

Section 172(1) Statement continued

The following table shows how our stakeholders are integral to delivering our strategy. We have grouped our stakeholders into five key categories and provided an overview of why we value them, the key priorities to our stakeholders and the ways in which the Group, and the Board in particular, have engaged with them during this financial year.

	Customers and Consumers	Employees
Why We Engage	• To ensure loyalty and trust • To continue delighting consumers • To help our portfolio to win • To create enthusiastic consumers and advocates for our brands.	• To create a supportive environment, where everyone feels valued and like they belong • To value ideas equally • To maintain an open culture • To foster genuinely open communication • To develop engaged employees and unlock their potential • To increase productivity and performance through an engaged workforce.
Key Priorities	• Environmental sustainability and transparency in the supply chain • Customer service • Access to our products through digital channels • Value and costs.	• Strategy • Purpose and values • Safety and wellbeing • Career development, learning and leadership • Ways of working.
How The Group Engages	• Strategic partnership with key customers: – shopper insights – proposing promotions and products – assisting with developing strategies. • Market research • Social media • Direct feedback • Sales data.	• Local and global 'Town Hall' meetings • Functional Teams calls • Leadership events • Strategy Deployment events.
Board Activity/ How The Board Engages	• Visit all markets and meet with customers and consumers on an ad hoc basis during site visits • The Board receives regular market reviews from business unit leadership teams • Reviewing customer service, consumer insights and data as part of monitoring business performance.	• Kirsty Bashforth is our designated Non-Executive Director for employee engagement, with a specific mandate to ensure the Board hears and understands the employee voice • Our Directors travel to our markets when possible and hold dedicated employee engagement sessions on such trips.
Strategic Objective		
Priorities For The Year Ahead	• To improve our operational dashboard to facilitate the Board's oversight of how we serve customers and consumers and continue to increase household penetration.	• Succession planning and ensuring a robust talent pipeline of diverse talent throughout the Group • To continue to work with Executive Committee to define our Diversity, Equity and Inclusion strategy and implementation plans.

LINK TO STRATEGY

Build Brands | Serve Consumers | Reduce Complexity | Develop People | Grow Sustainably

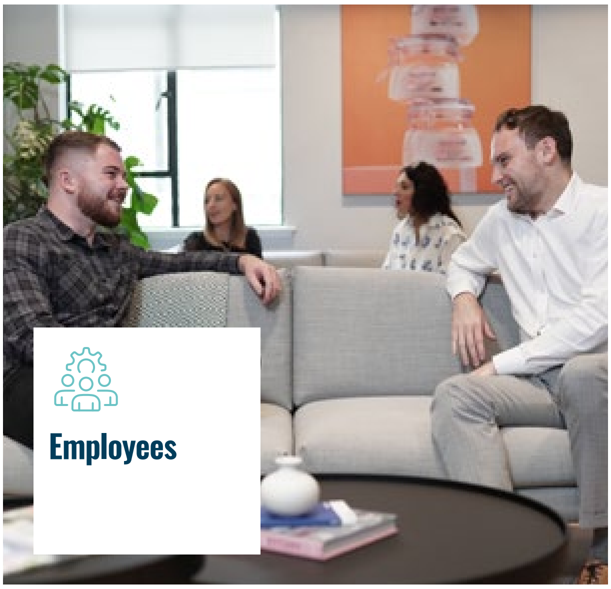
Investors	Distributors and Suppliers	Communities
• To understand their investment objectives and goals • To pursue our strategic objectives • To help move the Company forward.	• To ensure our supplier relationships remain as long-term partnerships • To create and sustain robust, lasting and mutually beneficial relationships.	• It is of utmost importance that we develop good relations with the local communities where we operate • To make a positive contribution to society • To minimise any negative impacts from our operations.
• Financial and operating performance of the business • Purpose, values and culture of the business • Risks and opportunities • Long-term sustainable and profitable growth • Sustainability issues • Capital allocation decisions • Good governance.	• To ensure stable, long-term and mutually beneficial relationships • Not to increase costs • To ensure product and service quality • To be innovative.	• To reduce the environmental impact of our products (packaging and formulation) • To reduce our carbon emissions • To be aware of cost-of-living and living standards • To engage employees and have a positive impact on local communities.
• Q&A sessions and roadshows for our major shareholders • Ad hoc investor events • Our Annual General Meeting (AGM) is an opportunity to listen to our shareholders and respond to any concerns they may have or perspectives they may wish to share • Our dedicated Investor Relations Director whose purpose is to strengthen our engagement with the investment community.	• The Board engages via a dedicated procurement function • The Board ensures open, dynamic communication.	• We have established key charity partnerships in our business units • These partnerships are aligned to our corporate purpose and brands • Employee engagement is encouraged to optimise impact on our local communities.
• The Chair and our Executive Directors periodically meet with our major shareholders • The CEO and CFO deliver the Group's interim and final results, with presentations • Our Board members and our Company Secretary attend the AGM • The Chair, the Senior Independent Director and the Company Secretary are available at all times to hear any concerns raised by shareholders.	• The CFO reviews payment practices and policies and monitors trends in the Company's performance twice yearly, reporting to the Audit and Risk Committee • CEO and CFO engage directly with distributors and suppliers.	• The Board's Environmental and Social Impact (ES) Committee is responsible for sustainability and its direction of travel • The ES Committee approved the environmental and social impact framework 'Better for all'.
• To debate and set the next phase of our strategy focusing on strategic growth options and the journey from turnaround to transformation.	• To improve Board materials and data presentation to facilitate the Board's oversight of operational performance ensuring we are serving our customers and optimising our supply chain • To continue to work with Executive Committee to drive our supply chain transformation programme.	• To encourage Board travel to our priority markets to engage with our Community stakeholders • To continue the ES Committee's work progressing the Sustainability programme • Continue to ensure that the voice of our communities are reflected in Board deliberations and decision-making.

Section 172(1) Statement continued

Our stakeholders are integral to delivering our strategy.

It is important that we consider how our decision-making affects them.

Customers and Consumers



Employees

Investors

Distributors and Suppliers

Communities

PRINCIPAL DECISIONS IN FY24

The Board considers all its duties under the Companies Act 2006 including Section 172(1) factors (a) to (f) and many other factors in all of the decisions it makes. Principal decisions are explicitly framed in the context of the interests of and implications for all affected stakeholders. In FY24, the Board continued to receive papers that included a summary of stakeholders likely to be impacted by the matter to be discussed and any decisions to be made.

The following demonstrates how these matters were considered in three key decisions taken this year.

Principal decision 1: Portfolio choices

This year, we have made further significant strategic progress in simplifying our business. The Board conducted a strategic review of our brands and geographies and commenced plans to transform our portfolio, refocusing on where we can be most competitive. The conclusion of the review was that the Group is too complex for its size, with financial and human resources spread across too many brands and products, thereby reducing the ability to compete with large multinational companies, and some focused, smaller ones. As a result, the decision was made to sell the St.Tropez brand. This project has commenced and is in the early stages.

In making the decision, we considered:

The long-term effect

The St.Tropez brand has grown significantly since it was first acquired. There remains further long-term growth potential and it is intended that a sale to a new owner, that is better positioned to maximise the brand's potential, will further unlock the long-term potential of the brand. For PZ Cussons, the decision to refocus the portfolio on where the business can be most competitive will better support our aim to support long-term sustainable growth and create value for shareholders. There will be a greater focus on the Must Win Brands to increase brand investment and improve returns.

Affected stakeholder groups

Customers and consumers
St.Tropez has established a leading position in its key premium self-tanning market of the US. The decision to sell the brand is driven by its impact on customers and consumers. The disposal will allow for long-term growth potential in the US, as well as in new geographical areas and related product categories. Considering the strength of the brand's equity, significant potential remains. However, achieving this growth under our current ownership is challenging due to allocation of resources across product categories. The decision has been made to sell the brand in the best interests of customers and consumers. Moreover, proceeds from the sale can, in part, be applied to improving our services and performance for existing and new customers and consumers in our core markets and categories.

Employees
The Board carefully examined plans for how to manage the impacted employees. Communication activity was put in place and on the day of the announcement our CEO hosted a global Town Hall for all employees. This provided a forum for the rationale behind the decision to be explained and for any questions to be raised.

Investors
Our investors want improved financial performance and long-term sustainable growth. The actions we are taking will crystallise value for our investors from assets better suited to alternative ownership structures. This will enable us to invest our resources in the key geographies and categories in which we can win and generate superior returns. We are transforming PZ Cussons into a business with stronger brands in a more focused portfolio, delivering sustainable profitable growth.

Distributors and suppliers
Our partners are crucial to us, so we are ensuring that a transition plan is in place. Communication with our suppliers and distributors and a detailed migration plan are key parts of the planning process around this project.

The environmental impact

Simplifying our business and operations will support our sustainability strategy by reducing the environmental impact of our operations and our carbon footprint.

The impact on our reputation and the need to act fairly

The continued commitment to simplifying our business and operations and building our Must Win Brands shows our commitment to the agreed strategy.

Section 172(1) Statement continued

Principal decision 2: Change to interim dividend

In considering the FY24 interim results and the payment of a potential dividend, the Board determined that an FY24 interim dividend be paid of 1.50p. This was a 44% reduction on the FY23 interim dividend and was announced with the FY24 interims results in February 2024.

For full details of the total dividends in year see the Report of the Directors on **page 120**

In making the decision, we considered:

The long-term effect

In light of the very challenging macro-economic circumstances of the devaluation of the Naira, the Board considered it a prudent step to reduce the FY24 interim dividend. The Board considered the long-term effects of this decision and its impact on various stakeholder groups.

Affected stakeholder groups

Investors
We create value for investors by generating strong and sustainable results that will enable dividends to be paid. Our investors also want long-term sustainable growth. After due consideration of the dividend, the Board determined it would be prudent to reduce the interim dividend.

Employees
The dividend decision was announced in the FY24 interim results. While our employees are not directly affected by this decision, we recognise the importance of maintaining open communication and fostering a positive company culture. As such, our CEO issues global communications to all employees following the release of interim and full-year results, summarising the content and ensuring that our employees are kept informed.

Customers and consumers
Ensuring ongoing strategic investment in our business and long-term sustainable growth enables us to continue to build and deliver our portfolio of brands and products and better serve our customers and consumers.

Community
The founding Zochonis family remain major shareholders in PZ Cussons. Sir John Zochonis founded the Zochonis Charitable Trust (the Trust) in 1977 to support charities operating primarily in the North West of England, close to the Manchester headquarters of PZ Cussons. This remains the principal focus of the Trust with important support also being given to charities operating in Ghana and Sierra Leone. The Zochonis family manages the Trust independently from the Company using dividends from its PZ Cussons shareholding to fund its charitable donations. The Board was mindful of the impact of a reduced dividend on the Trust's income. However, the Board determined that the reduction was the right decision in the context of long-term sustainable growth for all shareholders and investors.

A reduction in the dividend would not have a significant impact on the local community otherwise. The Company remains committed to supporting the community through its various initiatives and programmes.

The environmental impact

Long-term sustainable growth is vital to the successful support of our environmental and social impact framework.

The impact on our reputation and the need to act fairly

The Company is not required to have a formal dividend policy. The Board determines the payment and level of dividend based on affordability and sufficiency of distributable reserves while carefully considering what is reasonable and alternative scenarios. The Board is concerned with finding the optimal balance between generating value and return for our shareholders, while also ensuring the sustainability and long-term success of the business.

Principal decision 3: Creation of a combined UK and Ireland business unit

We saw a fundamental change to our organisational structure in FY24 as the UK business was reorganised and simplified into the creation of one combined UK and Ireland business unit, incorporating our Personal Care and Beauty teams. The Board was pleased to support this work and received regular updates which saw the appointment of one leader across the combined UK business compared to the previously separate Personal Care and Beauty approach. A dedicated team was also created to further strengthen our overall brand-building and innovation capabilities.

In deciding to create a new combined UK and Ireland business unit, we considered:

The long-term effect

This was a further successful step in our strategy to reduce complexity and build a higher growth, higher margin, simpler and more sustainable business, allowing us to operate more efficiently and engage with our retail customers more effectively.

Affected stakeholder groups

Customers and consumers
Our customers and consumers are at the core of our strategy. Our ambition to create 'one face to the customer' has been a key step in our strategic activity. In common with our Supply Chain Transformation programme, the simplification work to create one UK business unit enables us to look for opportunities to scale and remove unnecessary costs that our customers and consumers do not value.

Employees
The Board carefully reviewed plans for managing impacted employees. A communication plan was implemented to ensure regular dialogue between leaders and impacted colleagues. Where relevant, other colleagues in the Group were notified of the changes, so that they understood why they were happening and were given the opportunity to ask questions.

Investors
Our investors are focused on achieving long-term, sustainable growth. The decision-making process considered the annualised benefits arising from the formation of a combined business unit.

Distributors and suppliers
We partner with large retailers to grow our business and theirs. The change to our structure has provided more simplified operations for our retail customers with a single business unit to support our drive for category growth and sales to our mutual benefit.

The environmental impact

Delivery of our sustainability ambitions are central to our strategy and operational activities and decisions. The creation of a combined UK and Ireland business unit is a further step in our simplification and transformation actions which will assist in the delivery of a more focused sustainability agenda.

The impact on our reputation and the need to act fairly

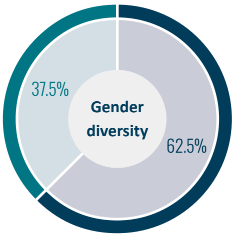
The Board considered the plans and the interests of stakeholders throughout, cognisant of the commitment to strategy and our values. The creation of the UK business unit demonstrates the strength of our commitments and overarching goal of sustainable profitable revenue growth.


TROPICAL
COCONUT
& SHEA BUTTER
100%
NATURAL
FRAGRANCE
Vegan
ORIGINAL
SOURCE
7,872
TROPICAL
HOURS HELP MAKE
EVERY BOTTLE
crueltyfree
SHOWER 250ml℮
A FORCE
OF NATURE

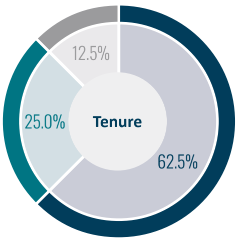
CORPORATE GOVERNANCE

Our Board

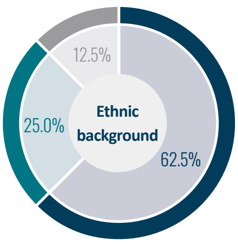
A DIVERSE AND EXPERIENCED BOARD.



- Male
- Female



- 0–3 years
- 4–7 years
- 8-9 years



- White British
- Asian/Asian British
- Mixed/Multiple

All figures are as at the date of this Annual Report and Accounts.

David Tyler N
Non-Executive Chair

Jonathan Myers E
Chief Executive Officer

Sarah Pollard
Chief Financial Officer

John Nicolson A N
Senior Independent Director

Kirsty Bashforth R D E N
Non-Executive Director

Jitesh Sodha A N R
Non-Executive Director

Valeria Juarez E N R
Non-Executive Director

Vivek Ahuja A N
Non-Executive Director

Committees

- A Audit and Risk Committee
- R Remuneration Committee
- N Nomination Committee
- E Environmental and Social Impact Committee
- Chair

Other

- D Designated Non-Executive Director for employee engagement
- Executive

Directors' core areas of expertise

- UK institutional shareholders
- Recent financial experience
- Remuneration experience
- Chair skills
- Mentoring and coaching skills
- Sector experience
- Retail experience
- Africa experience
- South-East Asia and ANZ experience
- Entrepreneurial experience
- Operational experience
- Strategy
- M&A, strategic partnerships
- M&A integration
- Business transformation
- E-commerce
- Sales and marketing

David Tyler

Non-Executive Chair

Appointed: 2022

Skills & experience: David Tyler joined the PZ Cussons Board as a Non-Executive Director in 2022, becoming Chair in March 2023. His business experience spans the consumer, retail, business services and financial services sectors. His executive career (1974 to 2006) was spent in financial and general management at Unilever, NatWest, Christie's and GUS. Since 2007, he has had a non-executive career, chairing Sainsbury's, Logica, Hammerson, 3i Quoted Private Equity, the White Company, Imagr and Hampstead Theatre. He has also been a Non-Executive Director at Experian, Burberry, Reckitt Benckiser and Rubix. David currently chairs Domestic & General, JoJo Maman Bébé and the Government-backed Parker Review on ethnic diversity in UK business.

Other appointments:

- Director and Chair of Domestic & General Limited
- Director and Chair of JoJo Maman Bébé Ltd.

Jonathan Myers

Chief Executive Officer

Appointed: 2020*

Skills & experience: Jonathan is an experienced FMCG executive, having worked for a number of well-known global branded consumer goods businesses across a range of categories including beauty, personal care, home care and food. Prior to joining PZ Cussons, he was Chief Operating Officer at Avon Products Inc, with overall responsibility for supply chain, marketing, digital, research and development and IT functions and was a core member of the executive team delivering a successful turnaround of the business. He spent the first 21 years of his career at Procter & Gamble, working across a wide range of categories with extensive experience in developed and developing markets, progressing to General Manager, oral care and feminine care for the Greater China Region. He has also held senior leadership positions at the Kellogg Company, serving as Managing Director, UK and Ireland and also Vice President, European markets.

Sarah Pollard

Chief Financial Officer

Appointed: 2021*

Skills & experience: Sarah joined PZ Cussons from Nomad Foods, Europe's leading frozen food company, where she served as Deputy Chief Financial Officer. Prior to that, she was Chief Financial Officer for their Birds Eye business. Sarah is a chartered management accountant, having qualified with PricewaterhouseCoopers, and subsequently worked in investment banking, specifically in mergers and acquisitions at Deutsche Bank. Prior to Nomad Foods, Sarah held a number of senior finance positions at Diageo, Tesco and Unilever. She has worked in commercial, operational and corporate finance roles including investor relations and so brings with her a deep understanding of creating shareholder value in the consumer goods sector.

John Nicolson

Senior Independent Director

Appointed: 2016

Skills & experience: John has significant experience of global consumer goods for both developed and emerging markets. His early career in marketing and sales was spent at ICI, Unilever and Fosters Brewing Group, then in corporate development and general management. He was a plc board member at Scottish & Newcastle plc, Regional President Americas and Executive Committee member at Heineken NV and more recently Chair of AG Barr plc. He has also held the positions of Senior Independent Director at Stock Spirits Group plc, Chairman at Baltika OAO, Deputy Chairman at CCU SA, Director at United Breweries Ltd India, Non-Executive Director at North American Breweries, and member of the Edinburgh University Business School Advisory Board.

Kirsty Bashforth

Non-Executive Director

Appointed: 2019

Skills & experience: Kirsty is an experienced remuneration committee chair and holds specific expertise in organisational culture and change management. In her executive career of more than 30 years, she is currently Chief People & Culture Officer at Delinian Trading Ltd, having completed a three-year assignment as Chief Business Officer at Diaverum AB, and 24 years at BP plc in senior executive positions, including Group Head of Organisational Effectiveness and leading the strategic coordination of the company's global B2B business. Kirsty also chairs the Corporate Responsibility Committee at Serco Group plc.

Other appointments:

- Non-Executive Director of Serco Group plc (Chair of the Corporate Responsibility Committee)
- Chair, The Northern Superchargers Ltd.

Jitesh Sodha

Non-Executive Director

Appointed: 2021

Skills & experience: Jitesh Sodha is an experienced FTSE director. Jitesh was most recently Chief Financial Officer at Spire Healthcare Group plc, was Chair of the Sustainability Committee from 2018 to 2024, and sat on the Disclosure Committee, Executive Committee and Safety, Quality and Risk Committee. Prior to that, Jitesh was Chief Financial Officer at De La Rue between 2015 and 2018, and at Greenergy International, Mobile Streams, where he led their IPO, and T-Mobile International UK.

Valeria Juarez

Non-Executive Director

Appointed: 2021

Skills & experience: Valeria is an international business leader with a focus on digital, brand-building and business transformation. Over the last 27 years, she has worked for both developed and emerging markets at Ralph Lauren, Amazon, Diageo, Boston Consulting Group and Procter & Gamble. She has extensive experience of general management, digital, strategy, commercial, innovation and marketing covering branded consumer goods, fashion and online retailing. She is the former SVP of digital commerce for Ralph Lauren International.

Vivek Ahuja

Non-Executive Director

Appointed: 2024

Skills & experience: Vivek is a global business leader with over 30 years of senior general management experience in international financial services and private equity. In his executive career, he was most recently CEO of Terra Firma, a leading European Private Equity firm and prior to that Deputy Group CFO at Standard Chartered plc. He is an experienced non-executive director and currently chairs the Risk Committee at NatWest Markets plc and serves on the Council at Kings College London. With extensive board and chair roles as an Investor Director, Vivek brings a wealth of strategic and financial expertise to multi sector businesses.

Other appointments:

- Non-Executive Director of NatWest Markets plc (Chair of the Risk Committee).

* All Directors were independent on appointment except for Jonathan Myers and Sarah Pollard.

Our Executive Committee

Jonathan Myers
Chief Executive Officer

Appointed to current role: 2020

Sarah Pollard
Chief Financial Officer

Appointed to current role: 2021

Cath Bailey
Chief People Officer

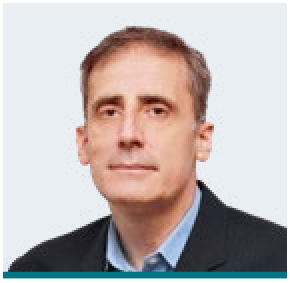
Appointed to current role: 2023

Oghale Elueni
Managing Director – Africa Consumer Business

Appointed to current role: 2023

Jawaz Illavia
Chief Information Officer

Appointed to current role: 2023



Dimitris Kostianis
Transformation Leader, and Chief Executive Officer – PZ Cussons Nigeria Plc

Appointed to current role: 2023

Kareem Moustafa
General Counsel and Company Secretary

Appointed to current role: 2024

Steve Noble
Chief Supply Chain Officer

Appointed to current role: 2021

Alastair Smith
Managing Director – ANZ

Appointed to current role: 2022

Robert Spence
Managing Director – UK & Ireland

Appointed to current role: 2024

Paul Yocum
Chief Growth and Marketing Officer

Appointed to current role: 2024

Ningcy Yuliana
Managing Director – PZ Cussons Indonesia

Appointed to current role: 2023


Joy
BEAUTY BAR
MOISTURISES
with milk nutrients & cucumber
for a tender and
smoother skin
Joy
BEAUTY BAR
FOLIATION
ado & papaya

Chair's Introduction to Governance

EFFECTIVE GOVERNANCE AND A STRONG BOARD ARE ESSENTIAL FOR THE LONG-TERM SUCCESS OF OUR ORGANISATION. WE HAVE A WELL-FUNCTIONING BOARD WITH A DIVERSE RANGE OF SKILLS AND PERSPECTIVES.

DEAR SHAREHOLDER

It is the responsibility of the Board to establish and uphold high standards of corporate governance by setting an appropriate tone from the top. I am pleased to present this Governance Report for the year ended 31 May 2024 on behalf of the Board.

It has been a busy and challenging year with significant strategic progress made, for example in the creation of one combined UK and Ireland business unit which supports our strategy to build a simpler and more sustainable business. However, there have also been significant challenges in our markets which we discuss in the Strategic Report.

We announced on 18 September 2024 that John Nicolson will be retiring from the Board of Directors and not standing for re-election at the AGM on 21 November 2024. On behalf of the Board, I would like to thank John for his very significant contribution to the Company over eight and a half years. He has been a valued Board Director and he has also served as Senior Independent Director for more than seven years.

We wish John all the best for the future and we thank him very much for his service. We will miss his wit and his courtesy around the Board table.

We also announced on 1 December 2023 that Jeremy Townsend was stepping down because he needed to concentrate on his executive commitments at Marks and Spencer Group plc where he has been serving as CFO in recent years. I would like to express my gratitude for his commitment to the Company over his four years on the Board and for the clarity of his thinking and advice over this period.

I draw attention as follows to key areas of focus for the Board during the year.

BOARD EFFECTIVENESS

An internal review of the effectiveness of the Board and its Committees was conducted during the year. This concluded that the Board worked well but opportunities were identified for further improvement, as detailed in the 2024 Board and Committee evaluation on page 83. Effective governance is crucial for the success of publicly traded companies, and the Board recognises that its own efficiency plays a central role in achieving this. I can also confirm that each Director's performance continues to be effective and that they demonstrated a high level of commitment to their roles.

BOARD COMPOSITION AND SUCCESSION PLANNING

The Board is composed of a Non-Executive Chair, Chief Executive Officer, Chief Financial Officer and five independent Non-Executive Directors. We will continue to focus this year on succession planning for the Board and particularly for the Executive Committee.

For more on Board effectiveness, Board changes in the last year and plans for the future, see the Nomination Committee Report on **page 80**

2024 FOCUS AREAS.

Strategic review	DEI strategy	UN Global Compact	Auditor onboarding	Succession planning	Remuneration Policy implementation

BOARD COMMITTEES

Our Board Committees have focused on key activities under their remit as follows:

- The Audit and Risk Committee oversaw the onboarding of PricewaterhouseCoopers LLP (PwC) following their appointment as our Group auditors. In addition, the Committee continued to review progress against our multi-year controls improvement journey
- The Remuneration Committee has applied the new Directors' Remuneration Policy which was approved by shareholders at the 2023 Annual General Meeting (AGM)
- The Environmental and Social Impact (ES) Committee has continued to make progress in our sustainability journey and approved the Company joining the UN Global Compact
- The Nomination Committee has continued to focus on succession planning.

DIVERSITY, EQUITY AND INCLUSION

The Board was pleased to approve the Company's Diversity, Equity and Inclusion (DEI) strategy this year. Diversity remains a priority for the Board and we are committed to creating a business environment where everyone from every background can thrive and feel welcome. DEI influences the organisation's culture and the effectiveness of decision-making by management.

There is also an Inclusion and Diversity Policy for Board and Executive Committee appointments which is available in full on the Company's website.

STAKEHOLDER ENGAGEMENT

The Board regularly engages with shareholders to help inform strategic decision-making and to understand their views. Throughout the year, the Board received updates on shareholders, including their feedback and key areas of focus and views. Stakeholder feedback is critical to the Board, influencing its decision-making. The Chair of the Board and the Committee Chairs are available to shareholders to respond to questions. Directors seek opportunities to engage, whether in person at the AGM or other shareholder engagement events, or through our Investor Relations team reaching out to key shareholders, offering meetings on relevant topics.

For more on dialogue with our stakeholders, see **page 55**

OUTLOOK

In the coming year, the Board will continue to oversee the Company's performance and its strategy, in particular on the plans to focus on fewer activities.

THE ANNUAL GENERAL MEETING

Our AGM this year will be hosted at the Company's offices, Manchester Business Park, 3500 Aviator Way, Manchester, M22 5TG on 21 November 2024. Together with my fellow Directors, I look forward to meeting shareholders at our AGM. We will welcome your feedback on that occasion and, indeed, at any time during the year.

David Tyler
Non-Executive Chair

18 September 2024

Board Activity at a Glance

In line with the annual rolling agenda, the Board considered a number of topics on a regular basis. These included the following standing agenda items:

- Executive reports, including operational and financial performance, market summaries, health and safety and other matters
- Strategy and strategic projects
- Reports from each Board Committee following Committee meetings
- Reports from the designated Non-Executive Director for employee engagement
- Governance, compliance and legal matters.

In addition to the standing items, the matters set out below were considered and approved.

STRATEGY

Board matters discussed	Stakeholders affected	Link to strategy
FY24 Strategy day • Portfolio transformation • Organic growth • M&A ambitions • Digital capabilities • Sustainability • Organisational design	• Customers/Consumers • Investors • Communities – Environment • Suppliers	
Strategic review of brands and geographies	• Customers/Consumers • Investors • Employees • Communities • Suppliers	
ES strategy and frameworks	• Communities • Investors • Employees	
Diversity, Equity & Inclusion strategy	• Employees	

OPERATIONS

Board matters discussed	Stakeholders affected	Link to strategy
UK and Ireland business unit integration	• Investors • Customers/Consumers • Suppliers • Employees	
Digital strategy	• Customers/Consumers • Employees • Investors	

Link to strategy

Build Brands
Serve Consumers
Reduce Complexity
Develop People
Grow Sustainably

FINANCE

Board matters discussed	Stakeholders affected	Link to strategy
Central costs and efficiencies	• Investors • Suppliers • Employees	
Results reporting, including Annual Report and Accounts	• Investors • Employees	
Dividend payments	• Investors	
Principal and emerging risks	• Investors • Employees • Community	
Budget approval	• Employees • Investors	
Group tax strategy	• Investors	

GOVERNANCE

Board matters discussed	Stakeholders affected	Link to strategy
Director appointment and reappointment and Board composition	• Employees • Investors	
Shareholder communications including Annual General Meeting	• Investors	
Governance disclosures including Modern Slavery Statement	• Employees • Community	
Board and Committees evaluation	• Customers/Consumers • Investors • Communities – Environment • Suppliers	
Review of Board policies **Board reserved matters** **Statement of Board responsibilities** **Terms of Reference**	• Investors	

Corporate Governance Statement 2024

This Corporate Governance Statement as required by the UK Financial Conduct Authority's Disclosure Guidance and Transparency Rules 7.2 (DTR 7.2), together with the rest of the Corporate Governance Report and the Committee Reports, forms part of the Report of the Directors and has been prepared in accordance with the principles of the Financial Reporting Council's UK Corporate Governance Code 2018 (the 2018 Code). A copy of the 2018 Code can be found on the Financial Reporting Council's website: www.frc.org.uk.

Additional requirements under the DTR 7.2 are covered in greater detail throughout the Annual Report and Accounts for which we provide reference as follows:

The Group's risk management and internal control are found on **page 87**

Information with regards to share capital is presented in the Report of the Directors from **page 120**

Information on Board and Committee composition can be found on **page 64**

Information on Board diversity including the Board Inclusion and Diversity Policy can be found on **page 81**

The Company's obligation is to state whether it has complied with the relevant principles and provisions of the 2018 Code, or to explain why it has not done so up to the date of this Annual Report and Accounts. The Company has complied with the principles and provisions of the 2018 Code during the financial year ended 31 May 2024 save for the following. In relation to provision 24, the membership of the Audit and Risk Committee comprised of two directors during the period from 28 February 2024 to 1 May 2024, however no meetings of the Committee were held during this period.

The following pages will outline how the Company complies with the principles and provisions of the 2018 Code. Where supporting information is found outside of or in addition to this Governance Report, the page reference is given in the tables below.

BOARD LEADERSHIP AND COMPANY PURPOSE

Code Principle and Description	Annual Report and Accounts	Reference
A Effective Board	• Nomination Committee Report	See **page 80**
B Purpose, strategy, values and culture	• Strategic Report	See **page 14**
C Prudent and effective controls and Board resources	• Strategic Report – How we manage risk	See **page 42**
D Stakeholder engagement	• Creating a dialogue with our stakeholders	See **page 55**
E Workforce policies and practices	• Non-Financial Information and Sustainability Statement • Audit and Risk Committee Report	See **pages 54 and 84**

Effective Board

The Board understands that its role is to provide leadership and set the purpose, values and standards of the Company and the Group. PZ Cussons' strategy and business model are set out on pages 6 and 14 of the Strategic Report and describes the basis upon which the Company generates and preserves value over the long term.

The Company is led by an effective and entrepreneurial Board, whose role is to promote the long-term sustainable success of the Company, thereby generating value for investors and contributing to wider society.

An internal Board evaluation was carried out in April and May 2024.

For more on this, see the Nomination Committee Report on **page 83**

Directors have the right to raise concerns at Board meetings and can ask for those concerns to be recorded in the Board minutes. The Group has also established a procedure which enables Directors, in relevant circumstances, to obtain independent professional advice at the Company's expense.

Board development and training

The Chair is responsible for leading the development, and monitoring the effective implementation, of training policies and procedures for the Directors. On appointment, each Director receives a formal and tailored induction. There is also a programme of ongoing training for Directors. The Directors are committed to their own ongoing professional development and the Chair discusses training with each Non-Executive Director at least annually. The Board undertakes a cycle of training on relevant corporate governance matters and matters relevant to operational and strategic objectives. Training is typically provided by the Company's external advisers.

Stakeholder engagement

We recognise the importance of clear communication and proactive engagement with all of our stakeholders. During the year under review, the Board used various engagement channels to receive valuable feedback from our key stakeholders.

For more details see our Section 172(1) Statement: Creating a dialogue with our stakeholders on **page 55**

Shareholder engagement

At the 2023 AGM, the resolution to approve the Directors' Remuneration Policy was passed with the necessary majority but with more than 20% against by shareholders. An update statement was provided to shareholders on 10 May 2024. The Policy was proposed after thorough engagement and consultation with major shareholders and the Board, and the Remuneration Committee will keep in mind the views expressed by shareholders when planning future renewals of the Policy.

STATEMENT OF ENGAGEMENT WITH EMPLOYEES

The Board recognises that employee engagement is the responsibility of the whole Board and that our employees are our biggest asset. The Board has an approved plan setting out agreed principles on engagement, core themes to address based on feedback from the global employee survey and a calendar of events to ensure engagement takes place across the year, and across all markets.

Core themes for the year have been:

- Strategy, including culture and leadership
- Executive Director remuneration and its alignment with broader workforce remuneration policies
- Employee safety and wellbeing
- Learning and careers
- Diversity and inclusion.

As well as the global employee survey, other forms of engagement include regular Town Halls – both globally and locally, employee engagement on executive remuneration, designated market visits by Non-Executive Directors, Board dinners with senior management and regular meetings with Culture Ambassadors who play an important role in driving cultural change.

Designated Non-Executive Director for employee engagement

In line with the 2018 Code, Kirsty Bashforth is our designated Non-Executive Director for employee engagement with responsibility for ensuring that the Board engages effectively with our workforce.

Engagement methods

- Attended a number of sessions on different platforms
- Engagements included global Town Halls, global International Women's Day event and smaller group sessions.

Workforce concerns

- Confidence around change
- Reward, inflation and cost of living.

For more details see People and Culture: Board Prioritising Engagement on **page 27**

Purpose, culture and values

Our business model is underpinned by our purpose, culture and values and the strategy that the Board has set. The Board continues to understand, monitor and assess the Company's culture through various methods, including:

- Employee engagement: The Board receives an annual report from management on the results of the employee engagement survey which gives the Board insights into workforce experiences and concerns, ensuring alignment with our culture, purpose, and strategic priorities. The designated Non-Executive Director for employee engagement also provides regular reports to the Board
- Safety: The Board receives regular reports on Health and Safety through the CEO Report to each Board cycle
- Site visits: Directors conduct site visits and experience the culture firsthand and deepen their understanding of our business. Recently, various members of the Board have visited our Nigeria and Indonesia businesses and interacted with employees
- Policies and procedures: Practices and processes are in place to support our culture, covering areas like sustainability, ethical conduct, anti-bribery, and whistle-blowing. These policies are reviewed and updated as necessary
- Whistle-blowing: The Board through the Audit and Risk Committee reviews reports against the Group's Code of Ethical Conduct including from the Group's whistle-blowing facility and evaluates the effectiveness of these arrangements.

Corporate Governance Statement 2024 continued

STATEMENT OF ENGAGEMENT WITH OTHER BUSINESS RELATIONSHIPS

The Directors have regard for the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the Company during the financial year.

This statement should be read in conjunction with our Section 172(1) Statement: Creating a dialogue with our stakeholders on **page 55**, the Non-Financial Information and Sustainability Statement on **page 54** and Board principal decisions on **page 59**

DIVISION OF RESPONSIBILITIES

Code Principle and Description	Annual Report and Accounts	Reference
F Board roles	• Our Board	See **page 64**
G Independence	• Our Board • Nomination Committee Report	See **pages 64 and 80**
H External commitments	• Our Board	See **page 64**
I Board efficiency: Key Board activities	• Section 172(1) Statement	See **page 55**

Board roles

The responsibilities of the Chair, Chief Executive Officer, Senior Independent Director and Board and Board Committees are clear, set out in writing and regularly reviewed by the Board. There is a clear division between the Executive and Non-Executive responsibilities.

Role	Responsibilities
Chair of the Board David Tyler	The Chair of the Board is responsible for ensuring overall Board and individual Director effectiveness and for creating and embedding the right governance framework within the Board. Specific responsibilities include: • Effective running of the Board including setting the agenda and ensuring that the Board plays a full and constructive part in the approval of the Group's strategy and overall commercial objectives • Ensuring members of the Board receive accurate, timely and clear information • Reviewing and agreeing training and development for the Board • Ensuring an appropriate balance is maintained between Executive and Non-Executive Directors with the skills, experience and expertise to provide guidance, challenge and oversight to the Board and executive management • Ensuring there is effective communication with the Group's shareholders and other stakeholders • Ensuring that the performance of the Board as a whole, its Committees and individual Directors is formally evaluated and • Promoting high standards of integrity and corporate governance throughout the Group, particularly at Board level.
Chief Executive Officer Jonathan Myers	The Chief Executive Officer is accountable to the Chair and the Board for providing timely, accurate and clear information in relation to the Group's performance and delivery of its strategy and overall commercial objectives. Specific responsibilities include: • Developing the Group's objectives and strategy for approval by the Board, and with regard for the Group's shareholders, customers, employees and other stakeholders • The successful achievement of objectives and execution of the Group's strategy • Managing the Group's risk profile in line with the Company's risk appetite and ensuring that effective internal controls are in place • Ensuring effective communications with shareholders • Executive management matters affecting the Group and leading the Executive Committee • Promoting and conducting the affairs of the Group with standards of integrity and corporate governance that align to the Group's integrity and purpose • Advising and making recommendations in respect of management succession planning and to make recommendations on the terms of employment and remuneration of the Executive Committee • Ensuring open, honest and transparent dialogue between the Board and the Executive Committee • Ensuring, with the support of the Company Secretary, that the Executive Committee comply with their delegated authority and the matters reserved for the Board • Leading and overseeing the development and implementation of good governance policies relating to whistle-blowing, insider dealing, disclosure, anti-corruption, safety and sustainability • Promoting an entrepreneurial and ethical culture which welcomes and supports a diverse workforce and • Championing the Group's values and behaviours.

Role	Responsibilities
Chief Financial Officer Sarah Pollard	The Chief Financial Officer’s specific responsibilities include: • Implementing the Group’s financial strategy, including balance sheet management and capital allocation • Supporting the Chief Executive Officer in the delivery of the Group’s strategy and financial performance and • Overseeing financial reporting and internal controls.
Senior Independent Director John Nicolson	The Senior Independent Director’s specific responsibilities include: • Acting as a sounding board for the Chair and serving as intermediary for the other Directors when necessary • Being available for confidential discussions with other Non-Executive Directors • Evaluating the Chair’s performance as part of the Board’s evaluation process and ensuring that an independent evaluation of the performance of the Chair is completed by an external evaluator at least once every three years • Chairing meetings of the Non-Executive Directors or other meetings where appropriate and • Being available to shareholders should the occasion occur when there is a need to convey concern to the Board other than through the Chair or the Chief Executive Officer.
Non-Executive Directors	The Non-Executive Directors’ specific responsibilities include: • Contributing to the development of the Group’s strategy • Promoting and supporting the Group’s values and commitment to high standards of corporate governance and • Reviewing, oversight and constructive challenge of the Executive Committee on the delivery of the Company’s objectives and strategy.

GOVERNANCE FRAMEWORK

The Board recognises that a good governance structure is not static but allows the Group to grow and develop.

The Board has overall authority for the management and conduct of the Group’s business, strategy and development and is responsible for ensuring that this aligns with the Group’s culture. The Board ensures the maintenance of a system of internal controls and risk management (including financial, operational and compliance controls) and reviews the overall effectiveness of the systems in place. The Board delegates the day-to-day management of the business to the Executive Directors and the Executive Committee. There is a schedule of matters reserved for the Board’s decision which forms part of a delegated authority framework. Matters for the Board’s decision include approval of the Group’s strategy and objectives, setting the purpose and values of the Group, annual budget, material agreements and major capital expenditure. The schedule is reviewed regularly to ensure that it is kept up to date with any regulatory changes and is fit for purpose.

Corporate Governance Statement 2024 continued

THE BOARD

The Board's role is to provide leadership and set the purpose, values and standards of the Company and the Group. The Board has ultimate responsibility for the long-term success and sustainability of the business. It approves the Group's long-term objectives and commercial strategy and provides oversight of the Group's operations.

THE BOARD DELEGATES RESPONSIBILITY FOR CERTAIN MATTERS TO ITS PRINCIPAL COMMITTEES*

Audit and Risk Committee

Reviewing the Group's accounting and financial policies, its disclosure practices, internal controls, internal audit & risk management and overseeing all matters associated with appointment, terms, remuneration and performance of the External Auditor.

Nomination Committee

Ensuring that the structure, size and composition of the Board and the Executive Committee are best suited to deliver the Company's strategy and meet current and future needs.

Remuneration Committee

Reviewing and recommending the framework and policy for remuneration of the Executive Directors and senior executives.

Environmental and Social Impact (ES) Committee

Approving the Group's ES strategy and performance targets, monitoring performance by the Group against its ES strategy and how the Group engages with key stakeholders.

THE EXECUTIVE COMMITTEE

The Board has delegated responsibility for the delivery of the Group's strategy and the day-to-day operational performance of the business to the Executive Directors who work closely with the wider Executive Committee to deliver this strategy.

* In addition to its principal Committees, the Board, from time to time, deals with certain matters in other Committees, both formal and ad hoc.
Terms of Reference for each Committee listed above are available on the Company's website.

BALANCE OF INDEPENDENCE

The Board currently comprises five independent Non-Executive Directors (excluding the Chair) and two Executive Directors. The Board is of the opinion that the Non-Executive Directors remain independent, in line with the definition set out in the 2018 Code and are free from any relationship or circumstances that could affect, or appear to affect, their independent judgement. The Chair was independent on appointment.

CONFLICTS OF INTEREST

The Company Secretary keeps a register of all Directors' interests. The register sets out details of situations where each Director's interest may conflict with those of the Company (situational conflicts). The register is considered and reviewed at each Board meeting so that the Board may consider and authorise any new situational conflicts identified.

COMPANY SECRETARY

All Directors have access to the advice of the Company Secretary. The appointment and remuneration of the Company Secretary is a matter for the Board.

BOARD TIME COMMITMENTS

All Directors are required to obtain permission of the Board in respect of any proposed appointments to other listed company boards prior to committing to them. The Non-Executive Directors are required, by their letters of appointment, to devote sufficient time to meet the expectations of their role as required by the Board from time to time. The Board remains satisfied that all the Directors spend considerably more than this amount of time on Board and Committee activity.

BOARD MEETING ATTENDANCE

Each of the Directors has committed to attend all scheduled Board and relevant Committee meetings and has committed to make every effort to attend ad hoc meetings, either in person or by telephone/video call. The Non-Executive Directors meet without the Executive Directors and the Chair present at least once a year. The following table sets out the attendance of Directors at the scheduled Board meetings held during the year. Attendance is shown as the number of meetings attended by every Director eligible to attend. Attendance at Committee meetings is shown in the tables at the beginning of each Committee report.

Board members	Member since	Meetings attended
David Tyler	2022	7/7
Jonathan Myers	2020	7/7
Sarah Pollard	2021	7/7
John Nicolson	2016	7/7
Kirsty Bashforth	2019	7/7
Dariusz Kucz[1]	2018	1/1
Jeremy Townsend[2]	2020	4/5
Jitesh Sodha	2021	7/7
Valeria Juarez	2021	7/7
Vivek Ahuja[3]	2024	1/1

1 Stepped down as a Director on 14 September 2023.
2 Stepped down as a Director on 28 February 2024.
3 Appointed as a Director on 1 May 2024.

BOARD ACTIVITY

During the year, the Board held six scheduled meetings and a Board strategy day. A rolling agenda and forward calendar have been agreed and the agenda for each meeting is agreed with the Chair and Executive Directors. Board papers are circulated to Directors in advance of the meetings. If a Director cannot attend a meeting, he or she is able to consider the papers in advance of the meeting and will have the opportunity to discuss them with the Chair or Chief Executive Officer and to provide comments.

In line with the annual rolling agenda, the Board considered a number of topics on a regular basis.

For more details see **pages 70 to 71**

Private meetings of the Non-Executive Directors are also held on a regular basis at the conclusion of Board meetings.

Corporate Governance Statement 2024 continued

BOARD COMPOSITION, SUCCESSION AND EVALUATION

Code Principle and Description	Annual Report and Accounts	See page
J Appointments to the Board	• Our Board	See **page 64**
K Board composition • Board skills and experience • Succession	• Our Board • Nomination Committee Report	See **page 64** See **page 80**
L Evaluation	• Nomination Committee Report	See **page 80**

Appointments to the Board

Vivek Ahuja was appointed to the Board on 1 May 2024. See Our Board on page 64 for his biography, skills and experience.

Skills, experience and knowledge

Our Board is a diverse and effective team, focused on promoting the long-term success of the Group for the benefit of all stakeholders.

For more details see Our Board on **pages 64 and 65** for:

- Directors' core areas of expertise
- Ethnic background
- Independence
- Gender diversity
- Tenure
- External appointments

AUDIT, RISK AND INTERNAL CONTROL

Code Principle and Description	Annual Report and Accounts	See page
M Effectiveness of External Auditor and internal audit & integrity of accounts	• Audit and Risk Committee Report	See **page 84**
N Fair, balanced and understandable assessment of Company's prospects	• Audit and Risk Committee Report • Report of the Directors	See **page 84** See **page 120**
O Internal financial controls and risk management	• Audit and Risk Committee Report • Risk Management and Principal Risks	See **page 84** See **page 42**

The Board's objective is to give shareholders a fair, balanced and understandable assessment of the Group's position and prospects for the business model and strategy and it has responsibility for preparing the Annual Report and Accounts. The Board is also responsible for maintaining adequate accounting records and seeks to ensure compliance with statutory and regulatory obligations. You can find an explanation from the Directors about their responsibility for preparing the financial statements in the Statement of Directors' responsibilities in the Report of the Directors on page 125.

For more details see:

- Financial reporting **page 89**
- Internal financial controls **pages 84 to 89**
- Internal and external audit **pages 84 to 89**
- Risk management **pages 44 to 50**
- Cybersecurity **page 46**
- Significant financial judgements **page 87**
- Assurance over external reporting **pages 128 to 137**
- Auditor onboarding **page 86**
- Business continuity and disaster recovery **page 46**
- Report on the Directors' Remuneration **page 108**

REMUNERATION

The Code provides that remuneration policies and practices must be designed to support the Company's strategy and promote long-term sustainable success. The Board delegates responsibility to the Remuneration Committee, comprised of exclusively independent Non-Executive Directors, to ensure that there are formal and transparent procedures in place for developing the policy for the remuneration of Executive Directors and senior management and the application of the policy.

Code Principle and Description	Annual Report and Accounts	See page
P Linking remuneration purpose and strategy	• Remuneration Committee Report • Remuneration Policy	See **page 92** See **page 98**
Q A formal and transparent procedure for developing policy	• Remuneration Policy	See **page 98**
R Independent judgement and discretion	• Remuneration Committee Report	See **page 92**

The Remuneration Committee Report sets out the Directors' Remuneration Policy, how the Directors' Remuneration Policy was applied throughout FY24 and how it will be applied during FY25.

Nomination Committee Report

THIS YEAR, THE COMMITTEE HAS FOCUSED ON THE PROCESS FOR BOARD AND EXECUTIVE COMMITTEE SUCCESSION.

David Tyler
Nomination Committee Chair

COMMITTEE MEMBERSHIP AND ATTENDANCE

Committee members	Member since	Attendance
David Tyler	2022	2/2
John Nicolson	2016	2/2
Kirsty Bashforth	2019	2/2
Jeremy Townsend[1]	2023	1/1
Jitesh Sodha	2023	2/2
Valeria Juarez	2023	2/2
Vivek Ahuja[2]	2024	1/1

1 Stepped down as a Director on 28 February 2024.
2 Appointed to the Committee on 1 May 2024.

ACTIVITIES OF THE COMMITTEE DURING THE YEAR

- Succession planning
- 2024 Board and Committees internal evaluation
- Reviewed the Board and Committee membership and composition (including diversity).

DEAR SHAREHOLDERS,

On behalf of the Board, and as Chair of the Nomination Committee, I am pleased to present its report for the year ended 31 May 2024.

During the year, the Committee focused its time on Board and Executive Committee succession planning and its internal Board evaluation. Consideration was also given to the impact on membership of the Committees of the Board as a result of the changes to the Board's membership. Succession planning for the Board, its Committees and the Executive Committee will continue to be a key focus for 2025.

HOW THE COMMITTEE OPERATES

The Committee meets a minimum of twice a year and more frequently as necessary. During the year, the Committee met formally twice.

Only members of the Committee are entitled to attend the meetings. Other individuals, such as the Chief Executive Officer, Chief People Officer and external advisers, may be invited to attend all or parts of any meeting as and when appropriate. The Committee, however, ensures that it dedicates sufficient time to discussions without advisers present to facilitate candid exchanges of views by its members and to ensure the independence of the Committee is maintained.

The Terms of Reference were reviewed during the year to ensure that they are compatible with the Corporate Governance Code 2018 (the 2018 Code).

COMMITTEE ROLE

- Regularly review the leadership and succession needs of the business
- Regularly review the structure, size and composition of the Board and its Committees
- Identify and nominate for approval candidates to fill Board vacancies
- Evaluate the Board's diversity and balance of skills
- Evaluate the performance of the Board
- Ensure a diverse pipeline for succession.

PRIORITIES FOR 2025

- To approve formal succession plans for the Board, its Committees and senior management
- Conduct an internal Board evaluation.

Detailed responsibilities are set out in the Committee's Terms of Reference, which can be found on the Company's website **www.pzcussons.com**

BOARD MEMBERSHIP

On 1 December 2023, Jeremy Townsend informed the Company that he would step down from the Board with effect from 28 February 2024. The Committee engaged executive search firm Egon Zehnder, who has no other connection to the Company or its Directors and is a signatory to the Voluntary Code of Conduct for Executive Search Firms, to support the search for a new Non-Executive Director. Following the selection process, the Nomination Committee recommended and the Board approved the appointment of Vivek Ahuja as a Non-Executive Director and the new Chair of the Audit and Risk Committee with effect from 1 May 2024.

The Committee approved a recommendation to the Board that Jitesh Sodha be reappointed as a Non-Executive Director with effect from 1 July 2024 as his first three-year term expired on 30 June 2024.

BOARD COMMITTEE MEMBERSHIP

Vivek Ahuja joined the Audit and Risk Committee and Nomination Committee on appointment. The up-to-date memberships of each Committee can be seen on page 64.

Kirsty Bashforth continues to be the designated Non-Executive Director for employee engagement.

INDEPENDENCE

The Nomination Committee is of the opinion that the Non-Executive Directors, in line with the definition set out in the 2018 Code, are free from any relationship or circumstances that could affect, or appear to affect, their independent judgement. The Chair was independent on appointment. The balance of Directors (excluding the Chair) was two Executive Directors and five independent Non-Executive Directors on the date of this report.

The Board complies with the provisions of the 2018 Code that require that each Director seeks re-election annually. The existence of a group of controlling shareholders (see the Report of the Directors on page 120) and the election or re-election of independent Directors is subject to a dual shareholder vote at the AGM, pursuant to which re-election or election must be approved by a majority vote of the shareholders of the Company and, separately, by a majority vote of the shareholders excluding the controlling shareholders.

BOARD INCLUSION AND DIVERSITY

The Company is committed that the membership of the Board (including the Board Committees) and the Executive Committee reflect the diversity of our workforce and consumers in the countries in which we operate and is proud to support the FTSE Women Leaders Review and Parker Review.

The Board and Executive Committee are committed to creating an inclusive work environment which encourages members from diverse backgrounds and with diverse perspectives and skills to collaborate and work together towards a common objective. The Board has approved an Inclusion and Diversity Policy for Board and Executive Committee appointments which is available in full on the Company's website.

Our Board meets the target set by the Parker Review on ethnic diversity by having three Directors from a minority ethnic background.

We believe that gender diversity is good for our business. The Board's female representation at the date of this report is 37.5%. We are committed to the 40% target in the FTSE Women Leaders Review, which the Company met for some time previously. However, the relatively small size of our Board means the impact of a single change is magnified as compared to larger boards. We continue to meet the FTSE Women Leaders Review target for at least one senior position to be held by a woman. We will bear in mind, when making future appointments to the Board, that we have a modest shortfall against the target for female representation.

When evaluating candidates, the Company seeks to make decisions based on merit and objective criteria as well as the needs of the Board and Executive Committee, having due regard to the benefits of all types of diversity, including diversity of age, gender, social and ethnic backgrounds, disability, sexual orientation, educational and professional backgrounds and cognitive and personal strengths.

Where external recruitment agencies are used, the Company uses agencies who have signed up to the voluntary code of conduct on diversity and best practice or who can demonstrate equivalent commitments to inclusion and diversity.

The Company aims to achieve long and short lists of candidates that reflect its diversity commitments. In respect of Board appointments, the Company considers candidates from non-traditional corporate backgrounds, including from non-profit organisations, the public sector and academia. Prior listed board experience is not a requirement for every appointment.

Nomination Committee Report continued

BOARD AND EXECUTIVE MANAGEMENT DIVERSITY DATA

We report our Board and executive management diversity data as follows as at our chosen reference date of 18 September 2024 (the date of this Annual Report and Accounts) further to the UK Listing Rules requirements.

As at 31 May 2024 and 18 September 2024, the Board included three women Directors representing 37.5% of the Board. One of the four senior positions on the Board was held by a woman and three Directors were from a minority ethnic background.

The Company is committed to having a Board and Executive Committee that reflect the diversity of our workforce and consumers in the countries in which we operate.

The names of our Board and Executive Committee members are set out on pages 64 to 66.

Board and executive management reporting on gender identity or sex

	No. of Board members	% of the Board	No. of senior positions on the Board (CEO, CFO, SID and Chair)	No. in executive management[1]	% of executive management
Men	5	62.5%	3	9	75%
Women	3	37.5%	1	3	25%
Other categories	0	–	0	0	–
Not specified/prefer not to say	0	–	0	0	–

1 Executive management means the Executive Committee (the most senior executive body below the Board). The Chief Executive Officer and Chief Financial Officer are included in the data fields for both the Board and the Executive Committee as they are members of both respectively.

Board and executive management reporting on ethnic background

	No. of Board members	% of the Board	No. of senior positions on the Board (CEO, CFO, SID and Chair)	No. in executive management[1]	% of executive management
White British or other White (including minority-white groups)	5	62.5%	4	8	66.7%
Mixed/Multiple Ethnic groups	1	12.5%	0	1	8.3%
Asian/Asian British	2	25.0%	0	2	16.7%
Black/African/Caribbean/Black British	0	0	0	1	8.3%
Other ethnic group, including Arab	0	0	0	0	0
Not specified/prefer not to say	0	0	0	0	0

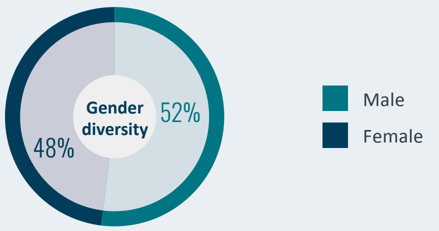
1 Executive management means the Executive Committee (the most senior executive body below the Board). The Chief Executive Officer and Chief Financial Officer are included in the data fields for both the Board and the Executive Committee as they are members of both respectively.

Data in relation to the gender of employees is collected voluntarily via our people management information system Workday through which the individual self-reports their gender identity (or specifies they do not wish to report such data). The criteria of the standard form questionnaire are fully aligned to the definitions specified in the UK Listing Rules, with individuals requested to specify: self-reported gender identity. Selection from 'a' male; 'b' female; 'c' other category/please specify; 'd' not specified (due to local data privacy laws); or 'e' prefer not to say. For Non-Executive Board members, we collect data voluntarily through a manual process.

Data in relation to ethnicity is currently collected via a manual process. Each individual Board member and member of the Executive Committee is requested to self-report ethnic background in accordance with the classifications prescribed in the UK Listing Rules as designated by the UK Office of National Statistics. As set out in the table above, these are 'a' White British or other White; 'b' Mixed or Multiple Ethnic Groups; 'c' Asian or Asian British; 'd' Black; 'e' Other ethnic group/please specify; or 'f' not specified/prefer not to say.

SENIOR MANAGEMENT AND THEIR DIRECT REPORTS AS AT 31 MAY 2024

Senior management* and their direct reports (excluding administrative staff) are disclosed in accordance with the 2018 Code.



* The definition of 'senior management' for this purpose is the Executive Committee. The names of our Executive Committee members are set out on page 66.

SUCCESSION PLANNING

Progress has been made and discussions have taken place on this matter during the year. The Committee will continue to focus on succession plans during FY25.

The Committee will also continue to ensure that enhancing the Board's skills and diversity remain on its agenda.

2024 BOARD AND COMMITTEE EVALUATION

To evaluate its own effectiveness, in accordance with best practice and the requirements of the 2018 Code, the Board undertakes annual effectiveness reviews using a combination of externally facilitated and internally run evaluations over a three-year cycle. Each process is facilitated by the Company Secretary, working with the Chair. The cycle of the Board evaluations is summarised as follows:

YEAR 1	YEAR 2	YEAR 3
Externally facilitated Board evaluation using interviews.	Follow-up on actions prepared in response to the year one evaluation using internally facilitated questionnaires.	Continued follow-up on actions arising from the previous two years using internally facilitated questionnaires.

The Committee is pleased to report that the Board has made progress against the priorities it set in the 2023 evaluation. In particular, the Board has worked purposefully and with focus to ensure that the successful execution of strategy is delivered. Continued execution of the strategy remains a priority for the Board as set out below. The size and composition of the Board, which was also a matter for review in the 2023 priorities, was considered and affirmed by the Committee in the year.

The Board recognises the importance of continually monitoring and improving its performance. In accordance with the three-year cycle, an internal evaluation took place this year facilitated by the Company Secretary.

Process	Conclusions and actions agreed from 2024 evaluation
As reported last year, the 2023 Board evaluation was externally facilitated by a partnership of BoardClic, Board Intelligence and Alison Purdue Associates. The 2024 internal Board evaluation report was compiled following completion of tailored digital surveys created by BoardClic in which all Directors submitted responses. The Board evaluation also included a review of the Audit and Risk Committee and the Remuneration Committee. Questions in the main Board evaluation were also specifically related to the Nomination Committee, Chair and Senior Independent Director. The findings and recommendations of the evaluation were presented to and considered by the Board at its May meeting. The Audit and Risk and Remuneration Committees considered the results of their own evaluations. A number of recommendations were made to the Board and actions agreed.	This year's review has yielded positive results, confirming the effectiveness of the Board as a whole. The two Committees evaluated were also found to be effective. Areas identified to enhance the Board's effectiveness for the coming year are detailed below. Some of these areas have evolved from the previous year and are being actively progressed. • Execution of the revised strategy, including strategic actions relating to portfolio transformation and the continued journey from turnaround to transformation • Continue to re-balance Board agendas to increase the focus on matters of strategic importance and monitoring the implementation of strategic decisions. Enable better use of the Directors' skills between Board meetings • Foster both a supportive and challenging environment for the Executive Directors around the execution and delivery of the Company's plans • Continue to engage stakeholders in determining Company risk appetite to inform the strategy. Continue to strengthen risk management processes to enable greater understanding of risk and to manage within tolerances • Focus on talent development and establish a culture of agility and effective decision-making that empowers employees, fosters innovation and drives business success • Keep under review the size and composition of the Board to align with the Group size and structure.

David Tyler
Nomination Committee Chair

18 September 2024

Audit and Risk Committee Report

THE COMMITTEE WILL FOCUS ON THE GROUP'S RISK MANAGEMENT AND CONTROLS EFFECTIVENESS.

Vivek Ahuja
Audit and Risk Committee Chair

COMMITTEE MEMBERSHIP AND ATTENDANCE

Committee members	Member since	Attendance
Vivek Ahuja[1]	2024	1/1
Jeremy Townsend[2]	2020	2/3
John Nicolson	2016	4/4
Dariusz Kucz[3]	2018	1/1
Jitesh Sodha[4]	2021	4/4

1 Appointed to the Committee and appointed Chair on 1 May 2024.
2 Stepped down as a Director and Chair of the Committee on 28 February 2024.
3 Stepped down as a Director on 14 September 2023.
4 Acted as Chair for the meeting on 5 February 2024 in Jeremy Townsend's absence.

ACTIVITIES OF THE COMMITTEE DURING THE YEAR

Over the course of this financial year, the Committee:

- Oversaw the onboarding of PricewaterhouseCoopers LLP (PwC) following its appointment as the Company's External Auditor. This followed a competitive tender process as detailed in last year's Committee report
- Oversaw continued progress of the Controls Transformation Project which started in 2022 and will result in an improved internal control framework and environment, and an improvement in the finance shared services organisation design, capability, control and efficiency
- Has reviewed the significant financial reporting matters and judgements identified by the finance team and PwC through the external audit process, and the approach to addressing those matters is set out in the table on page 87 of this Annual Report and Accounts
- Closely monitored improvements in payment practices which are registered with the Government's online portal
- Held a regular programme of meetings and discussions, supported by our interactions with the Company's management, External Auditor and the quality of the reports and information provided to us, enables the Committee members to effectively discharge our duties and responsibilities
- Oversaw and monitored the risk management process, ensuring alignment with the risk management framework, including the identification and assessment of emerging and Principal Risks.

COMMITTEE ROLE

- Monitor the integrity of the financial statements and announcements and review significant financial reporting requirements, issues and judgements
- Recommend the appointment and removal, approve the terms and remuneration, and assess the independence and performance of the External Auditor, reviewing the scope, findings, cost effectiveness and quality of the audit
- Review the adequacy and effectiveness of the Group's risk management systems and mitigation programmes
- Review the adequacy and effectiveness of the Group's systems and processes for internal financial control
- Review the independence, effectiveness and output of the Group's Internal Audit and Risk Function and programme
- Review the adequacy of the Group's whistle-blowing arrangements and procedures for detecting fraud.

PRIORITIES FOR 2025

- Oversee and assess management's continued progress on the strengthening of internal controls, enabling readiness for corporate governance reform
- Review significant financial reporting matters and judgements as they relate to the Group's interim and full year financial results
- Oversight and support to the External Auditor during their second year-end audit
- Leveraging the risk management framework to proactively support the Group as it advances its transformative journey. The Committee will concentrate on the evolving risk profile and oversee mitigations in response to strategic and operational initiatives
- Continue to support the improvement of the Internal Audit and Risk Function, supporting a culture of risk management and embedding and strengthening internal controls across the Group
- Increased oversight of risk tolerance as the Group continues to strengthen its risk appetite framework.

Detailed responsibilities are set out in the Committee's terms of reference, which can be found on the Company's website **www.pzcussons.com**

DEAR SHAREHOLDERS,

I am pleased to present the Committee's report for the financial year ended 31 May 2024 which sets out a summary of the work of the Committee and how it has carried out its responsibilities during the year.

The Committee has continued to monitor the embedding of the processes and controls that have been designed as part of our ongoing controls improvement programme (Controls Transformation), the Committee see the main benefits of this programme relating to risk reduction. The importance of the Controls Transformation work is only heightened by the Government's proposed regulatory change and corporate governance code reform leading to increased future requirements of audit assurance and Directors' declarations over the effectiveness of material internal controls over reporting. The Committee recognises the progress being made in this area and supports management in adapting plans where necessary to ensure continued focus on improving the overall control environment.

The Committee recognises that Internal Audit and Risk plays a key role in controls improvement and ensuring cultural changes are embedded is critical but can be difficult to measure and quantify.

HOW THE COMMITTEE OPERATES

The Committee meets a minimum of three times a year and more frequently as necessary. During the year the Committee met four times. This enabled a focus on the full-year and interim results in September and February respectively and a focus on internal audit, risk and audit planning in the remaining meetings.

Only members of the Committee are entitled to attend the meetings. However, other Directors and other individuals (including representatives of external advisers) may be invited to attend for all or parts of any meeting as and when appropriate. The Chief Financial Officer, Group Internal Audit and Risk Director and External Audit lead partner are invited to attend meetings of the Committee on a regular basis. During the year the Chair of the Board, the Chief Executive Officer and other members of the management team routinely attended to review specific risks and mitigating action plans.

The Company Secretary acts as secretary to the Committee.

The experience of the Committee members, including myself, is summarised on page 65. The Board considers each Committee member is independent and has a broad and diverse spread of commercial and relevant industry experience, such that the Board is satisfied that the Committee has the appropriate skills and experience to be fully effective and meets the 2018 Code requirement that at least one member has significant, recent and relevant financial experience.

Audit and Risk Committee Report continued

RELATIONSHIP WITH THE EXTERNAL AUDITOR

The Committee has primary responsibility for managing the relationship with the External Auditor, including assessing their performance, effectiveness and independence annually and recommending to the Board their reappointment or removal.

Jonathan Studholme has been lead partner since the appointment of PwC as External Auditor in 2023.

During the year, the members of the Committee regularly met with representatives from PwC without management present, to ensure that there were no issues in the relationship between management and the External Auditor which it should address. There were no material issues raised in this regard throughout FY24.

The Committee considers the nature, scope and results of the External Auditor's work and reviews, develops and implements a policy on the supply of any non-audit services that are to be provided by the External Auditor. It receives and reviews reports from the Group's External Auditor relating to the Group's Annual Report and Accounts and the external audit process.

In respect of the audit for the financial year ended 31 May 2024, PwC presented its audit plan to the Committee. The audit plan included an assessment of audit risks, scope and materiality, and robust testing procedures.

The Committee approved the implementation of the plan following discussions with both PwC and management.

Audit and non-audit Fees

The Company paid £4.0 million in audit fees for the financial year ended 31 May 2024. The Company also paid former External Auditor, Deloitte LLP, £0.4 million in respect of late fees relating to their audit of the 2023 Annual Report and Accounts.

Regarding non-audit services, the Company has a practice of limiting PwC to working on the audit or such other matters where their expertise as the Company's External Auditor makes them the logical choice for the work. This is to preserve their independence and objectivity. In the year, the Group paid £0.3 million to PwC in respect of the review of the interim statement released in February 2024.

The non-audit fee was 7.5% of the audit fees.

Effectiveness and independence

The Chair of the Committee speaks to the audit partner to discuss any concerns, to discuss the audit reports and to ensure that the External Auditor has received support and information requested from management.

In accordance with the guidance set out in the Financial Reporting Council's 'Practice aid for audit committees' the assessment of the external audit has not been a separate compliance exercise, or an annual one-off exercise, but rather it has formed an integral part of the Committee's activities.

This has allowed the Committee to form its own view on audit quality, and on the effectiveness of the external audit process, based on the evidence it has obtained during the year.

Sources of evidence obtained and observations during the year:

By referring to the FRC's practice aid on audit quality	The Committee has looked to this practice aid for guidance and has ensured that assessment of the audit is a continuing and integral part of the Committee's activities.
Observations of, and interactions with, the External Auditor	The Committee has met with the lead audit partner without management and has had an open dialogue regarding the Committee's view of PwC's performance and overall working relationship between the Company and its External Auditor.
The audit plan, the audit findings and the External Auditor external report	The Committee scrutinises these documents and reviews them carefully at meetings and by doing so the Committee has been able to assess the External Auditor's ability to explain in clear terms what work they performed in key areas, and also assess whether this is consistent with what they communicated to the Committee at the audit planning stage. The Committee has also regularly discussed the content of these reports in the meetings.
Input from those subject to the audit	The Committee has requested the insights from the Chief Financial Officer, the Group Internal Audit & Risk Director and the Group External Reporting Director during the audit process.

Having regard to these matters the Committee has considered the effectiveness of the external audit process and is of the opinion that the External Auditor has demonstrated professional scepticism and challenged management's assumptions where necessary.

The Committee is satisfied with the scope of PwC's work, and that PwC continues to be independent and objective.

KEY JUDGEMENTS AND ESTIMATES

The Committee reviewed the external reporting of the Group including the interim review and the Annual Report and Accounts. In assessing the Annual Report and Accounts the Committee considers the key judgements and estimates. The significant issues and improvements considered by the Committee in respect of the year ended 31 May 2024 are set out below:

Significant issues and judgements	Decisions and improvements
Areas of significant financial judgement	The Committee considered a number of areas of significant financial judgement throughout the year. The key areas covered included consideration of the impact of Nigerian Naira devaluation on the Group; the treatment as permanent as equity of certain intercompany balances held with our Nigerian businesses; impairment testing of goodwill, intangible assets and tangible assets and associated discount rates; the treatment of uncertain tax positions across the Group; and the classification and disclosure of adjusting items and the treatment of trade expenditure and the processes and controls in place to manage associated risks. The Committee accepted the judgements recommended by management having challenged them and considered alternative options.
Controls Transformation	The Committee monitored improvements to internal controls and increased its focus on the work underway to design and then embed controls improvements throughout the Group. The Controls Transformation project is focused on improving the use of SAP, standardising processes and embedding controls. It aims to establish an effective internal controls framework in anticipation of future corporate governance reform changes as well as improving finance shared services, organisation design, capability and efficiency.
Risk management	The Committee reviewed the development of risk management across the Group and approved the appointment of the new Group Internal Audit and Risk Director as well as a new Head of Group Risk.
Ethics and compliance	The Committee monitored investigation reports and was satisfied that management was significantly reducing the Company's risk profile for fraud and compliance issues.
TCFD	The Committee received reports on the steps to achieve compliance with TCFD, risk identification and related mitigation plans. The Committee received and discussed the assurance process for the final TCFD statement.

RISK MANAGEMENT AND INTERNAL CONTROLS

Internal control structure

The Board oversees the Group's risk management and internal controls and determines the Group's risk appetite. The Board has, however, delegated responsibility for the review of the risk management methodology, and the effectiveness of internal controls to the Committee.

Review of control environment

Financial control improvements have been progressed including the further development of a Group-wide framework of control, balance sheet account reconciliations controls and the completion of a management self-assessment exercise.

The Code of Ethical Conduct provides a framework document for the PZ Cussons ethics and compliance system. The Code is supported by a range of policies including:

- Conflicts of interest policy – setting expectations for the avoidance of conflicts
- Whistle-blowing policy – setting the expectation of a 'speak-up' culture
- Gifts and hospitality policy – establishing the circumstances for gifts and hospitality
- Inside information and share dealing policies – ensuring compliance with Listing Rules and Market Abuse Regulations
- Anti-fraud policy – establishing a zero tolerance for fraud
- Failure to prevent the facilitation of tax evasion policy – ensuring compliance with the duty to prevent criminal facilitation of tax evasion
- Risk Management Framework.

During the previous year, the Board reviewed their approach to risk management and as a result a new Group Risk Management Framework was approved by the Audit and Risk Committee in 2023, and has been operational across the Group in FY24. This complements the work that the Audit and Risk Committee has set for the multi-year controls improvement plans to address existing weaknesses identified including upgrading the systems used to record trade promotions, improving our joiners, movers and leavers processes through optimisation of our human resources system and addressing outstanding segregation of duty conflicts within our enterprise management systems.

Audit and Risk Committee Report continued

The Committee notes the controls improvements made over the course of FY24, including the design and further development of a Group-wide framework of internal controls over financial reporting and an improvement in the process to track and close audit actions. The Committee also reviewed and approved further plans including the work needed to ensure appropriate material controls over both reporting disclosures and principal risks are in place and operating effectively in advance of regulatory change. This project, enabled through a transformative change in our finance function, will continue to require significant work in FY25 and beyond.

INTERNAL AUDIT FUNCTION

Internal Audit is an independent and objective function that delivers assurance over the Group's governance, internal controls, and risk management structures. It assists the Group in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate the effectiveness of systems, processes, and controls across the Group.

Internal Audit is a component of the Group Internal Audit and Risk team, reporting to the Committee and administratively to the Chief Financial Officer. The Group Internal Audit and Risk Director oversees the Internal Audit team in the Company's key markets, including in-house teams in Africa and Asia. In the UK, the function is supported by our external partner, KPMG LLP.

The Group Audit Charter provides the framework for discharging the responsibilities of the Internal Audit function. The Audit Charter is approved annually by the Audit and Risk Committee and formally defines the purpose, authority, and responsibilities of Internal Audit. The Group Internal Audit and Risk Director is responsible for ensuring that Internal Audit fulfil their responsibilities and mandate outlined in this Audit Charter.

The Audit and Risk Committee approves the risk-based internal audit plan on an annual basis. Any amendments made throughout the year require Committee approval. The internal audit plan is continually evaluated and adjusted to ensure it remains relevant in light of evolving risks, business priorities, and external conditions. The Group Internal Audit and Risk Director updates the Committee on progress and significant findings related to the Internal Audit Plan during Committee meetings. Regular discussions with the Audit and Risk Committee Chair and the Chief Financial Officer are undertaken by the Group Internal Audit and Risk Director outside the Committee meetings as appropriate.

As per the Audit Charter, an External Quality Assessment (EQA) was performed in the year by third party, BDO LLP, the function was deemed 'effective' with some improvement opportunities identified to further strengthen activities. The Committee is satisfied that the current arrangements remain appropriate and effective for the Company.

RISK MANAGEMENT

While the Board oversees the Group's Risk Management Framework, it delegates responsibility for review of the risk management methodology and framework and the effectiveness of internal controls to the Audit and Risk Committee. The Group uses a defined, standardised and annually approved Risk Management Framework that reaffirms the Board's recognition that the management of risk is an important component of good management practice, it also ensures that the Group has an open and receptive approach to identifying, discussing and addressing risk.

The Risk Management Framework ensures the Group identifies, assesses, mitigates and monitors risks that threaten the successful delivery of our strategic objectives. The framework outlines the Group's underlying approach to risk management, documents the roles and responsibilities of key stakeholders and outlines key aspects of the risk management methodology.

The risk management methodology covers initial risk identification, including emerging risks, assessment and evaluation of risk, the extent to which risks can be mitigated, the implementation of effective risk mitigation activities, and the effective monitoring and reporting of risk.

The Group operates both top-down and bottom-up approaches to ensure that significant strategic and operational risks are identified, including review and approval of the Principal Risks as can be seen on pages 42 to 50. The Group Internal Audit Function provides independent assurance to both management and the Committee on the effectiveness of the Group's Risk Management Framework and as to whether sound internal control systems operate to mitigate these risks.

The Committee has completed a robust assessment of the Group's emerging and principal risks and is satisfied that the Risk Management Framework is effective. The framework continues to provide a strong foundation for the further embedding of risk management principles across the Group.

See Risk Management and Principal Risks section on **page 42** for further details

WHISTLE-BLOWING POLICY

The Company is required to maintain a mechanism for the confidential reporting of suspected fraud and other wrongdoing. The Company has a standalone Whistle-blowing Policy which links to the Code of Ethical Conduct, this is subject to oversight by the Audit and Risk Committee.

Navex Global, a leading whistle-blowing system provider, is engaged to provide a telephone and web-based reporting system for use with the Whistle-blowing Policy.

The whistle-blowing system is maintained by the Group General Counsel and Company Secretary along with the Group Head of Ethics and Compliance. The Committee receives reports on the effectiveness of the Whistle-blowing Policy and reports regularly to the Board on these matters.

CLIMATE-RELATED RISKS

The Company supports the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). The Committee received reports on the steps to achieve compliance with TCFD, risk identification and related mitigation plans. The Committee received and discussed the assurance process for the final TCFD statement, which can be found on pages 40 to 41.

STATEMENT OF COMPLIANCE

The Company confirms that it has complied with the terms of the Statutory Audit Services for Large Companies Market Investigation (Mandatory User of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 (the Order) throughout the year. In addition to requiring mandatory audit re-tendering at least every ten years for FTSE 350 companies, the Order provides that only the Audit and Risk Committee, acting collectively or through its Chair, and for and on behalf of the Board is permitted:

- To the extent permissible in law and regulation, to negotiate and agree the statutory audit fee and the scope of the statutory audit
- To initiate and supervise a competitive tender process
- To make recommendations to the Directors as to the External Auditor appointment pursuant to a competitive tender process
- To influence the appointment of the audit engagement partner
- To authorise an External Auditor to provide any non-audit services to the Group, prior to the start of those non-audit services.

The Board is ultimately responsible for the Group's system of internal controls and risk management and discharges its duties in this area by:

- Holding regular Board meetings to consider the matters reserved for its consideration
- Receiving regular management reports which provide an assessment of key risks and controls
- Scheduling regular Board reviews of strategy including reviews of the material risks and uncertainties (including emerging risks) facing the business
- Ensuring there is a clear organisational structure with defined responsibilities and levels of authority
- Ensuring there are documented policies and procedures in place
- Seeking assurance from the Group Internal Audit function
- Reviewing regular reports containing detailed information regarding financial performance, rolling forecasts, actual and forecast covenant compliance, cash flows and financial and non-financial KPIs.

Notwithstanding the continued focus on controls improvement to be delivered in FY25, the overall controls environment of the Company has improved year-on-year.

FAIR, BALANCED AND UNDERSTANDABLE

The Directors are required to confirm that they consider, taken as a whole, that the Annual Report and Accounts is fair, balanced and understandable and that it provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

The Committee has satisfied itself that the financial reporting processes and controls over the information presented in the Annual Report and Accounts are satisfactory, that the information is presented fairly (including the calculations and use of alternative performance measures) and has confirmed to the Board that the financial reporting processes and controls around the preparation of the Annual Report and Accounts are appropriate, allowing the Board to make the 'fair, balanced and understandable statement' in the Report of the Directors on page 125.

FINANCIAL REPORTING

The Company reports to shareholders on its financial performance twice a year. During the 12 months prior to the date of this report, the Committee reviewed the interim financial statements for the six months to 2 December 2023 and the full-year Annual Report and Accounts for the year to 31 May 2024. The principal steps taken by the Committee during the past 12 months in relation to its review of the published financial statements were:

- Review of the 2023 interim financial statements and 2023 interim announcement and consideration of PwC's comments on the drafts of these documents
- Review of plan for preparing the Annual Report and Accounts for the year ending 31 May 2024
- Review of the significant judgements and estimates that impact the financial statements
- Review of the Annual Report and Accounts for the year ending 31 May 2024 and consideration of PwC's comments on these documents.

The Committee monitors the implications of new accounting standards and other regulatory developments for the Company's financial reporting and regularly receives technical updates from the External Auditor. These technical updates have kept the Committee informed on the UK Corporate Reform and the expected timescales, the Audit Market Reform and the proposed introduction of UK regulation in respect of internal controls on reporting and audit assurance policy.

VIABILITY STATEMENT AND GOING CONCERN

The Committee has reviewed the basis for the Company's viability statement on page 51 to 53 that is drafted with reference to the financial forecasts for the next four years. In light of the impact of rising living costs on the global economy and the devaluation of the Naira currency in Nigeria where the Group operates, the Committee placed additional scrutiny on the assumptions used in the forecasts to ensure they are appropriate. The Committee provides advice to the Board on the viability statement.

The Committee ensured sufficient review was undertaken of the adequacy of the financial arrangements and cash flow forecasts. Accordingly, the Committee recommended to the Board that this statement be approved.

Similarly, the Committee placed additional focus on the appropriateness of adopting the going concern basis in preparing the Group's financial statements for the year ended 31 May 2024 and satisfied itself that the going concern basis of presentation of the financial statements and the related disclosure is appropriate. The Directors note that a severe but plausible downside scenario against the Group's FY25 forecast of a decline in the Naira exchange rate of more than 10%, if not countered by management mitigations, could result in a breach of the Group's interest cover covenant as at 29 November 2024. Further details are provided on page 51.

Vivek Ahuja

Audit and Risk Committee Chair

18 September 2024

Environmental and Social Impact Committee Report

ON BEHALF OF THE BOARD, THE COMMITTEE WAS PLEASED TO APPROVE THE DEI STRATEGY FOR THE GROUP.

Valeria Juarez
Environmental and Social Impact Committee Chair

COMMITTEE MEMBERSHIP AND ATTENDANCE

Committee members[1]	Member since	Attendance
Valeria Juarez[2]	2022	3/3
Jonathan Myers	2022	3/3
Kirsty Bashforth	2022	3/3

1 Directors David Tyler, Sarah Pollard, John Nicolson, Dariusz Kucz, Jeremy Townsend and Jitesh Sodha stepped down from the Committee on 19 June 2023.

2 Appointed as Chair of the Committee on 19 June 2023.

DEAR SHAREHOLDERS,

On behalf of the Board, and as Chair of the Environmental and Social Impact (ES) Committee, I am pleased to present its report for the year ended 31 May 2024.

The Committee is pleased to report the continued progress against the goals set out in the Group's ES strategy. During the year, the Committee reviewed the Group's ES priorities and initiatives to ensure the effectiveness of the programme and its alignment with our wider strategic goals.

The Committee oversees and monitors performance against the Company's sustainability strategy and goals and how PZ Cussons considers, engages with, reports to and maintains its reputation with key stakeholders. The Committee is supported by the Executive Committee through its ES Forum which oversees the existing and future workstreams within the Company on important ES matters and the Sustainability Steering Group which comprises representatives from across our different markets and business functions.

In accordance with the Terms of Reference, the Committee met three times in the year. Only members of the Committee are entitled to attend the meetings. However, other Directors and other individuals may be invited to attend for all or parts of any meeting as and when appropriate. The Company Secretary acts as secretary to the Committee.

The Committee's Terms of Reference were updated in the year to reflect the Committee's revised remit and responsibility for environmental and social impact matters and to ensure that they are compatible with the Corporate Governance Code 2018 (the 2018 Code).

COMMITTEE ROLE

- Regularly review the Group's ES strategy and performance targets
- Monitor progress by the Group against its ES strategy and goals
- Oversee how the Group engages with key stakeholders on ES
- Consider the climate-related risk and opportunities facing the Group.

PRIORITIES FOR 2025

- Continuously review the Group's ES strategy and goals and monitor progress against each
- Ensure required processes and capabilities are in place to deliver the goals
- Oversee the implementation and embedding of the UN Global Compact
- Further embed the DEI strategy and goals and the development of targets and metrics
- Further optimise ES reporting.

Detailed responsibilities are set out in the Committee's Terms of Reference, which can be found on the Company's website **www.pzcussons.com**

ACTIVITIES OF THE COMMITTEE DURING THE YEAR

Diversity, Equity and Inclusion (DEI) strategy

Following the completion of an external DEI maturity assessment, a DEI strategy was developed to formalise the Company's clear intention and commitment to accelerate and focus on DEI and was approved by the Committee in November 2023. The strategy was launched across the business on International Women's Day in March 2024. Targets and metrics will be set for FY25 to monitor progress against the strategy during the coming year.

UN Global Compact

The Committee supported the Executive Committee's recommendation to seek to join the UN Global Compact and commit to aligning our strategy and operations to its ten principles regarding human rights, labour, the environment and anti-corruption. The Company was successful in being accepted as a participant in December 2023. This strengthens our commitment to the UN 17 Sustainable Development Goals (SDGs) and their associated targets.

Charity Partnership Framework and Business for Societal Impact (B4SI)

During the year, the Committee supported the roll-out of the Charity Partnership Framework, to align community activity with corporate purpose and to optimise the social impact of our partnerships. Alongside the roll-out, the Company has also adopted the Business for Societal Impact (B4SI) framework to better assess, measure and review the social impact of our partnerships and charitable investment on individuals, the community, the environment and the business.

Carbon-neutrality and reduction commitments

The Committee is pleased to see that the Company is on track to meeting its targets to reduce and off-set its GHG emissions. In FY24, PZ Cussons achieved carbon neutrality in its UK, Beauty, ANZ and Asian operations and is on track to reach carbon neutrality across its global operations by 2025. The Company is also on track to reach its near and long term ambition to reduce emissions: a 42% reduction in Scopes 1 and 2 against the 2021 baseline by 2030 and net zero across Scopes 1, 2 and 3 by 2045. The near term goal was achieved in FY24 as the Group reported a 42.8% reduction in Scopes 1 and 2 against the 2021 baseline. The Committee will continue to monitor and advise on projects which will best achieve these targets.

Plastic and packaging reduction

In FY24, we reduced the use of virgin plastic in our packaging by 9.2% vs baseline and 85.6% of our packaging is now recyclable, reusable or compostable. In Australia, Morning Fresh has commenced incorporation of Post Consumer Recycled materials (PCR) into its manual dishwashing range of products.

ES strategy

Throughout the year, the Committee monitored progress against the goals set out in the Group's ES strategy. The strategy provides operational focus and, alongside a set of clearly defined performance targets, supports the Company in achieving its goals. The Committee has reviewed overall initiatives across the Company and prioritised the critical initiatives to deliver the ES strategy.

More information about the ES strategy can be found on **page 28**

Valeria Juarez
Environmental and Social Impact Committee Chair

18 September 2024

Remuneration Committee Report

FIRST YEAR IMPLEMENTATION OF THE REMUNERATION POLICY.

Kirsty Bashforth
Remuneration Committee Chair

COMMITTEE MEMBERSHIP AND ATTENDANCE

Committee members	Member since	Attendance
Kirsty Bashforth	2019	5/5
Jeremy Townsend[1]	2020	n/a
Jitesh Sodha	2021	5/5
Valeria Juarez[2]	2021	4/5

1 Stepped down from the Committee on 19 June 2023 prior to the first meeting of the year and the Board on 28 February 2024.
2 Did not attend the interim August 2023 meeting.

DEAR SHAREHOLDERS

On behalf of the Board, I am pleased to present our 2024 Remuneration Committee Report. This report is divided into three sections as set out below.

(1) This Remuneration Committee Chair Statement – providing a summary of key reward activity during the year.

(2) The Directors' Remuneration Policy (the Policy) – our 2023–26 Policy as approved by our shareholders in a binding vote at our 2023 Annual General Meeting (AGM) on 23 November 2023.

(3) The Report on Directors' Remuneration – setting out how the Directors' Remuneration Policy was applied throughout FY24 and how the Committee intends to apply it in FY25.

I would like to start my statement by acknowledging the 2023 AGM vote on the 2023–26 Policy. The Policy was proposed after thorough engagement and consultation with major shareholders and I would like to express my appreciation for the time taken to meet with me, the level of engagement and the feedback given during those meetings. While the Committee was pleased that over 70% of shareholders voted for the 2023–26 Policy, it understands that the votes against were primarily attributable to the adoption of a Restricted Share Plan (RSP) where a number of shareholders expressed opposing views during consultation. The Committee provided an explanation in the FY23 Directors' Remuneration Report of the reasons for the migration to a RSP, which included a need to provide competitive variable pay for its senior leadership and to align the interests of the executive with the long-term interests of our shareholders.

The Committee's view is that it acted in the best interests of the Company and all its stakeholders, however the Committee will keep in mind the views expressed by shareholders on this issue as it plans for future amendments and renewals of the Directors' Remuneration Policy.

COMMITTEE ROLE

- To set, develop and oversee the implementation of the Directors' Remuneration Policy for the Executive Directors and senior executives, having regard for the remuneration principles of the wider organisation and the relationship between the remuneration of the members of the Board and the wider employee population
- To evaluate the performance of and determine specific remuneration packages for each Executive Director, the Chair, the Company Secretary and the other senior executives
- To maintain an active dialogue with stakeholders, ensuring that the shareholders and other advisory bodies' views are taken into account when setting the remuneration of senior executives and members of the Board.

Detailed responsibilities are set out in the Committee's Terms of Reference, which can be found on the Company's website: **www.pzcussons.com**

BUSINESS CONTEXT FOR THE YEAR ENDED 31 MAY 2024

The Group's financial performance in FY24 fell below our initial expectations, largely as a result of the adverse impact of the devaluation of the Nigerian Naira which took place in June 2023. This resulted in a significant decline in reported revenue, operating profit and earnings per share. As a result, the Board has announced its intention to declare an interim dividend of 2.10p compared to last year's final dividend of 3.73p per share, representing a full year dividend of 3.60p.

The Committee considers that the business delivered improved financial performance in a number of areas, including in the UK and ANZ, while making key interventions in the Nigerian business to limit the impact of the devaluation. The Group also made good progress against its stated strategic priorities for FY24. In particular:

- **Simplifying and strengthening Nigeria:** the Group improved its sourcing of US Dollars in Nigeria which has enabled the repatriation of cash so as to pay down Sterling-denominated borrowings and reduces the risk of further devaluation.
- **UK growth:** the Group delivered strong revenue growth in its UK Personal Care business – with double-digit growth in Original Source, Imperial Leather and Childs Farm and with Carex back in growth.
- **Expansion from the core:** Childs Farm has launched successfully in the US and Germany, and the brand as a whole has delivered another year of double-digit growth.

Furthermore, in April the Group announced its plans to maximise shareholder value through the disposal of St.Tropez and through a process to evaluate strategic options for the Africa portfolio. The announcement follows a strategic review of the Group's portfolio of brands and geographies.

REMUNERATION DECISIONS YEAR ENDED 31 MAY 2024

Variable remuneration earned during the year

The Committee carefully considered the progress made by management during the year, the impact of the trading environment on Group performance and the experience of both the shareholders and wider workforce through the financial year when reviewing incentive plan outturns. A summary of decisions, and the context in which they were made, follows.

Annual bonus payout

As set out in last year's report, we made a number of changes to the annual bonus for FY24. We re-weighted the profit measure to 50% from 40%, the revenue measure to 20% from 30% and maintained the weighting of the cash-based measure at 10%. We also moved to Adjusted Operating Profit from Profit Before Tax and Free Cash Flow from Net Working Capital. As set out previously, the use of Adjusted Operating Profit reduces volatility and the potential for windfall gains while providing enhanced focus on aligning pay with profitability. Free Cash Flow is a more comprehensive measure of the Company's ability to generate cash, explicitly considering the cost of capital investment. The approach to key business objectives was also updated for FY24 to further align them with our strategy and key priorities for FY24.

The Committee reviewed the bonus outcome in the context of overall Group performance, taking into consideration the experience of the key stakeholders, including employees and shareholders during the year. The Committee considered both the drivers and outcomes of adjusted and statutory financial performance, together with the individual contribution of the CEO and CFO in navigating a challenging environment, particularly in our Africa business which was materially impacted by a volatile and large devaluation of the Nigerian Naira. Taking all these factors into account, the Committee exercised downwards discretion of 2.2% for financial performance for the Executive Directors. Post this adjustment, the Committee concluded that the bonus outcome was a fair reflection of underlying and individual performance and agreed the following:

- 51.4% of the 80% of maximum opportunity of bonus assessed against financial performance was achieved. Full details of the targets and performance against them can be found on pages 108 and 109.
- The Committee also assessed the performance against the key business objectives and determined that 15% of the available 20% was earned for both Executive Directors.
- As such, 66.4% of the maximum bonus was earned by the CEO and CFO, resulting in awards of 99.6% of salary for the CEO and 83.0% of salary for the CFO. 40% of the bonus earned will be deferred into shares for two years, a change from the previous Policy where 25% was deferred for three years. Full details of the performance assessment against both the financial and key business objectives can be found on pages 108 and 109.

Remuneration Committee Report continued

Vesting of the FY22 Performance Share Plan (PSP)

PSP awards relating to the year ended 31 May 2022 (FY22) were based on three key performance indicators: 60% Earnings Per Share (EPS) growth, 20% revenue growth from Must Win Brands measured relative to growth in revenue from Portfolio Brands and 20% relating to sustainability targets. Both the EPS growth and revenue growth targets were not met.

The element relating to sustainability was based on three key measures, (i) ethical sourcing, (ii) Carbon Disclosure Performance and (iii) our employee engagement, each of which determine the vesting of one-third of the 20% portion of the award based on sustainability. Assessment of the performance against these three measures is set out in full on page 112 and results in 8.67% of the maximum award vesting, equivalent to 13.0% for the CEO and 10.8% for the CFO.

Board changes

Jeremy Townsend stepped down from the Committee on 19 June 2023 and the Board on 28 February 2024. I would like to take this opportunity to thank Jeremy for his contribution to the Committee over the course of his membership.

Vivek Ahuja joined the Board as a Non-Executive Director on 1 May 2024. He has chaired the Audit and Risk Committee since his date of joining and is a member of the Nomination Committee.

The Non-Executive Director fees payable to Jeremy and Vivek during FY24 were agreed by the Board and pro-rated to reflect the time each served on the Board. Detail of fees paid to Non-Executive Directors during FY24 can be found on page 107.

OUR APPROACH TO REMUNERATION FOR THE YEAR ENDING 31 MAY 2025

The key changes to the implementation of pay for FY25 include:

Base salaries

The base salaries for the CEO and CFO have been increased by 4% to £665,600 and £416,000 respectively with effect from 1 September 2024. This is below the average increase for the wider employee population in the UK.

FY25 annual bonus

For the FY25 annual bonus, the Adjusted Operating Profit measure has been increased from 50% to 60% and the Free Cash Flow measure from 10% to 20% to prioritise focus for the Executive Directors on profitability and cash management. While below the Policy level, to align behaviours, revenue remains a weighted bonus metric for local leaders and will be considered as part of the Committee's holistic review of financial performance at the end of the year. The remaining 20% continues to be linked to key business objectives, which have been updated to further align them with our strategy and key priorities for FY25. More detail on the weightings and measures is provided on page 110. A minimum of 40% of the bonus earned will be deferred into shares for at least two years.

There are no changes to the threshold, target or maximum level of award.

The Committee set the FY25 annual bonus targets on a business-as-usual basis notwithstanding the Company's recent announcement that it intends to sell the St.Tropez brand and will undertake a strategic evaluation of Group operations in Africa. The Committee will review the appropriateness of the targets set or the outcome of the FY25 annual bonus should a sale occur, and also following the strategic review, to ensure that the original targets remain appropriately stretching and that the FY25 annual bonus outcome is a fair reflection of underlying financial performance and the shareholder experience.

FY25 RSP awards

At the time the Committee approved the FY25 RSP award for the Executive Directors, it noted the share price performance since the previous year's grant and particularly the link between the largest devaluation in the history of the Nigerian Naira, the prudent revision in the FY24 profit outlook and reduction in the half-year dividend. The Committee also considered the proactive steps taken by leadership to mitigate the impact of this, including delivery of the revised profit outlook for FY24 and the announcement of the sale of St.Tropez and strategic review of operations in Africa, as well as the impact on the existing shareholdings of the CEO and CFO.

Based on this, the Committee concluded that it would not be appropriate to reduce the level of the FY25 RSP award and as such, the CEO will be granted an award of 90% of salary and the CFO, 75% of salary. The Committee does not believe there is a risk of the CEO and CFO benefiting from a 'windfall gain', however, the Committee will consider this and the relevant underpins when determining the level of vesting at the end of the three-year vesting period. The following underpins will continue to be applied for the FY25 award:

- No material weakness in the underlying financial health or sustainability of the business.
- Maintenance of appropriate governance frameworks, including acceptable controls and compliance performance and no events that result in significant reputational damage to the Company (as determined by the Board).
- To ensure ongoing focus on our critical ESG commitments, satisfactory performance against environmental and societal commitments.

The Committee retains the discretion to reduce vesting, potentially to nil, subject to performance against the underpins across the vesting period.

Non-Executive Director fees

There will be no fee increase for Non-Executive Directors in FY25. This follows a comprehensive review of fees in FY24 and an increase to the base fee and Audit and Risk Committee and Remuneration Committee Chair fees from 1 September 2023 as disclosed in last year's report.

Further summary details on how we intend to implement the Policy in FY25 are set out in the 'At a glance summary' on **pages 96 and 97** with full details on **pages 98 to 106**

Wider employee experience

The Committee continues to take account of remuneration policies and practices across the Group when considering the remuneration arrangements for the Executive Directors and other senior executives. During the year, there were a number of changes to the Executive Committee, reflecting changes to the structure of the business. The Committee carefully considered the remuneration approach for the wider employee group, alongside relevant market data when making remuneration decisions for this group.

Updates on the wider employee experience continue to be regularly provided to the Committee by the management team, particularly in light of the ongoing challenging macro-economic environment. In my role as designated Non-Executive Director for employee engagement, as well as Chair of the Remuneration Committee, I met again with the HR Leadership Team during the year, to discuss the Group remuneration strategy and context. Once again, this was a wide-ranging discussion that gave the Committee good insights into our colleagues' views on remuneration. I also had the opportunity to join a number of engagement sessions with employees which added further context.

The key remuneration activities for the wider employee population for FY24 considered by the Committee when making its decisions are set out below:

- Employee salary levels continue to be reviewed annually against a range of relevant factors which include market data, economic forecasts and Group financial budgets. The salary increase budget for FY24 for UK-based employees was 5%, with salary awards based on individual performance, assessed through our performance management process. Many of our other markets were above this to reflect local economic factors and our need to attract and retain the talent needed to deliver our ambitious strategy. For example, the budget in Nigeria was 23% and in Indonesia was 6%.
- We also continued to monitor and review the support we offered our employees during the cost-of-living challenges facing many of our markets. This remained particularly evident in Africa where we once again made one-off payments to support our people. The business continues to keep this under review.
- For FY24, all bonuses for eligible employees continued to include an element of Group performance. This gave the potential for employees to be rewarded for their contribution to the overall success of the PZ Cussons Group as well as their own business unit. Our leaders continue to have an element relating to their personal contribution.
- We continue to reward critical talent and support retention by granting share awards in the form of RSPs to senior leaders and managers. We believe that the use of RSPs enables the Company to compete internationally for the best executive talent and provides a powerful tool to help retain and motivate key members of our current and future leadership teams. These awards are well received by participants.
- The Share Incentive Plan (SIP), launched in 2021, created further alignment between employees and investors. Under HMRC rules, only UK employees can participate. The current take-up of the SIP is 39%. A range of market-aligned incentives are applied in other countries to provide shareholder alignment.

Concluding remarks

In reaching its decisions on Directors' remuneration for FY24 and FY25, the Committee carefully considered the reported financial performance of the Group alongside the strategic progress that has been made, as well as our shareholder and wider stakeholder experience. The Committee believes that decisions made reflect underlying financial and individual performance, and the approach for FY25 continues to support clear alignment between remuneration and key areas of strategic focus. I welcome your views on any of the matters set out in this report and look forward to gaining your support at the AGM.

Kirsty Bashforth

Remuneration Committee Chair

18 September 2024

Remuneration Committee Report continued

AT A GLANCE SUMMARY: DIRECTORS' REMUNERATION AND HOW IT WILL BE IMPLEMENTED IN FY25

The Committee is responsible for determining, and agreeing with the Board, the Directors' Remuneration Policy and has oversight of its implementation, in line with its clear Terms of Reference.

The following table sets out a summary of the Directors' Remuneration Policy as approved by shareholders at the November 2023 AGM and how it will be implemented in FY25. Full detail is provided on pages 98 to 106.

Key policy features	Implementation in FY24	Proposed approach for FY25
Salary		
Base salaries are normally reviewed annually taking into account a number of factors including size of role, performance and experience of the individual and pay increases across the wider workforce.	**Salaries from 1 September 2023:** • CEO: £640,000 • CFO: £400,000.	**Salaries from 1 September 2024:** • CEO: £665,600 (4% increase) • CFO: £416,000 (4% increase).
Pension/benefits/all-employee share schemes		
Executive Directors will receive pension benefits in line with those generally provided to employees in the location in which they are based. Directors receive market competitive benefits and may participate in all-employee benefit arrangements.	CEO and CFO: 10% of salary in line with UK employee population.	CEO and CFO: 10% of salary in line with UK employee population.
Annual bonus		
Incentive scheme which focuses Directors on delivery of annual goals and milestones which are consistent with the Group's longer-term strategic aims.	**Opportunity:** Policy maximum of 150% of salary. Maximum bonus for FY24: • CEO: 150% of salary • CFO: 125% of salary. **Performance metrics:** • 50%: Adjusted Operating Profit • 20%: Revenue growth • 10%: Free Cash Flow • 20%: Key business objectives. Actual bonus outcome of 66.4% of maximum for the CEO and CFO. 40% of any bonus earned deferred into shares for two years.	**Opportunity:** Policy maximum of 150% of salary. Maximum bonus for FY25: • CEO: 150% of salary • CFO: 125% of salary. **Performance metrics:** • 60%: Adjusted Operating Profit • 20%: Free Cash Flow • 20%: Key business objectives. 40% of any bonus earned deferred into shares for two years.

<table>
<tr><th>Key policy features</th><th>Implementation in FY24</th><th>Proposed approach for FY25</th></tr>
<tr><td colspan="3">Long-Term Incentive Plan (LTIP)</td></tr>
<tr><td>LTIP which focuses on generating sustained shareholder value over the longer-term and aligning the Directors’ interests with those of the Company’s shareholders.</td><td>Restricted Share Plan (RSP) subject to underpins.

Opportunity:

Awards made in FY24 to the CEO and CFO equivalent to:

• CEO: 90% of salary
• CFO: 75% of salary.

Underpins:

The vesting of the RSP is subject to the underpins set out below. The Committee retains the ability to reduce vesting (including to nil) subject to the underpins measured over the vesting period. The underpins are:

• No material weakness in the underlying financial health or sustainability of the business
• Maintenance of appropriate governance frameworks, including acceptable controls and compliance performance and no events that result in significant reputational damage to the Company (as determined by the Board)
• To ensure ongoing focus on our critical ESG commitments, satisfactory performance against environmental and societal commitments
• A holding period applies for two years following vesting (i.e. five years from grant).

Recovery and withholding provisions apply.</td><td>Restricted Share Plan (RSP) subject to underpins.

Opportunity:

Awards made in FY25 to the CEO and CFO equivalent to:

• CEO: 90% of salary
• CFO: 75% of salary.

Underpins:

There are no changes to the underpins or holding period for FY25.

Recovery and withholding provisions continue to apply.</td></tr>
</table>

<table>
<tr><td colspan="3">Shareholding guidelines</td></tr>
<tr><td>Alignment of the Executive and Non-Executive Directors’ interests with those of the Group’s shareholders.</td><td>Requirement for Executive Directors to build up interests in the Company’s shares worth 200% of salary.

Executive Directors will be expected to retain a minimum of half the after-tax number of vested shares from current PSP and RSP awards until they satisfy the shareholding guideline.

The Chair and Non-Executive Directors are expected to build up interests in the Company’s shares worth 100% of their net base fee within four years of appointment.</td><td>No change for Executive Directors, Chair and Non-Executive Directors.

Current shareholding of the Executive Directors and Non-Executive Directors is show on page 114.</td></tr>
</table>

Remuneration Policy

DIRECTORS' REMUNERATION POLICY

This part of the report sets out the Directors' Remuneration Policy and complies with the relevant provisions of the Companies Act 2006 and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended). It has also been prepared taking into account the 2018 UK Corporate Governance Code (the 2018 Code) and the requirements of the UKLA Listing Rules.

The Directors' Remuneration Policy received approval though a binding vote at the 2023 AGM held on 23 November 2023. The Remuneration Policy; as approved by shareholders, can be found in the Annual Report & Financial Statements 2023 on the Company website: www.pzcussons.com/investors/general-meetings.

The Committee considered the principles listed in the 2018 Code when designing the Directors' Remuneration Policy and took these into account in its design and implementation:

Clarity, simplicity and balance: Remuneration arrangements have defined parameters which are transparently communicated to shareholders and other stakeholders, including maximum incentive quantum and incentive plan pay-out schedules. With the proposed introduction of the RSP, we have sought to simplify our remuneration arrangements further, while maintaining focus and balance between short- and long-term performance.

Linked to the strategy and performance of the business: Our remuneration frameworks incentivise both short-term objectives through the annual bonus plan and our long-term transformation objectives and shareholder value creation through our RSP.

DIRECTORS' REMUNERATION POLICY TABLE

The components of Executive Directors' remuneration are described below:

Element	Purpose and link to strategy	Operation
Fixed remuneration		
Base salary	To provide an appropriate level of fixed cash income to recruit and retain talent through the provision of competitively positioned base salaries.	Base salaries are normally reviewed annually taking into account: • The scope of the role and the markets in which PZ Cussons operates • The performance and experience of the individual • Pay levels in other organisations of a similar size and complexity • Pay increases elsewhere in the Group.
Benefits	Recruitment and retention of senior executive talent through the provision of a competitively positioned and cost-effective benefits package.	Benefits that may be provided include car benefits, life assurance, health insurance for each Executive Director and family, permanent health cover and personal tax advice. Executive Directors may also participate in any all-employee share or benefits plans on the same basis as any other employees. Where relevant, additional benefits may be offered if considered appropriate and reasonable by the Committee, such as assistance with the costs of relocation.
Provision for retirement	Designed to enable an Executive Director to generate an income in retirement and to provide an overall remuneration package that is competitive in the market.	Participation in a defined contribution pension plan or provision of a cash allowance in lieu of a pension contribution.

Shareholder value and alignment: Remuneration should support and align with our shareholders' long-term interests by linking the annual bonus to our key strategic measures and having the right underpins in place for the RSP. Our increased bonus deferral, alongside our RSP, delivers a significant proportion of remuneration in shares, some of which have to be retained in line with our shareholding guidelines. We are also introducing a shareholding guideline for our Non-Executive Directors to ensure a consistent focus on sustainable growth of shareholder value.

Alignment to culture, purpose and the wider workforce: Our purpose – For Everyone, For Life, For Good – supports the approach of cascading down the Directors' remuneration arrangements through the organisation as appropriate, ensuring that there are common goals and outcomes. The Committee reviews remuneration arrangements throughout the Company and takes these into account when setting Directors' remuneration.

Risk, proportionality and governance: Our incentive plans are designed to have a robust link between pay and performance, by using Group key performance indicators through the annual bonus and RSP underpins. The Committee is able to exercise discretion to adjust incentive outturns at the end of the performance period to mitigate any risk of payment for failure, or any risk that Executives have been unduly penalised by the structure of the incentive. Provisions are also in place to allow for the application of clawback and/or malus in specific circumstances.

Predictability: The Committee seeks to maintain a consistent approach to its annual duties including setting targets and underpins, reviewing incentive outturns and salary review. Consistency of process helps to ensure consistency of outcomes.

Maximum opportunity	Performance measures
To avoid setting expectations of Executive Directors and other employees, there is no overall maximum for salary increases under this policy. Salary increases are reviewed in the context of salary increases across the wider Group. Any increase in excess of those elsewhere in the Group would be considered very carefully by the Committee. Full disclosure would be included in the relevant Remuneration Report. The circumstances in which higher increases may be awarded include but are not limited to: • An increase in the scope and/or responsibility of a role • An increase upon promotion to Executive Director • Where a salary has fallen significantly below market positioning • The transition over time of a new Executive Director recruited on a below market salary to a more competitive market positioning as the Executive Director gains experience in the role.	None, although overall performance of the individual is considered by the Committee when setting and reviewing salaries.
The maximum opportunity will be based on the cost of providing the benefits. This will be set at a level that the Committee considers appropriate to provide a sufficient level of benefit based on individual circumstances.	Not applicable.
A Company pension contribution in line with the rate provided to the wider workforce in the country the Executive Director is based. For the UK, this is currently 10% of base salary in respect of each financial year into the scheme on behalf of the Executive Director (or cash payment in lieu).	Not applicable.

Remuneration Policy continued

Element	Purpose and link to strategy	Operation
Variable remuneration		
Annual bonus scheme and deferred annual bonuses	Designed to motivate Executive Directors to focus on annual goals and milestones that are consistent with the Group's longer-term strategic aims.	Measures and targets are set annually at the beginning of the relevant financial year and payout levels are determined by the Committee after the year-end based on performance against those targets. Typically, a minimum of 40% of the bonus earned will be deferred into shares. The deferral period will usually be two years (unless the Committee determines otherwise). A dividend equivalent may be payable on deferred shares that vest. The Committee may apply discretion to amend the bonus payout should this not, in the view of the Committee, reflect underlying business performance or individual contribution. Recovery and withholding provisions apply to cash and deferred shares.
Restricted Share Plan (RSP)	Designed to simplify long-term incentives and align reward for the Executive Directors with the delivery of shareholder value creation through sustainable share price growth and continued dividend payments by delivery of the business strategy.	Annual awards of rights over shares calculated as a percentage of base salary. Awards normally vest three years from the date of grant subject to review by the Committee of performance against pre-determined underpins. If any of the underpin criteria are not met, the Committee will consider whether to reduce vesting (including to nil). After vesting, shares are usually subject to an additional two-year holding period. In addition to the underpins, the Committee retains general discretion to adjust the vesting levels to ensure they appropriately reflect the underlying performance of the Group or individual. Dividend equivalents accrue on shares subject to RSP awards and are paid on vesting in respect of those shares that vest. Award levels and underpins are reviewed before each award cycle to ensure that they remain appropriate. Recovery and withholding provisions apply to awards granted under the RSP.
Other aspects		
Shareholding guidelines	Alignment of the Executive Directors' interests with those of the Group's shareholders.	Requirement to build up interests in the Company's shares worth 200% of salary. Executive Directors will be required to retain a minimum of half the after-tax number of vested shares from current PSP and RSP awards until they satisfy the shareholding guideline.
Post-employment share ownership requirements	Ensures there is an appropriate amount of 'tail risk' for Executive Directors post cessation of employment.	Executives will be required to maintain a minimum shareholding of 200% of salary for the first year following ceasing to be a Board Director and 100% of salary for the second year, or in either case if lower, the full shareholding on cessation.

Maximum opportunity	Performance measures
The maximum annual bonus opportunity that may be earned for any year is 150% of base salary. The maximum opportunity for current Executive Directors are: • Chief Executive: 150% of salary • Other Executive Directors: 125% of salary.	The performance measures and targets are set by the Committee each year. The majority of the annual bonus is based on challenging financial targets that are set in line with the Group's KPIs. In addition, a smaller element of the annual bonus may be subject to achievement against key business objectives and/or personally tailored objectives. For each financial objective set, up to 10% of the relevant part of the bonus becomes payable at the threshold performance level rising on a graduated scale to the maximum performance level. The structure and nature of the strategic objectives vary, such that it is not practical to specify any pre-set percentage of bonus that becomes payable for threshold performance.
Award opportunities in respect of any financial year are limited to rights over shares with a market value determined by the Committee at grant of a maximum of 90% of base salary. The current maximum opportunity for Executive Director roles is: • Chief Executive: 90% of salary • Financial Officer: 75% of salary.	Performance underpins may be based around key financial, governance and strategic measures. They will be set taking into account the business strategy and may vary from year-to-year if the Committee deems it appropriate. Full disclosure of the underpins will be provided in the relevant Remuneration Report.
Not applicable.	Not applicable.
Not applicable.	Not applicable.

Remuneration Policy continued

LEGACY AWARDS

The Committee retains the ability to make any remuneration payments or payments for loss of office notwithstanding that they are not in line with the Policy set out above where:

- The terms of payment were agreed before the Policy came into effect, as long as they were in line with the shareholder-approved Directors' Remuneration Policy in force at the time they were agreed
- The terms of the payment were agreed at a time when the relevant individual was not a Director of the Company and the payment was not in anticipation of the individual becoming a Director of the Company, in the Committee's opinion.

MINOR AMENDMENTS

The Committee retains the ability to make minor amendments to the Policy for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation without seeking shareholder approval.

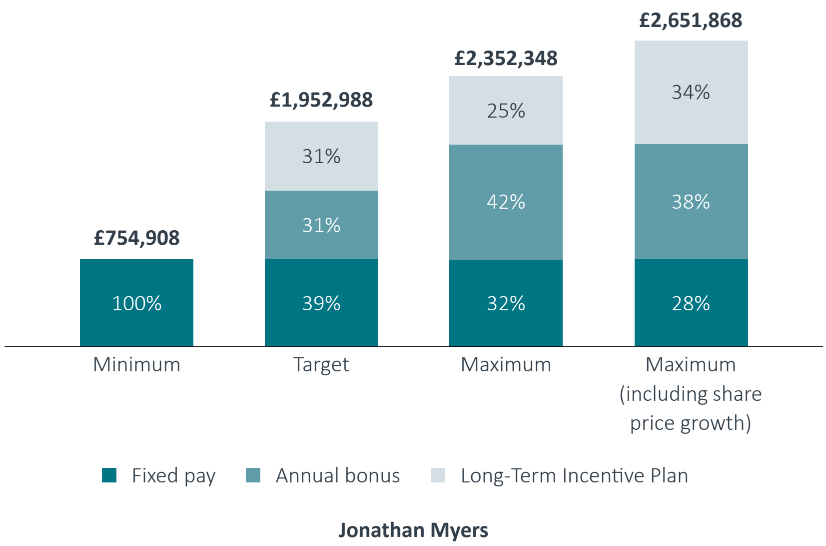
NON-EXECUTIVE DIRECTORS REMUNERATION POLICY TABLE

The components of Non-Executive Directors' remuneration are described below:

Element	Purpose and link to strategy	Operation
Non-Executive Director fees	To reflect the time commitment in preparing for and attending meetings, the duties and responsibilities of the role and the contribution expected from the Non-Executive Directors.	Fees are normally reviewed every year and may be amended to reflect market positioning and any change in responsibilities. The Committee recommends the remuneration of the Chair to the Board. Fees paid to Non-Executive Directors are determined and approved by the Board as a whole. The Company covers the costs of attending meetings and Non-Executive Directors may be reimbursed for any business expenses incurred (including any tax due) in fulfilling their roles.
Other aspects		
Shareholding guidelines	Alignment of the Non-Executive Directors' interests with those of the Group's shareholders.	Expectation that Non-Executive Directors build up interests in the Company's shares worth 100% of their base fee, net of statutory deductions, within four years of appointment.

PERFORMANCE SCENARIOS

The Committee believes that an appropriate proportion of the executive remuneration package should be variable and performance-related to encourage and reward superior Group and individual performance. The following chart illustrates executive remuneration in specific performance scenarios including a maximum performance scenario with a 50% increase in share price.



DISCRETION

The Committee will operate the annual bonus and awards under the LTIP in accordance with the plan rules, shareholder approved Policy and Listing Rules where applicable.

As per typical market practice, the Committee retains discretion in a number of areas including (but not limited to) the participants, timing, vehicle and size of the award. The Committee may amend or substitute any performance conditions or underpins if they are of the view that the original conditions are no longer appropriate and the new conditions are not materially less difficult to satisfy. In exceptional circumstances, the Committee has the discretion to change the vesting level to ensure that the outcomes are fair, appropriate and reflective of the underlying financial performance of the Group.

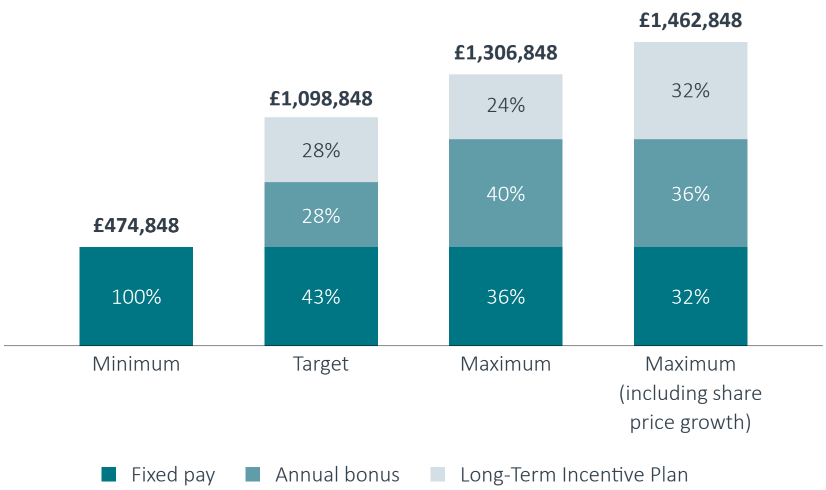
An award may be subject to adjustments in the event of a variation of the Company's share capital, demerger, delisting, special dividend or other corporate event materially impacts the value of awards.

RECOVERY AND WITHHOLDING PROVISIONS

The Committee may, in its discretion, subject to applicable laws, apply malus and/or clawback to annual bonus, PSP and RSP awards at any time within three years of grant or payment as applicable, in circumstances of a material misstatement of results, error in payout calculations or the calculation being based on incorrect information, misconduct, corporate failure or reputational damage.

Malus may be applied at any time prior to the vesting of any award or payment of any declared bonus, and clawback can be applied after an award or bonus is paid or vests and where the triggering event occurs at any time prior to the third anniversary of the date the award or bonus vests/is paid. The clawback may be affected through a withholding of variable pay, by reducing the size of, or imposing further conditions on, any outstanding or future awards, or by requiring the individual to return the value of the cash or shares delivered to recover the amount overpaid.

Maximum opportunity	Performance measures
Fees are based on the level of fees paid to Non-Executive Directors serving on boards of other relevant UK-listed companies and the time commitment and contribution expected for the role. Non-Executive Directors receive a basic fee and an additional fee for further duties (for example, chairing of a Committee or Senior Independent Director responsibilities). The maximum level of fees payable to the Non-Executive Directors will not exceed the limit set out in the Company's Articles of Association.	Not applicable.
Not applicable.	Not applicable.



Sarah Pollard

Remuneration Policy continued

FIXED ELEMENTS OF REMUNERATION

Base salary as at 1 September 2024 (£665,600 for Jonathan Myers and £416,000 for Sarah Pollard); an estimate of the value of benefits and pension contributions at 10% of base salary.

Minimum performance	Target performance	Maximum performance	Maximum performance including share price growth
Annual bonus			
0%	**60% of maximum opportunity** Jonathan Myers – 60% of 150% of salary Sarah Pollard – 60% of 125% of salary	**100% of maximum opportunity** Jonathan Myers – 150% of salary Sarah Pollard – 125% of salary	**100% of maximum opportunity** Jonathan Myers – 150% of salary Sarah Pollard – 125% of salary
Long-Term Incentive Plan – RSP			
0%	**100% of award** Jonathan Myers – 90% of salary Sarah Pollard – 75% of salary	**100% award** Jonathan Myers – 90% of salary Sarah Pollard – 75% of salary	**100% of award with a 50% increase in share price over the vesting period** Jonathan Myers – 90% of salary Sarah Pollard – 75% of salary

RECRUITMENT REMUNERATION ARRANGEMENTS

When hiring a new Executive Director, the Committee will set the Executive Director's ongoing remuneration in a manner consistent with the Policy detailed in the table above. Our approach to remuneration on recruitment is consistent with our overall philosophy of offering a package sufficient to attract talent of the calibre needed while aiming to pay no more than is necessary.

New appointments may have their salaries set at a lower level while they become established in their role with higher than typical increases made on a phased basis subject to the individual's performance and contribution to the Group.

To facilitate the hiring of candidates, the Committee may make an award to buy-out variable remuneration arrangements forfeited on leaving a previous employer. In doing so, the Committee will take account of relevant factors including the form of award, the value forfeit, any performance conditions and the time over which the award would have vested. The intention of any buy-out would be to compensate in a like for like manner as far as is practicable.

The maximum level of variable pay that may be awarded to new Executive Directors (excluding buy-out arrangements) in respect of their recruitment will be in line with the maximum level of variable pay that may be awarded under the annual bonus plan and LTIP. The Committee will ensure that such awards are linked to the achievement of appropriate and challenging performance measures and/or underpins as appropriate.

Appropriate costs and support will be covered if the recruitment requires relocation of the individual.

If an Executive Director is promoted internally, existing awards and ongoing prior remuneration obligations will usually continue to run and they will typically continue to participate in plans or benefits that were in place prior to their appointment to the Board.

On recruitment of a Non-Executive Director, the Policy elements set out in the table above will apply.

EXECUTIVE DIRECTOR CONTRACTS AND LOSS OF OFFICE PAYMENTS

Executive Directors have indefinite service contracts and no Executive Director has a notice period in excess of one year or a contract containing any provision for pre-determined compensation on termination exceeding one year's salary and contractual benefits. Details of the current Executive Directors' service contracts are shown below:

Name	Date of appointment
Jonathan Myers	1 May 2020
Sarah Pollard	4 January 2021

Upon the termination of an Executive Director's employment, the Committee's approach to determining any payment for loss of office will normally be guided by the following principles:

- The Committee shall seek to apply the principle of mitigation where possible, as well as seeking to find an outcome that is in the best interests of the Company and shareholders as a whole, taking into account the specific circumstances
- Relevant contractual obligations, as set out above, shall be observed or taken into account
- The Committee reserves the right to make additional exit payments where such payments are made in good faith to satisfy an existing legal obligation (or by way of damages for breach of any such obligation) or to settle or compromise any claim or costs arising in connection with the employment of an Executive Director or its termination, or to make a modest provision in respect of legal costs and/or outplacement fees
- The treatment of outstanding variable remuneration shall be as determined by the relevant plan rules, as set out on the next page
- Any payments for loss of office shall only be made to the extent that such payments are consistent with this Policy.

LONG-TERM INCENTIVE PLANS

Cessation of directorship/employment before the vesting date:

Death	The award will normally vest as soon as practicable following death and will not typically be subject to a holding period.
Injury, ill health, disability, sale of the participant's employing company or business out of the Group or any other reason if the Committee so decides	The award will normally vest on the original vesting date. The Committee will have sole discretion as to the extent to which the award will vest, taking into account the extent to which the performance conditions and performance underpins have been met for the PSP and RSP respectively. Alternatively, the Committee has the discretion to allow the award to vest at the time of cessation of directorship/employment by the Group, taking into account the extent to which the performance conditions or underpins have been met up to that date. Awards will be subject to any applicable holding period unless the Committee determines otherwise. The Committee will reduce the award to reflect the period that has elapsed at the time of cessation unless the Committee determines otherwise.
Any other reason	The award will lapse upon cessation of directorship/employment.

Cessation of directorship/employment during the holding period

(i.e. in respect of shares held for a compulsory holding period):

Death	The award will vest as soon as practicable following death.
Lawful dismissal without notice by the Company	The award will lapse upon cessation of directorship/employment.
Any other reason	The award will generally be released at the end of the holding period unless the Committee determines otherwise.

Annual bonus scheme – cash element

The extent to which any annual bonus is paid in respect of the year of departure will be determined by the Committee (in such proportion of cash and shares as it considers appropriate) taking into account the performance metrics and whether it is appropriate to time pro-rate the award for the time served during the year. The bonus will be paid at the usual time unless in exceptional circumstances when the Committee may determine to accelerate the payment.

Annual bonus scheme – deferred share element

Death, injury, disability, redundancy, retirement, the sale of the participant's employing company or business out of the Group or any other reason if the Committee so decides.	The award will vest on the normal vesting date unless the Committee determines otherwise.
Any other reason.	The award will lapse upon cessation of directorship/employment.

RETIREMENT BENEFITS

Retirement benefits will be received by any Executive Director who is a member of any of the Group's pension plans in accordance with the rules of such plan.

Remuneration Policy continued

CHANGE IN CONTROL

The rules of the Long-Term Incentive Plan provide that, in the event of a change of control or winding-up of the Company, all awards will vest early taking into account: i) the extent to which the Committee considers that the performance conditions or underpins have been satisfied at that time and ii) the pro-rating of the awards to reflect the proportion of the performance period that has elapsed, although the Committee can decide not to pro-rate an award if it regards it as inappropriate to do so in the particular circumstances. Deferred bonus awards will normally vest in full on a takeover or winding-up of the Company. In the event of a special dividend, demerger or similar event, the Committee may determine that awards vest on the same basis. In the event of an internal corporate reorganisation, awards may be replaced by equivalent new awards over shares in a new holding company. Similarly, in the event of a merger of equals, the Committee may invite participants to voluntarily exchange their awards that would otherwise vest for equivalent new awards over shares in a new holding company.

The Committee may, in the circumstances referred to above, determine to what extent any bonus should be paid in respect of the financial year in which the relevant event takes place, taking into account the extent to which the Committee determines the relevant performance metrics have been (or would have been) met.

STATEMENT OF CONSIDERATION OF EMPLOYMENT CONDITIONS ELSEWHERE IN THE COMPANY

When reviewing and setting Executive Director remuneration, the Committee takes into account the pay and employment conditions of all employees of the Group. The Committee is provided with information at each meeting setting out management approach to pay around the Group. During the last year, this has covered a range of items including management's activities to support employees during the cost-of-living crisis, other reward activities across the Group as well as the Group-wide pay review budget which is one of the key factors considered by the Committee when reviewing the salaries of the Executive Directors. Although the Group has not carried out a formal employee consultation regarding Board remuneration, it does comply with local regulations and practices regarding employee consultation more broadly.

COMMUNICATION WITH SHAREHOLDERS

The Committee is committed to an ongoing dialogue with shareholders and seeks the views of significant shareholders, their representative bodies and other interested parties such as proxy agencies when formulating and implementing the Policy.

TERMS AND CONDITIONS FOR NON-EXECUTIVE DIRECTORS

Non-Executive Directors are appointed pursuant to the terms of their appointment letters for an initial period of three years, normally renewable on a similar basis. Notwithstanding this, all Non-Executive Directors are subject to annual re-election at the Company's AGM and their election is subject to a dual-vote including the votes of only those shareholders who are not members of the Concert Party shareholders. The expiry dates of the letters of appointment are set out below.

Name	Expiry of term
David Tyler (Chair)	23 November 2025
Kirsty Bashforth	31 October 2025
John Nicolson	30 April 2025
Jitesh Sodha	30 June 2024
Valeria Juarez	22 September 2024
Vivek Ahuja[1]	30 April 2027

1 Appointed to the Board 1 May 2024.

The letters of appointment of Non-Executive Directors and service contracts of Executive Directors are available for inspection at the Company's registered office during normal business hours and will be available at the AGM.

Report on the Directors' Remuneration

This Report on Directors' Remuneration, sets out how the current Policy was applied throughout FY24 and how our Directors' Remuneration Policy will be applied during FY25. The Report on Directors' Remuneration is subject to an advisory vote at our 2024 AGM.

Information contained within the Report on Directors' Remuneration has not been subject to audit unless stated.

SINGLE TOTAL FIGURE OF REMUNERATION (AUDITED)

The table below sets out in a single figure the total amount of remuneration, including each element received by each of the Directors for the year ended 31 May 2024 (amounts are rounded to the nearest Pound Sterling):

EXECUTIVE DIRECTORS

		Jonathan Myers	Sarah Pollard
Salary/fees[1]	2024	633,245	392,500
	2023	607,797	361,188
Benefits[2]	2024	22,748	17,248
	2023	22,575	17,075
Pension[3]	2024	63,324	39,250
	2023	62,073	36,850
Total fixed	**2024**	**719,317**	**448,998**
	2023	692,445	415,113
Bonus[4]	2024	637,440	332,000
	2023	736,331	370,382
PSP[5]	2024	34,045	16,036
	2023	140,463	20,385
Total variable	**2024**	**671,485**	**348,036**
	2023	876,794	390,767
Total	**2024**	**1,390,802**	**797,034**
	2023	1,569,239	805,880

NON-EXECUTIVE DIRECTORS

		David Tyler[6]	Kirsty Bashforth	Dariusz Kucz[7]	John Nicolson	Jeremy Townsend[8]	Jitesh Sodha	Valeria Juarez	Vivek Ahuja[9]
Salary/fees[1]	2024	280,219	74,375	17,500	68,750	52,667	58,750	63,577	6,413
	2023	25,048	65,000	60,000	65,000	65,000	55,000	55,000	–
Benefits[2]	2024	–	–	–	–	–	–	–	–
	2023	–	–	–	–	–	–	–	–
Total	**2024**	**280,219**	**74,375**	**17,500**	**68,750**	**52,667**	**58,750**	**63,577**	**6,413**
	2023	25,048	65,000	60,000	65,000	65,000	55,000	55,000	–

1 The amount of salary/fees payable in the period, reflecting the pay increases effective 1 September 2023.

2 Taxable benefits comprise life assurance, healthcare insurance and car allowance. In respect of the Non-Executive Directors, certain travel and accommodation expenses in relation to attending Board meetings are also treated as a taxable benefit.

3 Jonathan Myers and Sarah Pollard receive salary supplements of 10% of salary in lieu of pension contributions.

4 Details of the performance measures and weightings as well as results achieved under the annual bonus arrangements in place in respect of the year are shown on pages 108 and 109.

5 The value of the 2020 PSP has been updated since the previous Annual Report. Calculations now use actual vesting share prices of £1.442 and £1.302. Jonathan Myers' LTIP value has also been updated to include the additional 2020 LTIP award granted on 26 November 2021 and vested on 27 November 2023 which, in error, was not included in the single figure table last year. The 2021 PSP was valued based on a three-month average share price on 31 May 2024 of £0.972. The share price at the date of award was £2.265. Of the vested amounts for the Executive Directors, nothing was attributable to share price appreciation over the performance period. The Committee did not exercise any discretion in relation to the vesting of the awards or share price changes.

6 David Tyler was appointed to the Board on 24 November 2022 and as Chair on 23 March 2023.

7 Dariusz Kucz retired from the Board on 14 September 2023.

8 Jeremy Townsend retired from the Board on 28 February 2024.

9 Vivek Ahuja was appointed to the board on 1 May 2024.

Report on Directors' Remuneration continued

BASE SALARY (AUDITED)

Base salaries for individual Executive Directors are reviewed by the Committee annually, with increases taking effect from 1 September. Salaries are set with reference to the scope of the role and the markets in which PZ Cussons operates, the performance and experience of the individual, pay levels in other organisations of a similar size and complexity and pay increases elsewhere in the Group.

The following table sets out details of the changes to base pay for the Executive Directors.

	Jonathan Myers CEO	Sarah Pollard CFO
Salary with effect from 1 September 2024	**£665,600**	**£416,000**
Salary with effect from 1 September 2023	£640,000	£400,000

Jonathan Myers' and Sarah Pollard's base salaries have both been increased by 4% from 1 September 2024. This is below the average level awarded to the wider employee population in the UK.

NON-EXECUTIVE DIRECTOR FEES (AUDITED)

There are no increases to fees for Non-Executive Directors for FY25.

	From 1 September 2024	From 1 September 2023	Increase
Basic fees			
Chair[1]	**£286,125**	£286,125	0%
Non-Executive Director	**£60,000**	£60,000	0%
Additional fees			
Senior Independent Director	**£10,000**	£10,000	0%
Chair of Audit & Risk or Remuneration Committee	**£12,500**	£12,500	0%
Chair of any other Committee	**£5,000**	£5,000	0%
Director responsible for employee engagement[2]	**£5,000**	£5,000	0%

1 The Chair of the Board does not receive additional fees for chairing other Board Committees.

2 The Chair of the Remuneration Committee also acted as the Non-Executive Director responsible for employee engagement from 14 September 2023.

ANNUAL BONUS FOR THE YEAR ENDED 31 MAY 2024 (AUDITED)

In respect of the year ended 31 May 2024, the CEO, Jonathan Myers, and the CFO, Sarah Pollard, both participated in the annual bonus scheme.

Under this scheme, the CEO was eligible to earn a cash bonus of up to 150% of base salary and the CFO 125% of base salary. Under the new Remuneration Policy, 40% of any bonus earned will be deferred into Company shares which vest after two years and are subject to recovery and withholding provisions and continued employment.

As set out last year, the FY24 annual bonus was based on three key financial indicators: 50% Adjusted Operating Profit, 20% revenue growth and 10% Free Cash Flow, with the remaining 20% of the bonus being subject to delivery against key business objectives relating to delivery of the strategy and key business priorities/personal objectives for FY24. A summary of the performance targets and outturns are set out in the following tables.

FY24 FINANCIAL TARGETS

The financial targets and our performance against them are set out below:

	Proportion of total bonus	Threshold (10% payout)[1]	Target (60% payout)[1]	Stretch (100% payout)[1]	Actual performance[2]	% of total bonus payable
Adjusted Operating Profit[3]	50%	£65.4m	£72.7m	£76.3m	£73.4m	34.0%
Revenue growth[3]	20%	£568.6m	£606.3m	£636.6m	£604.9m	11.7%
Free Cash Flow[3]	10%	73%	86%	100%	92.6%	7.9%
Total						53.6%

1 The financial targets were set on a constant currency basis, consistent with prior years and typical market practice to mitigate participants benefitting or being penalised for currency movements outside their control.

2 The actual performance in the table is based on budgeted FX rates used for management reporting to determine the value of bonus payable.

3 Alternative performance measures are explained on pages 206 to 209 and in the Glossary on page 211.

FY24 KEY BUSINESS OBJECTIVES

The FY24 Key Business Objectives (KBO) and milestones achieved are set out in the table below. KBO 1 is shared between the CEO and CFO, KBO 2 is specific to the CEO and KBO 3 is specific to the CFO.

KBO	Milestones achieved
1 Deliver FY24 Priorities: CEO and CFO	• The sale of the St.Tropez brand and a strategic review of the Africa business has been initiated. • Improved sourcing of US Dollars has reduced the risk of further devaluation of the Nigerian Naira. • Significant progress was made across the Group to reduce overhead costs. Activities included: – The restructure of the UK business as described below. – Africa reduced overall overhead costs and implemented multiple price increases in year. – The Thailand soap factory was closed as part of the supply chain overall simplification plan. – The move to a new office in ANZ. • There was continued focus on brand-building capabilities which included: – A new global Brand-building organisation, incorporating R&D and sustainability, was created to enable future long-term innovation and growth. – A new marketing capabilities programme to accelerate building marketing innovation skills has been developed. • A new digital strategy has been developed, building in new capabilities in data and analytics. • Development of leadership for the future: – A new leadership framework has been created to support the delivery of our Building Brands for Life strategy. This will be integrated into recruitment and talent acquisition, leadership development and performance management. – A new PZ Growth Academy has been developed to provide clear career paths for our marketing talent to grow their careers at PZ Cussons.
2 Develop new Operating Model: CEO	• In the UKI geographies, a new operating model was created which simplifies our organisation by combining three business units and investing in capabilities for Brand-building. The new organisation enables one PZ Cussons face to the customer. • A new, smaller Executive Committee Operating Model was implemented during the year, to reflect the changes to the business outlined above. • A global functions leaders group was initiated to build strategic capabilities and act as an advisory board for the CEO. • An extended PZ Pioneers group was created to act as change agents alongside the Executive Committee.
3 Further evolve finance capabilities and governance: CFO	• Significant progress has been made to improve financial controls and financial reporting. • A Global Finance Shared Services Team has been established in Indonesia, to centralise Finance Shared Services in one location with a lower cost base. • Standard controls and compliance are now in place across the business, globally. • Our new auditors were fully onboarded during the year.

The Committee reviewed the bonus outcome in the context of overall Group performance, taking into consideration the experience of the key stakeholders, including employees and shareholders, during the year. The Committee considered both outcomes and drivers of adjusted and statutory financial performance and the drivers of these, together with the individual contribution of the CEO and CFO in navigating a challenging trading environment; particularly in our Africa business which was materially impacted by a large devaluation of the Nigerian Naira. Taking all these factors into account, the Committee exercised downwards discretion amounting to an adjustment of 2.2% for the Executive Directors, resulting in 51.4% of maximum being earned for financial performance.

The Committee also reviewed the performance of the Executive Directors against the objectives set out above, while also taking into account the experience of the Company's wider stakeholders, and determined a bonus payout of 15% out of a maximum of 20% against the KBOs.

40% of the FY24 annual bonus, totalling £254,976 for the CEO and £132,800 for the CFO will be deferred into shares for two years.

Report on Directors' Remuneration continued

ANNUAL BONUS FOR THE YEAR ENDING 31 MAY 2025

Executive Directors will continue to be eligible to participate in the annual bonus scheme in respect of the year ending 31 May 2025 under the Policy. The annual bonus opportunity for the CEO and CFO will continue to be 150% and 125% of salary respectively, which can be earned for delivery against challenging targets, with 60% of maximum payable for on-target performance under the financial metrics.

For the FY25 annual bonus, the Adjusted Operating Profit measure has increased from 50% to 60% and the Free Cash Flow measure from 10% to 20% to prioritise focus for the Executive Directors on profitability and cash management. Revenue remains a weighted bonus metric for local leaders and will be considered as part of the Committee's holistic review of financial performance at the end of the year. The remaining portion of the bonus (20%) will be based on key personal and business objectives relating to delivery of the strategy and key business priorities for FY25.

Targets for the FY25 bonus have been set by the Committee to be appropriately demanding and also reflective of current commercial circumstances, internal planning and market expectations. Targets have been set on a business-as-usual basis, notwithstanding the Company's recent announcement that it intends to sell the St.Tropez brand and will undertake a strategic evaluation of Group operations in Africa. The Committee will review the appropriateness of the targets set or the outcome of the FY25 annual bonus should a sale occur and following the strategic review, to ensure that the original targets remain appropriately stretching and the FY25 annual bonus outcome is a fair reflection of underlying financial performance and the shareholder experience. The Directors consider that the Group's future targets are commercially sensitive and could provide our competitors with insights into our business plans and expectations. As such, they should therefore remain confidential to the Company at this time (although they will be retrospectively disclosed in next year's Directors' Remuneration Report).

Bonuses are payable at the discretion of the Committee and the Committee may apply discretion to amend the bonus payout should it not, in the view of the Committee, reflect underlying business performance or individual contribution.

In line with the Policy, a minimum of 40% of the FY25 bonus earned will be deferred into shares. The deferral period will typically be two years (unless the Committee determines otherwise).

Awards made under the annual bonus scheme will be subject to recovery and withholding provisions that would enable the Committee to recover amounts paid in circumstances of i) a material misstatement of audited results, ii) employee misconduct associated with the governance or conduct of the business, iii) an erroneous calculation of a performance condition, iv) reputational damage or v) corporate failure. The ability to apply these provisions operates for a period of up to three years for awards to Executive Directors and other senior executives.

LONG-TERM INCENTIVE PLANS

The following sets out details of:

- Performance Share Plan Awards
- Restricted Share Plan Awards
- Deferred Bonus Awards.

Executive Directors and certain senior executives were eligible to participate in the PSP, which provided for the grant of conditional rights to receive nil-cost shares subject to continued employment over a three-year vesting period and the satisfaction of certain performance criteria established by the Committee. The current version of the PSP, the PZ Cussons plc Long-Term Incentive Plan 2020 (the LTIP 2020), was approved by shareholders and adopted at the 2020 Annual General Meeting. Following shareholder approval of the Policy at the AGM in November 2023, the Executive Directors, and other senior executives, were granted awards under the RSP. More details are provided below.

PERFORMANCE SHARE PLAN AWARDS (AUDITED)

The outstanding awards granted to each Director of the Company under the Performance Share Plan are as follows:

	Date of award	Number of options/awards at 1 June 2023	Granted/allocated in year	Exercised/vested in year	Lapsed in year	Dividend Equivalent shares	Number of options/awards at 31 May 2024	Share price at date of award (£)[1]	Share price at date of vesting (£)	Vesting/transfer date[2]	Exercise date	Exercise price[2]	Share price at date of exercise
J Myers	27-Nov-20[3,4]	375,000	–	75,000	300,000	9,043	–	2.285	1.442	27-Nov-23	27-Nov-23	Nil	1.442
S Pollard	01-Feb-21[3,4]	70,973	–	14,194	56,779	1,462	–	2.480	1.302	01-Feb-24	22-Feb-24	Nil	1.000
J Myers	23-Sep-21	403,806	–	–	–	–	403,806	2.265	–	23-Sep-24	–	–	–
S Pollard	23-Sep-21	190,198	–	–	–	–	190,198	2.265	–	23-Sep-24	–	–	–
J Myers	26-Nov-21[3]	61,046	–	12,209	48,837	1,156	–	1.958	1.442	27-Nov-23	–	–	–
J Myers	23-Sep-22	461,580	–	–	–	–	461,580	2.005[1]	–	23-Sep-25	–	–	–
S Pollard	23-Sep-22	232,178	–	–	–	–	232,178	2.005[1]	–	23-Sep-25	–	–	–

1 Share price at date of award for the 23 September 2022 awards had been updated in this year's Report on Directors' Remuneration by one day, moving from share price as at 22 September 2022, to share price as at 23 September 2022.

2 Subject to performance conditions. Shares vesting under the award are subject to a two-year post-vesting holding period.

3 The value of 2020 LTIP (vesting FY23) has been updated since the disclosure in the Annual Report last year, based on the share price at the date of vesting. The table has also been updated to include the PSP award granted to the CEO on 26 November 2021, which was previously omitted in error. Therefore, the CEO received 375,000 shares at a grant share price of £2.285 with respect to the award granted on 27 November 2020, and 61,046 shares at a grant share price of £1.958 with respect to the award allocated on 26 November 2021. On 27 November 2023, nil-cost options vested over a total of 87,209 shares, plus 10,199 dividend equivalent shares (97,408 in total). The total value of those shares on the date of vesting was £140,462 based on a share price of £1.442. None of this was due to share price appreciation between the date of award and date of vesting. All nil-cost options were exercised on the same date as vesting and as the option price was nil and share price was £1.442, the option again was also £140,462.

On 1 February 2021, the CFO was granted a nil-cost option over 70,973 shares. On 1 February 2024, the award vested over a total of 14,194 shares plus 1,462 dividend equivalent shares (15,656 in total). The total value of the 15,656 shares on the date of vesting was £20,384, based on a share price at the date of vesting of £1.302. None of this was due to price appreciation between the date of award and date of vesting. On 22 February 2024, a nil-cost option was exercised over all 15,656 shares which resulted in an option gain of £15,656, based on a share price at the date of exercise of £1.00.

4 Awards granted on 27 November 2020 and 1 February 2021 are nil-priced options, all other awards are conditional. These options were exercised on the date of vesting.

Report on Directors' Remuneration continued

VESTING OF PSP AWARDS GRANTED IN THE YEAR ENDED 31 MAY 2022

PSP awards were made to the CEO and CFO in the year to 31 May 2022 and are due to vest on 23 September 2024. They are based on performance over the period from 1 June 2022 to 31 May 2024. The CEO and CFO were granted 403,806 and 190,198 shares respectively on the date of grant (23 September 2021), using a share price of £2.265. The awards shall vest on 23 September 2024 at 8.67% of maximum, based on the performance criteria detailed in the following table. A three-month average share price to 31 May 2024 (£0.972) has been used to estimate the value of these awards.

The performance metrics, as disclosed in FY22, were aligned with the business' mid- to long-term priorities. The table below sets out the relative weightings and a description of each measure, as well as the targets for threshold and maximum levels of vesting. Details of the performance against each of the metrics is also set out.

	Weighting	Threshold (25% payout)	Maximum (100% payout)	Actual performance	% of maximum payable
EPS growth	60%	2% p.a.	6% p.a.	-15.1%	0%
Revenue growth from Must Win Brands	20%	2%	6%	-1.2%	0%
Sustainability targets	20%	See below	See below	See below	8.67%
Total					8.67%

The FY22 LTIP was the second year of sustainability targets and the overall vesting level for FY22 awards has been discussed in detail at both the ES and Remuneration Committees with both Committees in full agreement on the vesting level. The following table sets out the detailed performance against the targets. Each element is equally weighted.

Target	Sustainability target	Performance description	Performance achievement %
Ethical sourcing	**Threshold target:** • Publish a revised Supplier Code of Conduct aligned to our recently approved Code of Ethical Conduct and embed it across the supplier base with at least 90% of suppliers by value having either signed up to it or demonstrated that they have in place their own code which meets or exceeds our own. • Adopt and publish a PZ Sustainability Charter, setting out our commitments across key ESG areas and encourage our supply base to sign up to our charter with at least 60% of our suppliers by value signing up to our Sustainability Charter by the end of the performance period. **Stretch target:** In addition to threshold: (1) achieve 99% of suppliers by value signing up to our Supplier Code of Conduct; and (2) 90% of our suppliers by value signing up to our Sustainability Charter.	99.8% of our high-value direct suppliers have signed up to our Supplier Code of Conduct and 88.5% of our direct suppliers have completed our Sustainability Charter. Direct suppliers are providers of the goods, raw materials and third-party manufactured products that impact our reputational risk as embedded into our Brands. While the output for completing our Sustainability Charter is below maximum, there is a maximum level of performance for signing our Supplier Code of Conduct. The level of vesting reflects the application of a higher weighting to the Supplier Code Of Conduct, given the legal and operational impacts of non-compliance. Our Sustainability Charter is voluntary and reflects our long-term sustainability goals and principles and is a guideline for continuous improvement. The Committee determined an 80% vesting for this element.	5.33%
Carbon Disclosure Project (CDP) performance	**Threshold target:** • Improve from current 'B-' score to a 'B' score by the end of the performance period. **Stretch target:** • Achieve an 'A/A-' score by the end of the performance period.	Our CDP performance is externally measured by the Carbon Disclosure Project. This is a global non-profit organisation with the primary focus of collecting and analysing data related to climate change, water security and deforestation. This data is made available to investors, policymakers and the public at www.cdp.net to promote transparency, accountability, and informed decision-making. The latest scores position PZ Cussons at a 'B' score for climate. This is equivalent to a threshold level of performance.	1.67%
Employee engagement	**Threshold target:** • Improve the employee engagement scores to 73% (+1%) by the end of the performance period. **Stretch target:** • Improve the employee engagement score across the Group to 75% (+3%) by improving 1% each year of the performance period.	The latest employee engagement score, provided by our external survey provider, is 73%. This is equivalent to a threshold level of vesting.	1.67%
Total			8.67%

The Committee has reviewed the overall level of vesting of 8.67% of maximum in the context of wider business performance and stakeholder experience and is comfortable that vesting is justified at this level with no need to apply discretion.

RESTRICTED SHARE PLAN AWARDS (AUDITED)

The outstanding awards granted to each Director of the Company under the Restricted Share Plan are as follows:

	Date of award	Number of awards at 1 June 2023	Granted/ allocated	Face value	Vested	Lapsed in year	Number of awards at 31 May 2024[1]	Share price at date of award (£)	Share price at date of vesting (£)	Gain (£)	Vesting/ transfer date[1]
J Myers	27-Nov-23	–	411,899	£576,000	–	–	411,899	1.442	–	–	27-Sep-26
S Pollard	27-Nov-23	–	214,530	£300,000	–	–	214,530	1.442	–	–	27-Sep-26

1 Jonathan Myers and Sarah Pollard were granted the above awards on 27 November 2023, calculated using the five-day average mid-market quotation at close of business on 24 November 2023 of £1.3984. The share price used to determine the number of shares subject to the award was in accordance with the rules of the LTIP 2020. The awards were in the form of Conditional Shares. Shares vesting under the award are subject to a two-year post-vesting holding period.

As set out in last year's report and following shareholder approval of the Policy at the AGM, the Executive Directors were granted a conditional award under the RSP at a lower value and with underpins, rather than PSP awards. The maximum award was 90% of base pay for the CEO and 75% of base pay for the CFO. The award vesting date for Executive Directors was aligned with that of the rest of the Company's LTIP awards at 27 September 2026. Post vesting, awards will be subject to a further two-year holding period.

The vesting of the RSP is subject to three underpins detailed below over the three financial years to May 2026. The Committee will also retain the ability to reduce vesting (including to nil) subject to performance against the underpins measured over the vesting period:

- No material weakness in the underlying financial health or sustainability of the business
- Maintenance of appropriate governance frameworks, including acceptable controls and compliance performance and no events that result in significant reputational damage to the Company (as determined by the Board)
- To ensure ongoing focus on our critical ESG commitments, satisfactory performance against environmental and societal commitments.

The Committee retained discretion to ensure that overall vesting levels are aligned to the underlying financial performance on both a Group and individual basis. Recovery and withholding provisions as set out in the Policy will also apply to these awards.

The Executive Directors will be granted awards under the RSP in the year ended 31 May 2025. The maximum award will be 90% of base pay for the CEO and 75% of base pay for the CFO. Post vesting, awards will be subject to a further two-year holding period. Awards are expected to be made in September 2025. The vesting of the RSP will remain subject to the three underpins detailed above over the three financial years to May 2027. The Committee will retain the ability to reduce vesting (including to nil) subject to performance against the underpins measured over the vesting period, as well as the discretion to ensure that overall vesting levels are aligned to the underlying financial performance on both a Group and individual basis. Recovery and withholding provisions as set out in the Policy will also apply to these awards.

DEFERRED BONUS AWARDS (AUDITED)

Under the current Directors' Remuneration Policy, 40% of any bonus is deferred into shares for two years. The table below is reflective of the previous Policy where 25% of any payment was deferred into shares for three years.

	Scheme	Date of award	Basis of award	Number of awards at 1 June 2023	Granted/ allocated in year[1]	Face value of awards in year	Vested in year	Lapsed in year	Number of awards at 31 May 2024	Share price at date of award (£)[2]	Share price at date of vesting (£)	Gain (£)	Vesting/ transfer date[3]
J Myers	DBSP 2021	23-Sep-21	25% of annual bonus	98,011	–	–	–	–	98,011	2.265	–	–	23-Sep-24
S Pollard	DBSP 2021	23-Sep-21	25% of annual bonus	18,719	–	–	–	–	18,719	2.265	–	–	23-Sep-24
J Myers	DBSP 2021	23-Sep-22	25% of annual bonus	60,653	–	–	–	–	60,653	2.005	–	–	23-Sep-25
S Pollard	DBSP 2021	23-Sep-22	25% of annual bonus	28,569	–	–	–	–	28,569	2.005	–	–	23-Sep-25
J Myers	DBSP 2021	27-Sep-23	25% of annual bonus	–	115,659	£184,083	–	–	115,659	1.510	–	–	27-Sep-26
S Pollard	DBSP 2021	27-Sep-23	25% of annual bonus	–	58,177	£92,595	–	–	58,177	1.510	–	–	27-Sep-26

1 Jonathan Myers and Sarah Pollard were granted the above awards on 27 September 2023, calculated using the five-day average mid-market quotation at close of business on 27 September 2023 of £1.5916. The share price used to determine the number of shares subject to the award was in accordance with the rules of the DBSP 2021.

2 The share price at date of award for the 23 September 2022 awards has been updated in this year's Report on Directors' Remuneration from share price as at 22 September 2022 to share price as at 23 September 2022.

3 Awards ordinarily vest on the third anniversary of grant, conditional only on continued employment.

Report on Directors' Remuneration continued

As disclosed in the Report on Directors' Remuneration for the year ended 31 May 2021, and in line with the Company's Remuneration Policy at the time, 25% of the annual bonus earned for the year ended 31 May 2021 was deferred into shares, in the form of conditional awards, for both Jonathan Myers and Sarah Pollard. These are set out in the prior table. These awards vest on 23 September 2024, on the third anniversary of grant, conditional only on continued employment.

Last year's Report on Directors' Remuneration set out the deferral of annual bonus earned for the year ended 31 May 2023 for both Jonathan Myers and Sarah Pollard. In line with the Company's Remuneration Policy at the time, 25% was deferred into shares with awards ordinarily vesting on the third anniversary of grant, conditional only on continued employment. These awards are detailed in the prior table.

STATEMENT OF DIRECTORS' SHAREHOLDING AND SHARE INTERESTS

The Committee has established share ownership guidelines that require Executive Directors:

- To build up and retain holdings of shares (and/or deferred shares net of tax) worth 200% of salary
- Until this share ownership threshold is met, to retain shares with a value equal to 50% of the net gain after tax arising from the acquisition of shares pursuant to any of the Company's share incentive plans
- As set out in the Remuneration Policy, to defer 40% of any bonus earned into shares for two years
- After ceasing to be a Director, to maintain the lower of: (1) a shareholding of at least 200% of their base salary for the first year following cessation of their employment, and 100% for the second year; and (2) their shareholding on cessation.

In addition, there is an expectation that Non-Executive Directors build up interests in the Company's shares worth 100% of their base fee, net of statutory deductions, within four years of appointment.

INTERESTS IN SHARES (AUDITED)

The interests in the Company's shares of each of the Executive Directors as at 31 May 2024 (together with interests held by any connected persons) were:

	Ordinary shares held at 31 May 2024	Interests in share incentive schemes that are not subject to performance conditions as at 31 May 2024[1]	Interests in share incentive schemes that are subject to performance conditions as at 31 May 2024[1]	Options that have vested but not yet been exercised as at 31 May 2024	Shares held under the SIP as at 31 May 2024[2]	Value of shares held at 31 May 2024 as a % of base salary
J Myers	212,771	686,222	865,386	0	4,960	100.30%
S Pollard	37,738	319,995	422,376	0	4,822	58.56%

1 Includes unvested awards under the PSP that remain subject to performance conditions.

2 Between 31 May 2024 and 12 September 2024, Jonathan Myers and Sarah Pollard each acquired 721 shares under the SIP.

While the Executive Directors have not yet met the guideline given their dates of appointment to the Company and Board, progress is being made towards achieving the 200% of salary guideline.

The interests in the Company's shares of each of the Non-Executive Directors (together with interests held by any connected persons) as at 31 May 2024, or date of resignation if earlier, are detailed below:

Name	Shareholding requirement as % of net fee	**Ordinary shares held at 31 May 2024 or date of resignation if earlier**	Total price paid to acquire shares	**Shareholding as % of fee at 31 May 2024 or date of resignation if earlier**
David Tyler	100%	**59,005**	£76,687	**51%**
Kirsty Bashforth	100%	**22,469**	£38,524	**121%**
Dariusz Kucz[1]	n/a	**7,500**	n/a	**n/a**
John Nicolson	100%	**0**	0	**0**
Jeremy Townsend[2]	n/a	**20,000**	n/a	**n/a**
Jitesh Sodha	100%	**22,200**	£54,923	**173%**
Valeria Juarez	100%	**23,860**	£35,386	**111%**
Vivek Ahuja	100%	**20,000**	£18,995	**60%**

1 As at date of resignation, 14 September 2023.

2 As at date of resignation, 28 February 2024.

As set out above, Non-Executive Directors are expected to build up interests in the Company's shares worth 100% of their base fee, net of statutory deductions, within four years of appointment. As at 31 May 2024, the Non-Executive Directors exceeded this expectation, with the exception of David Tyler, John Nicholson and Vivek Ahuja, who joined the Board on 1 May 2024.

There have been no changes in the interests of any Non-Executive Director between 31 May 2024 and 12 September 2024.

PENSION BENEFITS (AUDITED)

Directors are eligible for membership of the Company's defined contribution pension arrangements and/or the provision of cash allowances in lieu thereof. The contribution for Jonathan Myers and Sarah Pollard is set at 10% of salary, in line with the rate applicable to the wider UK employee population. No Executive Director has accrued benefit relating to legacy Defined Benefit pension schemes previously operated by the Group.

LOSS OF OFFICE PAYMENTS AND PAYMENTS TO FORMER DIRECTORS (AUDITED)

There were no loss of office or payments to former Directors during the year.

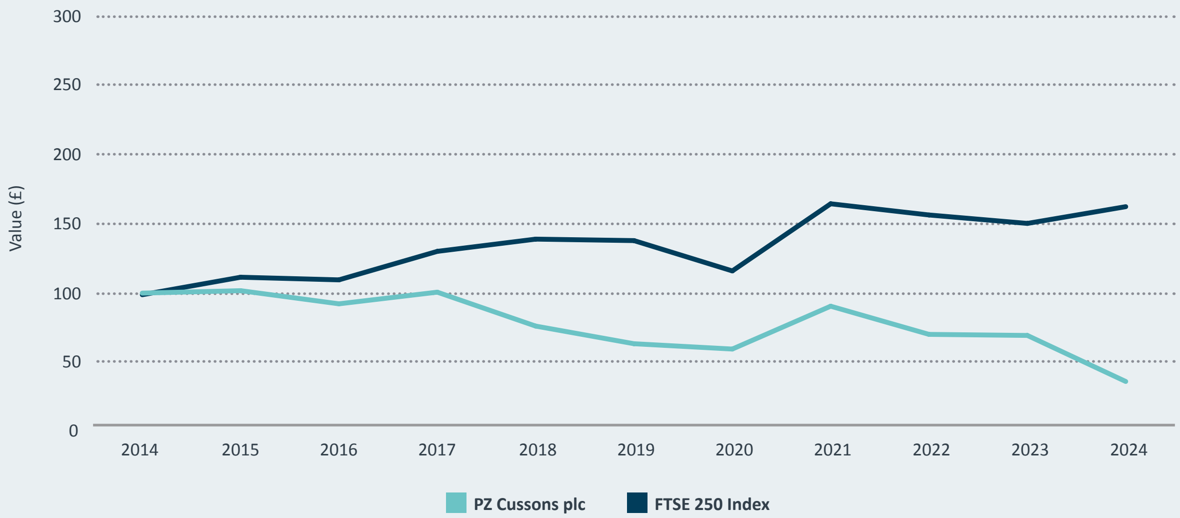
LIMITS ON SHARES ISSUED TO SATISFY SHARE INCENTIVE PLANS

The Company's share incentive plans may operate over newly issued ordinary shares, treasury shares or ordinary shares purchased in the market. In relation to all of the Company's share incentive plans, the Company may not, in any ten-year period, issue (or grant rights requiring the issue of) more than 10% of the issued ordinary share capital of the Company to satisfy awards to participants, nor more than 5% of the issued ordinary share capital for executive share plans. In respect of awards made during the year ended 31 May 2022 under the Company's share incentive plans, no new ordinary shares were issued.

PERFORMANCE GRAPH

The graph below illustrates the performance of PZ Cussons plc measured by Total Shareholder Return (TSR) over the ten-year period to 31 May 2024 against the TSR of a holding of shares in the FTSE 250 Index over the same period, based on an initial investment of £100. The FTSE 250 Index has been chosen as PZ Cussons plc is a constituent of that index.

PZ Cussons plc TSR vs the FTSE 250 index TSR



CHIEF EXECUTIVE OFFICER REMUNERATION FOR PREVIOUS TEN YEARS

		Total remuneration (£000)	Annual bonus % of maximum opportunity	LTIP % of maximum opportunity
2023–24	**Jonathan Myers**	**1,391**	**66.4%**	**8.67%**
2022–23	Jonathan Myers	1,569	80.1%	20.0%
2021–22	Jonathan Myers	1,151	54.4%	n/a
2020–21	Alex Kanellis	1,518	100.0%	n/a
2019–20[1]	Alex Kanellis	660	n/a	n/a
2018–19	Alex Kanellis	802	0%	0%
2017–18	Alex Kanellis	732	0%	0%
2016–17	Alex Kanellis	1,586	100.0%	0%
2015–16	Alex Kanellis	1,105	47.4%	0%
2014–15	Alex Kanellis	1,463	72.8%	32.5%

1 For 2019–20 the figure for total remuneration represents the pay of A Kanellis from 1 June 2019 to 31 January 2020, the fees paid to C Silver while acting as Executive Chair from 1 February 2020 through 30 April 2020 and the pay of J Myers since his appointment on 1 May 2020. No bonus was paid to any of these individuals and the 2017 and 2018 PSP awards lapsed in full.

Report on Directors' Remuneration continued

RELATIVE IMPORTANCE OF SPEND ON PAY

The table below shows PZ Cussons' distributions to shareholders and total employee pay expenditure for the financial years ended 31 May 2022 and 31 May 2023, and the percentage change:

	2024 £m	2023 £m	Change %
Total employee costs	**79.7**	87.2[1]	-9%
Dividends paid	**21.9**	26.8	-18%

1 Restated to include the costs of Childs Farm employees.

CHANGE IN DIRECTORS' REMUNERATION AND FOR EMPLOYEES

The table below shows the change in annual Director remuneration (defined as salary, taxable benefits and annual bonus), compared to the change in employee annual remuneration for a comparator group, from FY23 to FY24.

The PZ Cussons (International) Limited employee population was chosen as a suitable comparator group because it is considered to be the most relevant, due to the UK employment location and the structure of total remuneration (employees are able to earn an annual bonus as well as receiving a base salary and benefits), and because PZ Cussons plc has no employees other than the Executive Directors.

	UK Employees	Jonathan Myers (CEO)	Sarah Pollard (CFO)	David Tyler (Chair)[1]	Kirsty Bashforth	Dariusz Kucz[2]	John Nicolson	Jeremy Townsend[3]	Jitesh Sodha	Valeria Juarez	Vivek Ahuja[4]
2023–24											
Salary/fees	5%	4.2%	8.7%	n/a	14.4%	n/a	5.8%	n/a	6.8%	15.6%	n/a
Benefits	7.2%	0.8%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Bonus	-26.2%	-13.4%	-10.4%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2022–23											
Salary/fees	3.5%	3.4%	8.7%	n/a	-0.6%	-0.7%	-0.6%	-0.6%	9.1%	44.4%	–
Benefits	0.0%	0.2%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	–
Bonus	41.6%	52.4%	62.7%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	–
2021–22											
Salary/fees	3.5%	3.5%	10.5%	–	6.1%	5.1%	4.7%	4.7%	100.0%	100.0%	–
Benefits	0.0%	0.0%	0.0%	–	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	–
Bonus	-62.0%	-56.0%	38.0%	–	n/a	n/a	n/a	n/a	n/a	n/a	–
2020–21											
Salary/fees	3.0%	0.0%	n/a	–	17.5%	0.0%	0.0%	(19.0)%	–	–	–
Benefits	0.0%	0.1%	n/a	–	-100.0%	-100.0%	-100.0%	n/a	–	–	–
Bonus	0.0%	n/a	n/a	–	n/a	n/a	n/a	n/a	–	–	–

1 David Tyler was appointed to the Board on 24 November 2022 and as Chair on 23 March 2023. The % increase for 2023–24 was skewed due to the prior year's figure reflecting an incomplete financial year of service; therefore, the figure is inappropriate and not presented in the table.

2 Darius Kucz retired from the Board on 14 September 2023. The % fee increase for 2023–24 was skewed on the current year's figure, reflecting an incomplete financial year of service; therefore, the figure is inappropriate and not presented in the table.

3 Jeremy Townsend retired from the Board on 28 February 2024. The % fee increase for 2023–24 was skewed due to the current year's figure reflecting an incomplete financial year of service; therefore, the figure is inappropriate and not presented in the table.

4 Vivek Ahuja was appointed to the Board on 1 May 2024.

CEO TO ALL-EMPLOYEE PAY RATIO

Option A was used for the analysis because it is the 'purest' approach. Under Option A, companies are required to determine total full-time equivalent total remuneration for all UK employees for the relevant financial year. The CEO single figure is the pay received by Jonathan Myers in relation to FY24. As set out, in setting remuneration for the CEO, both internal and external benchmarks are considered, as is the remuneration of the broader workforce. The Committee receives market updates from their independent advisers which provide context from other listed companies. Executive pay policy for the CEO, other Directors and senior management is then set as to be appropriately positioned for the size and scope of the roles and experience of the individuals.

The ratio is considered to be reflective of the pay, reward and progression policies within the Company's UK employee population. Pay levels for roles are set taking into account internal relativities and external benchmarks and promotions are considered on an annual cycle.

Employee data includes those employed as at 31 May 2024. For any employee who joined after 1 June 2023 and was still employed at 31 May 2023, remuneration for that employee has been calculated as if the employee had been employed for the full year. Where there was no identifiable employee at the 25th, 50th or 75th percentile, then the data for the employee closest to that percentile has been used. If two employees were equally close to the relevant percentile then the employee with the most representative pay mix was selected. Additionally, where pay includes statutory pay such as maternity, paternity or sick pay these amounts have been included in the calculation.

	Method	CEO Single figure (£000)	Upper quartile	Median	Lower quartile
2023–24	**A**	**1,391**	**14**	**20**	**30**
2022–23[1]	A	1,569	18	29	44
2021–22	A	1,151	15	23	30
2020–21	A	1,518	19	29	40
2019–20	A	660	9	13	19

1 CEO single figure has been updated to reflect actual vesting share price and the additional FY21 PSP award. See note 5 under single figure table.

It should be noted that the pay ratio is likely to change year-on-year given a significant proportion of the CEO's remuneration package comprises of variable pay.

The salary and total pay for the individuals identified at the lower quartile, median and upper quartile positions as at 31 May 2024 are set out below:

2024	Salary	Total pay
Upper quartile individual	£77,218	£99,940
Median individual	£51,989	£68,091
Lower quartile individual	£33,503	£46,382

Report on Directors' Remuneration continued

CONSIDERATION BY THE DIRECTORS OF MATTERS RELATING TO DIRECTORS' REMUNERATION

Throughout the year, the Committee has comprised exclusively independent Non-Executive Directors in accordance with the 2018 Code. The Committee held four scheduled and one additional meeting during the 2024 financial year with our activities summarised in the table below.

The following Directors were members of the Remuneration Committee when matters relating to the Directors' remuneration for the year were being considered:

- Kirsty Bashforth (Chair from 1 July 2020)
- Jeremy Townsend (stepped down from the Committee on 19 June 2023 and Board on 28 February 2024)
- Jitesh Sodha
- Valeria Juarez.

During the year, the Committee received advice from Willis Towers Watson (WTW) in relation to market practice. WTW is a member of the Remuneration Consultants Group and has signed the voluntary Code of Practice for remuneration consultants. The fees paid to WTW in respect of this work were charged on a time and materials basis and totalled £53,450 excluding VAT for the year. WTW does not have any other connections with PZ Cussons plc or any Director of the Company. The Committee appointed WTW following a full review process and is satisfied that the advice provided by WTW is objective and independent.

During the year, the Committee consulted David Tyler (in his capacity as Non-Executive Chair) on issues where it felt his experience and knowledge could benefit its deliberations and he attended meetings by invitation. The Committee also consulted Jonathan Myers as CEO on proposals relating to the remuneration of members of the Group's senior management team and he too attended meetings by invitation. The CFO, Chief People Officer and Group Reward Director also attended meetings by invitation. The Committee is supported by the Company Secretary who acts as Secretary to the Committee. Invitees are not involved in any decisions or discussions regarding their own remuneration.

In setting remuneration for Executive Directors and senior managers, both internal and external benchmarks are considered, as is the remuneration of the broader employee population.

COMMITTEE ACTIVITIES DURING THE YEAR ENDED 31 MAY 2024

July 2023	• Remuneration Policy review • Review of draft Remuneration Report in respect of FY23 • Update on external environment from independent advisor • Review annual bonus awards for FY23 • Review of structure and financial targets for the annual bonus scheme for FY24.	• Approval of executive salary review • Review of vesting of past awards under the PSP and update on the progress of in-flight awards • Review of levels of share ownership • Review of Company-wide remuneration dashboard.
August 2023	• Review and approval of financial targets for the annual bonus scheme for FY23.	• CPO FY23 incentive assessment.
September 2023	• Update on external environment from independent advisor • Approval of shareholder communication • Approval of FY23 Directors' Remuneration Report • Review of post audit annual bonus awards for FY23 • Review of final target for FY24 annual bonus • Review of Executive Director FY24 Key Business Objectives.	• In flight PSP award update • Approval of Executive Director FY21 PSP vesting • Review and approval of FY24 RSP and Deferred Bonus Share Plan awards • Review of Company-wide remuneration dashboard • Good leaver approval.
March 2024	• Update on external environment from independent advisor • Update on FY24 annual bonus performance • Update on the progress of in-flight PSP awards • Review of senior management interim salary proposals.	• Review of the revised Corporate Governance Code reward provisions • Review of Company-wide remuneration dashboard • Good leaver approval • Review of interim FY24 RSP awards.
May 2024	• Update on external environment from independent advisor • Update on FY24 annual bonus performance • Consideration of FY25 annual bonus design principles • Update on the progress of in-flight PSP awards.	• Review of Company-wide remuneration dashboard including salary review proposals • Review of approach to interim remuneration changes for Executive Committee • Review of Board Chair's fee.

SHAREHOLDER ENGAGEMENT

The Committee recognises the importance of understanding the perspective of the shareholders when taking decisions. We communicate with our shareholders during both Remuneration Policy reviews and in advance of any significant changes to the implementation of our policy. While we note that there are a range of different views among institutional investors on the most appropriate pay models and performance metrics, we will always consider the views expressed to us and explain why we take a different approach if we choose to do so.

STATEMENT OF SHAREHOLDER VOTING

The Committee is directly accountable to the shareholders and, in this context, is committed to an open and transparent dialogue with the shareholders on the issue of executive remuneration. For example, during FY23, this took the form of consultation on the proposed Policy, as well as questions at the 2023 AGM.

The Remuneration Committee Chair will be available to answer questions from the shareholders regarding remuneration at the 2024 AGM and looks forward to ongoing dialogue with shareholders during FY25.

The votes cast at the 2023 AGM in respect of the advisory vote on the 2023 Report on Directors' Remuneration and in respect of the binding vote for the Directors' Remuneration Policy are shown below:

ADVISORY VOTE ON THE 2023 REPORT ON DIRECTORS' REMUNERATION AND THE CHAIR'S ANNUAL STATEMENT (2023 AGM)

Votes for		Votes against			
Number	%	Number	%	Votes cast	Votes withheld
321,140,960	93.34	22,924,118	6.66	344,065,078	47,535

BINDING VOTE ON AMENDMENTS TO THE DIRECTORS' REMUNERATION POLICY (2023 AGM)

Votes for		Votes against			
Number	%	Number	%	Votes cast	Votes withheld
236,473,923	71.24	95,488,209	28.76	331,962,132	12,150,481

By order of the Board of Directors

Kirsty Bashforth

Remuneration Committee Chair

18 September 2024

Report of the Directors

The Directors present their report together with the audited Consolidated Financial Statements and the Report of the Auditor for the year ended 31 May 2024.

PRINCIPAL ACTIVITIES

The principal activities of the Group are the manufacture and distribution of soaps, detergents, toiletries, beauty products, pharmaceuticals, electrical goods, edible oils, fats and spreads and nutritional products. The subsidiary undertakings and joint ventures principally affecting the profits, liabilities and assets of the Group are listed in note 28 of the Consolidated Financial Statements.

RESULTS AND DIVIDENDS

A summary of the Group's results for the year is set out in the Financial Review on pages 18 to 21 of the Strategic Report.

The Directors have announced their intention to declare an interim dividend of 2.10p (2023: 3.73p) per ordinary share to be paid on 4 December 2024 to ordinary shareholders on the register at the close of business on 1 November 2024, which, together with the interim dividend of 1.50p (2023: 2.67p) paid on 4 April 2024, makes a total of 3.60p for the year (2023: 6.40p).

SCOPE OF THE REPORTING IN THIS ANNUAL REPORT AND ACCOUNTS

The Group's statement on corporate governance can be found on pages 72 to 79 which is incorporated by reference and forms part of this Report of the Directors. For the purposes of compliance with DTR 4.1.5 R(2) and DTR 4.1.8 R, the required content of the Management Report can be found in the Strategic Report and this Report of the Directors, including the sections of the Annual Report and Accounts incorporated by reference.

The information required to be disclosed by the UK Listing Rules, UKLR 6.6.1 R (for the purposes of UKLR 6.6.4 R) and section 416(1)(a) of the Companies Act can be found in the following locations:

Section	Topic	Location
1	Details of long-term incentive schemes and other employee share schemes	Report on Directors' Remuneration – pages 107 to 119
2	Waiver of emoluments by a Director	Report on Directors' Remuneration – pages 107 to 119
3	Shareholder waivers of dividends	Employee Share Ownership Trust (ESOT): see note 24 of the Consolidated Financial Statements
4	Shareholder waivers of future dividends	ESOT: see note 24 of the Consolidated Financial Statements
5	Agreements with controlling shareholders	Report of the Directors – page 122

All the information referenced above is hereby incorporated by reference into this Report of the Directors.

THE BOARD

The Directors who served throughout the year, and unless stated otherwise were in office up to the date of signing the financial statements, are detailed below:

Service in the year ended 31 May 2024	
David Tyler	Served throughout the year
Jonathan Myers	Served throughout the year
Sarah Pollard	Served throughout the year
John Nicolson	Served throughout the year
Dariusz Kucz	Served until 14 September 2023

Service in the year ended 31 May 2024	
Kirsty Bashforth	Served throughout the year
Jeremy Townsend	Served until 28 February 2024
Jitesh Sodha	Served throughout the year
Valeria Juarez	Served throughout the year
Vivek Ahuja	Appointed on 1 May 2024

DIRECTORS’ INTERESTS

Details of the Directors’ and connected persons’ interests in the share capital of the Company can be found in the Report on Directors' Remuneration on page 114. No Director had any beneficial interest during the year in shares or debentures of any subsidiary company. Save for their service contracts or letters of appointment, there were no contracts of significance subsisting during, or at the end of, the financial year with the Company or any of its subsidiaries in which a Director of the Company was materially interested.

OTHER SUBSTANTIAL INTERESTS

The Company had been notified of the following direct or indirect interests amounting to 3% or more of its issued share capital as at the end of the financial year and at 12 September 2024:

	As at 12 September 2024		As at 31 May 2024	
	Number of shares	%	Number of shares	%
Zochonis Charitable Trust	**63,019,193**	**14.70%**	63,019,193	14.70%
Sir J B Zochonis Will Trust	**49,320,712**	**11.50%**	49,320,712	11.50%
Heronbridge Investment Mgt	**31,157,024**	**7.27%**	31,157,024	7.27%
FIL Limited	**21,848,999**	**5.10%**	21,848,999	5.10%
Majedie Asset management	**21,160,944**	**4.94%**	21,160,944	4.94%
J B Zochonis Settlement	**19,927,130**	**4.65%**	19,927,130	4.65%
Lindsell Train Investment Management	**18,682,474**	**4.36%**	18,682,474	4.36%
Mrs C M Green Settlement	**15,322,741**	**3.57%**	15,322,741	3.57%

No shares were issued during the year. Further information about the Company’s share capital is given in note 24 of the Consolidated Financial Statements.

Report of the Directors continued

ADDITIONAL STATUTORY INFORMATION

Directors' indemnification and insurance	Indemnities are in force under which the Company has agreed to indemnify the Directors, the Company Secretary and officers of Group subsidiaries, to the extent permitted by law, against claims from third parties in respect of certain liabilities arising out of, or in connection with, the execution of their duties. The indemnified individuals are also indemnified against the cost of defending criminal prosecution or a claim by the Company, its subsidiaries or a regulator provided that, where the defence is unsuccessful, the indemnified person must repay those defence costs. The Company purchases and maintains insurance for the Directors and officers of the Company in performing their duties, as permitted by Section 233 of the Companies Act 2006. This insurance has been in place during the year and remains in place at the date of signing this report.
Significant agreements – Relationship Agreement	The Financial Conduct Authority's UK Listing Rules require a premium listed company with a controlling shareholder (being a shareholder who 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) to enter into a written and legally binding agreement that is intended to ensure that the controlling shareholder complies with certain independence provisions. These independence provisions are undertakings that transactions and arrangements with the controlling shareholder and/or any of their associates will be conducted at arm's length and on normal commercial terms; that neither the controlling shareholder nor any of its associates will take any action that would have the effect of preventing the listed company from complying with its obligations under the UK Listing Rules; and that neither the controlling shareholder nor any of its associates will propose or procure the proposal of a shareholder resolution that is intended or appears to be intended to circumvent the proper application of the UK Listing Rules (together, Undertakings). For the purposes of the UK Listing Rules, certain shareholders in the Company, principally comprising the founding Zochonis family, related family groups and trusts under their control are deemed to be controlling shareholders of the Company (together, the Concert Party). In FY21, the Takeover Panel approved the reconstitution of the Concert Party as comprising the core members of the founding Zochonis family, related family groups and certain related trusts holding. As of 31 May 2024, the Concert Party held in the aggregate, approximately 42.89% of the issued share capital of the Company. As required by the UK Listing Rules, the Board confirms that the Company entered into a written relationship agreement with the Concert Party on 31 May 2024 containing the Undertakings and a procurement obligation (the Relationship Agreement). This replaced the relationship agreement dated 17 November 2014. The Board also confirms that: • the Company complied with the Undertakings in the Relationship Agreement; • so far as the Company is aware, the Undertakings in the Relationship Agreement were complied with by the Concert Party and its associates; and • so far as the Company is aware, the procurement obligation included in the Relationship Agreement was complied with by the Concert Party.
Political and charitable contributions	Charitable contributions in the UK during the year amounted to £0.3 million (2023: £0.5 million). No political contributions were made (FY23: £nil).
Research and development	The Group maintains in-house teams and facilities for research and development in the UK, Indonesia, Nigeria and Australia. In addition, research and development is subcontracted to approved external organisations. Currently all such expenditure is charged against profit in the year in which it is incurred, as it does not meet the criteria for capitalisation under IAS 38 'Intangible Assets'.
Greenhouse gas emissions	Global greenhouse gas emissions data for the year are contained within the Sustainability – Environment section on pages 33 and 34.
Employment of people with disabilities	During the year, the Group has maintained its policy of providing equal opportunities for the appropriate employment, training and development of people with disabilities. If any employees should become disabled during the course of their employment, our policy is to oversee the continuation of their employment and to arrange training for these employees.

Employee information

The Group recognises the benefits of keeping employees informed of the progress of the business and of involving them in their Company's performance. The methods of achieving such involvement are different in each company and country and have been developed over the years by local management working with local employees in ways that suit their particular needs and environment, with the active encouragement of the parent organisation. Employee views are provided to the Board through updates from the designated Non-Executive Director for employee engagement.

Further details on our engagement with employees can be found on pages 22 to 27.

Inclusion and diversity

PZ Cussons is an extremely diverse organisation in terms of its ethnic and cultural make-up and this is something that we continue to promote. We employ many different nationalities including Indian, Chinese, Polish, Indonesian, Singaporean, Thai, Greek, Australian, Nigerian, Ghanaian, Kenyan, American, Canadian and British. We are clear that we want our leadership team to reflect the diversity of the markets in which we function and for that reason we are focused on developing local talent who understand different cultures. We do not employ any person below the local legal working age and we will not, in any circumstances, employ anyone below the age of 16.

The Company has adopted a diversity and inclusion statement that sets out the Company's commitment to having a Board (including its Committees of the Board) and an Executive Committee that reflects the diversity of our workforce and consumers in the countries in which we operate.

For the purposes of disclosure under Section 414C(8) of the Companies Act, further details on the composition of our global employee population as at 31 May 2024 are set out in the table below:

	2024		2023		2022		2021		2020	
	No.	%	No.	%	No.	%	No.	%	No.	%
Female employees	**688**	**28**	726	27	756	27	832	28	899	27
Male employees	**1,749**	**72**	1,918	73	2,005	73	2,111	72	2,461	73
Female senior managers	**75**	**43**	74	40	61	36	51	32	68	35
Male senior managers	**101**	**57**	109	60	109	64	110	68	125	65
Female Group Board Directors	**3**	**37**	3	33	4	44	3	43	4	50
Male Group Board Directors	**5**	**63**	6	67	5	56	4	57	4	50

External Auditor

PricewaterhouseCoopers LLP (PwC) has signified its willingness to act as External Auditor to the Company for the year ending 31 May 2025 and, in accordance with section 485 of the Companies Act 2006, a resolution for its reappointment will be proposed at the forthcoming Annual General Meeting (AGM). A statement on the independence of the External Auditor is included in the Audit and Risk Committee Report on page 86.

Principal risks and uncertainties facing the Group

The Group's business activities, financial condition and results of operations could be affected by a variety of risks or uncertainties. These are summarised in the Risk Management and Principal Risks section on pages 42 to 50 of the Strategic Report.

Annual General Meeting

The Company's 2024 AGM will be held at Manchester Business Park, 3500 Aviator Way, Manchester, M22 5TG at 10:30am on 21 November 2024. The resolutions that will be proposed at the AGM are set out in the separate Notice of AGM, which accompanies this Annual Report and Accounts.

Share capital

As of 31 May 2024, the Company's issued share capital consisted of 428,724,960 ordinary shares of 1p each.

Rights and obligations attaching to shares

Subject to applicable statutes and other shareholders' rights, shares may be issued with such rights and restrictions as the Company may by ordinary resolution decide, or, if there is no such resolution or so far as it does not make specific provision, as the Board may decide.

Restrictions on voting

Unless the Board decides otherwise, no member shall be entitled to vote at any meeting in respect of any shares held by that member if any call or other sum that is then payable by that member in respect of that share remains unpaid.

Powers of Directors

Subject to the Company's Memorandum and Articles of Association, the Companies Act 2006 and any directions given by special resolution, the business of the Company will be managed by the Board, which may exercise all the powers of the Company.

Report of the Directors continued

ADDITIONAL STATUTORY INFORMATION CONTINUED

Articles of Association	The rules governing the appointment and replacement of Directors are contained in the Company's Articles of Association. Changes to the Articles of Association must be approved by shareholders in accordance with legislation in force from time to time.
Purchase of own shares	No shares were purchased from 1 June 2023 to 31 May 2024 (2023: nil) and no acquisitions were made by the ESOT (see note 24 of the Consolidated Financial Statements).
Restrictions on the transfer of securities	There are no restrictions on the transfer of securities in the Company except: • that certain restrictions may from time to time be imposed by laws and regulations (for example, relating to insider trading); and • pursuant to the UK Listing Rules of the Financial Conduct Authority whereby certain employees of the Company require the approval of the Company to deal in the Company's ordinary shares.
Going concern	The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the Group and liquidity position are described within the Financial Review. In addition, note 19 of the Consolidated Financial Statements includes policies in relation to the Group's financial instruments and risk management, and policies for managing credit risk, liquidity risk, market risk, foreign exchange risk, price risk, cash flow and interest rate risk and capital risk. After making enquiries, and subject to the material uncertainty noted in note 1 to the Consolidated Financial Statements, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for a period of at least 12 months from the date of approving the Financial Statements. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts. A viability statement has been prepared and approved by the Board and this is set out on pages 51 to 53.
Events after the balance sheet date	There were no post balance sheet events.
Engagement with Employees, suppliers and Customers	Please see Statement of engagement with employees on page 73, Statement of engagement with other business relationships on page 74 and the Section 172(1) Statement on page 55.
Additional disclosures	Other information that is relevant to the Report of the Directors, and which is incorporated by reference into this report, can be located as follows: • Proposed future developments for the business are set out on pages 10 to 12 • Details of Group subsidiaries including overseas branches are set out in note 28 of the Consolidated Financial Statements • Financial instruments and risk management are set out in note 19 of the Consolidated Financial Statements • Trade payables under vendor financing arrangements are set out in note 20 of the Consolidated Financial Statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and Accounts and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group Financial Statements in accordance with UK-adopted international accounting standards and the Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, compromising FRS 101 Reduced Disclosure Framework, and applicable law).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the Group Financial Statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company Financial Statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DIRECTORS' CONFIRMATIONS

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed under Our Board on page 64 confirm that, to the best of their knowledge:

- The Group Financial Statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- The Company Financial Statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company; and
- The Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the Principal Risks and uncertainties that it faces.

In the case of each of the persons who were Directors of the Company at the date when this report was approved:

- so far as each of the Directors is aware, there is no relevant audit information (as defined by the Companies Act 2006) of which the Company's External Auditor is unaware; and
- each of the Directors has taken all the steps that they ought to have taken as Director to make themselves aware of any relevant audit information and to establish that the Company's External Auditor is aware of that information.

By order of the Board of Directors.

Kareem Moustafa
General Counsel and Company Secretary

18 September 2024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FINANCIAL STATEMENTS

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Independent Auditor's Report to the Members of PZ Cussons plc

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion:

- PZ Cussons plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 May 2024 and of the group's loss and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts 2024 (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheets, as at 31 May 2024; the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity, the Consolidated Cash Flow Statement for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Our opinion is consistent with our reporting to the Audit and Risk Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

PricewaterhouseCoopers LLP inadvertently provided a tax compliance service to the Group, in the form of a reporting tool used for the Indirect Tax Compliance process, for a fee of £2,000 during the year ended 31 May 2024. As the Group is a public interest entity, tax compliance services are impermissible, and the provision of this service amounted to a breach of paragraph 5.40 of the FRC Ethical Standard 2019.

We confirm that, based on our assessment of this breach, the nature and scope of the service and the subsequent actions taken, the provision of the service has not affected our professional judgements in connection with our audit of the year ended 31 May 2024.

Other than the matter referred to above and to the best of our knowledge and belief, we declare that no non-audit services prohibited by the FRC Ethical Standard 2019 were provided to the Group.

Other than those disclosed in note 4, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the group financial statements and note 1 to the company financial statements concerning the group's and the company's ability to continue as a going concern. The Directors have considered an additional severe but plausible downside Naira exchange rate scenario to stress test the Group's and Company's financial forecasts, using a Naira exchange rate decline of greater than 10% from the rate as at the start of September 2024. This unmitigated downside scenario shows a potential breach of the interest cover financial covenant as at 29 November 2024 within the going concern review period which would require negotiating a waiver of its interest cover covenant to ensure the Group and Company meet their borrowing facility obligations over the going concern review period as the committed credit facility may become repayable on demand. These conditions, along with the other matters explained in those notes to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's and the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and the company were unable to continue as a going concern.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- We obtained from management their latest assessments that support the board's conclusions with respect to the going concern basis of preparation for the financial statements;
- We evaluated management's forecast and assessed downside scenarios and challenged the adequacy and appropriateness of the underlying assumptions to ensure that they are appropriately severe but plausible;
- We reviewed management accounts for the financial period to date and checked that these were consistent with the starting point of management's scenarios and supported the key assumptions included in the assessments;
- We evaluated the historical accuracy of the budgeting process to assess the reliability of the data;
- We challenged management with regards to the impact of climate change and how this has been taken into account in the forecasts;
- We reviewed the terms and the availability of the Revolving Credit Facility ('RCF') and the Term Loan and management's analysis of both liquidity and covenant compliance to satisfy ourselves that no breaches are anticipated over the period of assessment.
- We tested the mathematical integrity of management's going concern forecast models; and.
- We reviewed the disclosures made in respect of going concern included in the financial statements.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, other than the material uncertainty identified in note 1 to the group financial statements and note 1 to the company financial statements, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting, or in respect of the directors' identification in the financial statements of any other material uncertainties to the group's and the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our audit approach

Context

PZ Cussons plc is a listed manufacturer of personal healthcare products and consumer goods. It has global operations, headquartered in the UK, preparing consolidated financial statements which are primarily an aggregation of legal entities from countries around the world. The year ended 31 May 2024 is our first year as external auditors of the Group and Company. As part of our audit transition, we performed specific procedures over opening balances by reviewing the predecessor auditors' working papers and risk assessment and re-evaluating the predecessor auditors' conclusions in respect of key sources of estimation uncertainty and critical judgements in the opening balance sheet at 1 June 2023. We also performed process walkthroughs to understand and evaluate the key financial processes and controls across the Group. As we undertook each phase of this first-year audit, we regularly reconsidered our risk assessment to reflect audit findings, including our assessment of the Group's control environment and the impact on our planned audit approach. Given the nature of the Group's operations and recent results, we considered the valuation of the goodwill and indefinite-lived intangible assets for specific cash generating units (CGUs), impairment of investments in subsidiaries, trade promotions - rebates and designation of loans as permanent as equity to be the areas of higher risk and judgement and therefore have included them as key audit matters.

Independent Auditor's Report to the Members of PZ Cussons plc continued

Overview

Audit scope

- Our audit focused on those entities with the most significant contribution to the group's revenue. Our work incorporated full scope audits of eight components, the audit of the Company, audit procedures on specific balances for a further component, and on consolidation entries.
- All four UK component audits, as well as the audit of the Company, were performed by the Group engagement team, with the remaining four component audits completed by overseas PricewaterhouseCoopers Component audit teams.
- The entities where we conducted audit work, together with audit work performed at the consolidated level, accounted for approximately 90% of the Group's revenue.

Key audit matters

- Material uncertainty related to going concern
- Impairment of goodwill and other indefinite life intangible assets (group)
- Trade promotions- rebates (group)
- Permanent as equity balances (group)
- Impairment of investment in subsidiaries (parent)

Materiality

- Overall group materiality: £5.3 million based on 1.0% of revenue.
- Overall company materiality: £0.6 million based on 1.0% of total assets.
- Performance materiality: £2.6 million (group) and £0.3 million (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to going concern, described in the Material uncertainty related to going concern section above, we determined the matters described below to be the key audit matters to be communicated in our report. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill and other indefinite life intangible assets (group) As at 31 May 2024, the group recognised indefinite-lived brands of £206.3m (2023: £230.8m) and goodwill of £54.7m (2023: £56.4) as per note 10 of the financial statements. An impairment charge of £24.4m in relation to the Sanctuary Spa brand was recognised during the year. During the year ended 31 May 2024, the group performed its annual impairment assessment for indefinite lived brands and goodwill as required by IAS 36. The group undertakes a two step approach first testing the brands; each brand is considered its own cash generating unit ('CGU'), and then goodwill is allocated to the CGU or groups of CGUs as appropriate and representing the lowest level which goodwill is monitored by management. For step one, the process involves determining the carrying amount of each brand CGU by attributing and allocating assets excluding goodwill to the CGU and preparing discounted cash flows analyses to determine the CGUs' recoverable amount. Based on our review of the cash flow models and the significant assumptions, we consider Charles Worthington, Rafferty's Garden, Sanctuary Spa and Childs Farm brands to be the most sensitive to the changes in assumptions. For step two, goodwill is allocated to a brand CGU or to a group of brand CGUs (where more than one brand benefits from the goodwill synergies) to determine the step two CGU carrying amounts for goodwill impairment testing. The discounted cash flow analyses used for the purposes of step one are also used to determine the recoverable amount of the CGUs for goodwill impairment testing. Refer to page 87 of the Audit and Risk Committee Report and Note 1 and Note 10 within the Notes to the Consolidated Financial Statements of the Annual Report & Accounts 2024.	In assessing the appropriateness of valuation of goodwill and indefinite-lived intangible assets we have performed the following procedures: • we evaluated and assessed the Group's future cash flow forecasts, the process by which they were drawn up and tested the mathematical accuracy of the underlying value in use calculations; • we evaluated management's rationale for determining the CGUs and the allocation of assets including goodwill to the brand or group of brands; • we compared key assumptions around revenue growth rates to external market research on growth rates and other supporting evidence where the Group expects to grow in excess of the market; • we compared actual results with previous forecasts to assess historical accuracy of management forecasts and discussed any variances with the Directors and management to understand reasons for variances; • we agreed forecasts used back to the board approved budget and a five year plan; • we assessed management's assumptions for margins by comparing to historical data and reviewed the central costs allocation; • we reconciled the assets used in the model back to the group consolidation; • we considered management bias throughout the assumptions used and considered any contradictory evidence; • we engaged our internal valuations experts to review the model, assess management's key assumptions for the discount rates used by assessing the cost of capital calculations for the Group and comparing against comparable organisations and the long-term growth rates by comparing with external forecasts; • we carried out sensitivity analysis to check the impact of changes in the key assumptions such as revenue growth rate, long term growth, discount rates and the gross margin rate, on the value in use; and • we assessed the adequacy of the disclosure provided in note 10 of the Group financial statements in relation to the relevant accounting standards. We consider disclosures to be adequate and in line with the requirements of the relevant standards. Based on the above procedures we concluded that no additional impairments are required, and the disclosures made are appropriate.

Independent Auditor's Report to the Members of PZ Cussons plc continued

Key audit matter	How our audit addressed the key audit matter
Trade promotions - rebates (group) Due to the industry in which PZ Cussons operates, being consumer goods, it is customary that there is associated trade and promotional spend incurred. Trade promotions comprise fixed and variable elements and we consider the variable element to be a significant accounting estimate. A number of estimates are made in arriving at the trade promotions liabilities and related adjustments to revenue, which could be prone to management bias and error. As at 31 May 2024, the group recognised trade promotion liabilities of £25.8m and the total trade promotions (adjustments to revenue) included in the consolidated income statement amounted to c. £120.3m. There is a level of estimation involved in accruing for such arrangements and a potential for management to manipulate profit and we have considered it to be a significant risk in relation to completeness and accuracy of liabilities and related adjustments to revenue due to fraud or error. Refer to page 87 of the Audit and Risk Committee Report and Note 1 within the Notes to the Consolidated Financial Statements of the Annual Report & Accounts 2024.	In assessing the completeness and accuracy of trade promotion liabilities and the related adjustments to revenue, we have performed the following procedures: • we obtained the year end incentive accrual calculation and the schedule that reconciles the opening accrual to the closing accrual; • we tested the inputs of the accrual calculation by tracing a sample of open accruals to supporting evidence; • we tested a sample of incentives paid in the current year to ensure the accrual was made before the claim was paid or settled. For this same sample, we recalculated the value of the accrual, and corroborated to third party evidence; • we performed a look back test, by selecting a sample of accruals in the opening balance, and testing them to subsequent claim or settlement data; • we tested post-year end claims and settlements, and compared them to the amounts accrued for; and • we also obtained details of "live" offers in the last few days of the financial year by visiting key retailers, online and in person. We compared these to arrangements accrued for at year end. Based on our audit work, we have found the estimates made in relation to trade promotions to be acceptable. We also consider the disclosures made in the financial statements to be appropriate
Permanent as equity balances (group) PZ Cussons adopts a permanent as equity approach (i.e. the provision of loans that are intended to be permanent as equity, instead of subscribing for additional equity shares) as a method of investing in its subsidiaries in developing markets, specifically in Africa (Nigeria and Ghana). During the year, two settlements of the permanent as equity balances relating to PZ Wilmar were made amounting to USD 10m (2023: nil). In addition, in April 2024 the group also announced their intention to review strategic options for the African operations. This led to a reassessment of the permanent as equity designation made by management. This resulted in all balances previously meeting the requirements of IAS 21 to be designated as permanent as equity, to be de-designated. As at year end 31 May 2024, the group has no loans (2023: £152.9m) designated as permanent as equity. We consider the designation of loans, and the relevant date of de-designation to be a significant judgement. The foreign exchange movements on these loans are material. Refer to page 87 of the Audit and Risk Committee Report and Note 1 and Note 14 within the Notes to the Consolidated Financial Statements of the Annual Report & Accounts 2024.	In assessing the classification of loans as permanent as equity and related foreign exchange movements, we have performed the following procedures: • we reviewed the terms surrounding loans and payable balances designated as permanent as equity; • we challenged management with regards to their intentions for these loans going forward, to assess whether designation as permanent as equity met the requirements of IAS 21; • we reviewed the evidence that suggested further settlement of the loans are likely; • we challenged management to consider how excess cash in Nigeria would be used if it was available; and • we also reviewed the disclosures made in the financial statements in relation to currency matters. We are comfortable that the de-designation of the loans is appropriate. We are comfortable with the disclosures made in the financial statements.

Key audit matter	How our audit addressed the key audit matter
Impairment of investment in subsidiaries (parent) The Company has investments in subsidiaries of £36.8m (2023: £63.2m). Given the magnitude of the balance we considered there to be a risk that the performance of the subsidiary undertakings is not sufficient to support the carrying value of the investments and may be impaired. Management has considered the investment balances for impairment and identified impairment indicators relating to the investment in PZ Cussons (International) Limited. The subsidiary is in a net liability position as at 31 May 2024 and is loss-making because some of the costs it incurs are not able to be recharged. It will not be profit-making in the future and it relies on the Group to guarantee its liabilities and provide the necessary support to be able to continue as a going concern. Following an assessment of its recoverable amount, management has recorded an impairment charge of £28.2 million to reduce the investment's carrying value to £nil. Refer to Note 4 within the Notes to the Company Financial Statements of the Annual Report & Accounts 2024.	In assessing the appropriateness of valuation of investment in subsidiaries we have performed the following procedures: • we obtained a schedule of investments in subsidiaries and ensured this is reconciled to the financial statements; • we performed a review of the performance and net assets of each material subsidiary against the carrying value of the investments to identify triggers for impairment; • we obtained management's accounting paper detailing the impairment considerations made in relation to the investment in PZ Cussons (International) Limited; • we have considered management's position that the entity is in a net liability position, has consistently generated losses, and is not expected to make a profit in the foreseeable future given the Group's cost recharge arrangements; • we have considered management's considerations in the context of audit work performed in other areas and concluded that no contradictory evidence was noted; • we challenged management to consider whether the Company needed to recognise a financial guarantee liability given the net liability position and the expectation that PZ Cussons (International) Limited is not expected to be profit making in the future. We understand that the financial guarantee liability is recognised in another subsidiary of the Company; • we assessed the adequacy of the disclosure provided in the Company financial statements in relation to the relevant requirements of the accounting standards. Based on the above procedures we concluded that there were no triggers identified in relation to the investment in PZ Cussons Holdings Limited. We are comfortable that the investment in relation to PZ Cussons International Limited is fully impaired, and the disclosures made are appropriate.

Independent Auditor's Report to the Members of PZ Cussons plc continued

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The Group is a manufacturer of personal healthcare products and consumer goods. The Group operates worldwide especially in Africa and other commonwealth nations, with Nigeria, Indonesia and Australia being the most significant territories.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed at the entities by us, as the Group engagement team, or component auditors operating under our instructions. Where work was performed by component auditors, we determined the level of involvement we needed to have in this work to be able to conclude that sufficient appropriate audit evidence had been obtained. Our work incorporated full scope audits of eight components and audit procedures on specific balances for a further component.

The impact of climate risk on our audit

We made enquiries of management to understand the process they have adopted to assess the extent of the potential impact of climate risk on the group's financial statements, including their commitments made to achieving Net Zero carbon emissions for Scope 1,2 & 3 by 2045. The key areas of the financial statements where management evaluated that climate risk has a potential impact are set out in note 1, in the notes to the financial statements. The directors have reached the overall conclusion that there has been no material impact on the financial statements for the current year from the potential impact of climate change.

We used our knowledge of the group to challenge management's assessment. We particularly considered how climate risk would impact the assumptions made in the forecasts prepared by management used in their impairment analyses, going concern and viability. We also considered the consistency of the disclosures in relation to climate change (including the disclosures in the Task Force on Climate-related Financial Disclosures (TCFD) section) within the Annual Report with the financial statements and our knowledge obtained from our audit.

Our procedures did not identify any material impact in the context of our audit of the financial statements as a whole, or on our key audit matters for the year ended 31 May 2024.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements - group	Financial statements - company
Overall Materiality	£5.3 million.	£0.6 million.
How we determined it	1.0% of revenue	1.0% of total assets
Rationale for benchmark applied	We considered materiality in a number of different ways, and used our professional judgement having applied 'rule of thumb' percentages to a number of potential benchmarks. On the basis of this, we concluded that 1.0% of revenue is an appropriate level of materiality considering the overall scale of the business and focus of users of the financial statements.	We believe that total assets is the primary measure used by the shareholders in assessing the performance of the entity, and is a generally accepted auditing benchmark for non-trading companies.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £0.3 million and £3.5 million.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 50% of overall materiality, amounting to £2.6 million for the group financial statements and £0.3 million for the company financial statements.

In determining the performance materiality, we considered a number of factors- the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls- and concluded that an amount at the lower end of our normal range was appropriate.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above £0.3 million (group audit) and £0.03 million (company audit) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Report of the Directors for the year ended 31 May 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Report of the Directors.

Report on the Directors' Remuneration

In our opinion, the part of the Report on the Directors' Remuneration to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and, except for the matters reported in the section headed 'Material uncertainty related to going concern', we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group and company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

Independent Auditor's Report to the Members of PZ Cussons plc continued

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit and Risk Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of directors for financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the consumer protection regulations, general product safety regulations and bribery acts, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006 and tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting journal entries to manipulate revenue and financial performance, and management bias within accounting estimates and judgements. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- challenging assumptions and judgements made by management in their significant accounting estimates, in particular around the trade promotions, uncertain tax positions, designation of loans as permanent as equity, valuation of pension liabilities and valuation of brands and goodwill
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations;
- discussions with the Audit and Risk Committee, management, internal audit and the in-house legal team including consideration of known or suspected instances of non-compliance with laws and regulation or fraud;
- reviewing minutes of meetings of those charged with governance throughout the year and post year end to identify any one off or unusual transactions;
- enquiring of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims; and
- in addressing the risk of fraud within promotional trade spend accruals, performing retrospective reviews of prior year positions; performing substantive testing over the accrual balance and agreeing to contracts; and considering whether post year end settlements support or contradict those judgements reached.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements and the part of the Report on the Directors' Remuneration to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit and Risk Committee, we were appointed by the members on 1 November 2023 to audit the financial statements for the year ended 31 May 2024 and subsequent financial periods. This is therefore our first year of uninterrupted engagement.

Other matter

The company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these financial statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R- 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditors' report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

Jonathan Studholme (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
18 September 2024

Consolidated Income Statement

For the year ended 31 May 2024

	Notes	2024 £m	2023 £m
Revenue	2	**527.9**	656.3
Cost of sales		**(396.8)**	(399.0)
Gross profit		**131.1**	257.3
Selling and distribution expense		**(82.8)**	(105.3)
Administrative expense		**(139.3)**	(99.8)
Share of results of joint venture	14	**7.3**	7.5
Operating (loss)/profit	2	**(83.7)**	59.7
Finance income		**12.2**	15.4
Finance expense		**(24.2)**	(13.3)
Net finance (expense)/income	6	**(12.0)**	2.1
Net monetary loss arising from hyperinflationary economies[3]		**(0.2)**	—
(Loss)/profit before taxation		**(95.9)**	61.8
Taxation	7	**24.1**	(15.4)
(Loss)/profit for the year[1]	4	**(71.8)**	46.4
Attributable to:			
Owners of the Parent		**(57.0)**	36.4
Non-controlling interests		**(14.8)**	10.0
		(71.8)	46.4

		pence	pence
(Loss)/earnings per share[1]			
Basic (p)	9	**(13.60)**	8.70
Diluted (p)[2]	9	**(13.60)**	8.67

1 Wholly derived from continuing operations.

2 In 2024, the basic and diluted loss per share are equal as a result of the Group incurring a loss for the year.

3 Represents the hyperinflation impact in relation to Ghana.

Consolidated Statement of Comprehensive Income

For the year ended 31 May 2024

	Notes	**2024 £m**	2023 £m
(Loss)/profit for the year		**(71.8)**	46.4
Other comprehensive (expense)/income			
Items that will not be reclassified subsequently to income statement			
Remeasurement loss on net retirement benefit surplus	23	**(6.8)**	(32.8)
Taxation on other comprehensive expense	21	**1.7**	7.4
Total items that will not be reclassified to income statement		**(5.1)**	(25.4)
Items that may be reclassified subsequently to income statement			
Exchange differences on translation of foreign operations[1]		**(69.4)**	(19.6)
Share of other comprehensive expense of joint venture accounted for using the equity method	14	**(20.0)**	(2.1)
Cash flow hedges- fair value movements net of amounts reclassified	19	**(0.6)**	0.4
Total items that may be subsequently reclassified to income statement		**(90.0)**	(21.3)
Other comprehensive expense for the year		**(95.1)**	(46.7)
Total comprehensive expense for the year		**(166.9)**	(0.3)
Attributable to:			
Owners of the Parent		**(133.3)**	(6.9)
Non-controlling interests		**(33.6)**	6.6
		(166.9)	(0.3)

1 Includes a hyperinflation adjustment of £4.3 million (2023: £nil) in relation to Ghana, net of £1.3 million deferred taxation.

Consolidated Balance Sheet

As at 31 May 2024

	Notes	2024 £m	2023 £m
Assets			
Non-current assets			
Goodwill and other intangible assets	10	**279.3**	312.7
Property, plant and equipment	11	**42.8**	67.9
Investment properties	12	**6.6**	6.4
Right-of-use assets	13	**10.2**	12.5
Net investment in joint venture	14	**—**	52.0
Trade and other receivables	17	**32.1**	—
Deferred tax assets	21	**22.2**	7.5
Current tax receivable		**0.6**	—
Retirement benefit surplus	23	**32.1**	38.5
		425.9	497.5
Current assets			
Inventories	16	**68.5**	112.9
Trade and other receivables	17	**99.0**	119.1
Derivative financial assets	19	**—**	1.0
Current taxation receivable		**0.2**	1.0
Current asset investments	19	**—**	0.5
Cash and cash equivalents	18	**51.3**	256.4
		219.0	490.9
Assets held for sale	15	**4.7**	—
		223.7	490.9
Total assets		**649.6**	988.4
Equity			
Share capital	24	**4.3**	4.3
Treasury shares	24	**(34.5)**	(36.9)
Capital redemption reserve		**0.7**	0.7
Hedging reserve	19	**(0.4)**	0.2
Currency translation reserve		**(159.6)**	(89.0)
Retained earnings		**425.3**	511.7
Other reserves		**6.5**	4.6
Attributable to owners of the Parent		**242.3**	395.6
Non-controlling interests		**(7.1)**	26.5
Total equity		**235.2**	422.1

To comply with the requirements of IAS 1 *Presentation of Financial Statements*, the full balances of investment properties have been restated to be presented separately on the face of the Consolidated Balance Sheet and in note 12. Previously, these were included within the property, plant and equipment balance.

	Notes	2024 £m	2023 £m
Liabilities			
Non-current liabilities			
Borrowings	18, 19	**160.3**	251.2
Trade and other payables	20	**2.6**	4.1
Lease liabilities	19	**9.7**	11.3
Deferred taxation liabilities	21	**39.8**	76.9
Retirement and other long-term employee benefit obligations	23	**12.2**	12.4
		224.6	355.9
Current liabilities			
Borrowings	18, 19	**6.3**	—
Trade and other payables	20	**158.7**	182.2
Lease liabilities	19	**2.4**	1.7
Derivative financial liabilities	19	**0.5**	0.5
Current taxation payable		**21.7**	25.6
Provisions	22	**0.2**	0.4
		189.8	210.4
Total liabilities		**414.4**	566.3
Total equity and liabilities		**649.6**	988.4

The Consolidated Financial Statements from pages 138 to 197 were approved by the Board of Directors and authorised for issue on 18 September 2024.

They were signed on its behalf by:

J Myers S Pollard
18 September 2024

PZ Cussons plc
Registered number 00019457

Consolidated Statement of Changes in Equity

For the year ended 31 May 2024

	Notes	Attributable to owners of the Parent								
	Notes	Share capital £m	Treasury shares £m	Capital redemption reserve £m	Hedging reserve[1] £m	Currency translation reserve[2] £m	Retained earnings £m	Other reserves[3] £m	Non-controlling interests[4] £m	Total £m
At 1 June 2022		4.3	(40.0)	0.7	(0.2)	(69.2)	528.5	2.9	21.9	448.9
Profit for the year		—	—	—	—	—	36.4	—	10.0	46.4
Transfer between reserves		—	—	—	—	(1.5)	1.5	—	—	—
Other comprehensive income/(expense)		—	—	—	0.4	(18.3)	(25.4)	—	(3.4)	(46.7)
Total comprehensive income/(expense) for the year		—	—	—	0.4	(19.8)	12.5	—	6.6	(0.3)
Transactions with owners:										
Ordinary dividends	8	—	—	—	—	—	(26.8)	—	—	(26.8)
Share-based payments		—	—	—	—	—	—	1.7	—	1.7
Shares issued from ESOT		—	3.1	—	—	—	(2.5)	—	—	0.6
Dividends relating to non-controlling interests, net of forfeitures		—	—	—	—	—	—	—	(2.0)	(2.0)
Total transactions with owners recognised directly in equity		—	3.1	—	—	—	(29.3)	1.7	(2.0)	(26.5)
At 31 May 2023		4.3	(36.9)	0.7	0.2	(89.0)	511.7	4.6	26.5	422.1
At 1 June 2023		**4.3**	**(36.9)**	**0.7**	**0.2**	**(89.0)**	**511.7**	**4.6**	**26.5**	**422.1**
Loss for the year		**—**	**—**	**—**	**—**	**—**	**(57.0)**	**—**	**(14.8)**	**(71.8)**
Other comprehensive expense		**—**	**—**	**—**	**(0.6)**	**(70.6)**	**(5.1)**	**—**	**(18.8)**	**(95.1)**
Total comprehensive expense for the year		**—**	**—**	**—**	**(0.6)**	**(70.6)**	**(62.1)**	**—**	**(33.6)**	**(166.9)**
Transactions with owners:										
Ordinary dividends	8	**—**	**—**	**—**	**—**	**—**	**(21.9)**	**—**	**—**	**(21.9)**
Share-based payments		**—**	**—**	**—**	**—**	**—**	**—**	**1.9**	**—**	**1.9**
Shares issued from ESOT		**—**	**2.4**	**—**	**—**	**—**	**(2.4)**	**—**	**—**	**—**
Total transactions with owners recognised directly in equity		**—**	**2.4**	**—**	**—**	**—**	**(24.3)**	**1.9**	**—**	**(20.0)**
At 31 May 2024		**4.3**	**(34.5)**	**0.7**	**(0.4)**	**(159.6)**	**425.3**	**6.5**	**(7.1)**	**235.2**

1 Reserve relates to continuing hedges.
2 Includes a hyperinflation adjustment in 2024 of £4.3 million in relation to Ghana.
3 Other reserves relate to the Group's share-based payment schemes.
4 Refer to note 28 for more details.

Consolidated Cash Flow Statement

For the year ended 31 May 2024

	Notes	2024 £m	2023 £m
Cash flows from operating activities			
Cash generated from operations	26	**47.7**	76.6
Interest paid		**(21.5)**	(11.8)
Taxation paid		**(13.3)**	(15.6)
Net cash generated from operating activities		**12.9**	49.2
Cash flows from investing activities			
Interest received		**9.0**	11.8
Purchase of property, plant and equipment and software	10,11	**(6.1)**	(6.7)
Proceeds from disposal of plant, property and equipment		**0.8**	14.4
Loans advanced to joint venture		**(4.0)**	(11.2)
Loan repayments from joint venture		**12.7**	11.2
Net cash generated from/(used in) investing activities		**12.4**	19.5
Cash flows from financing activities			
Dividends paid to Company shareholders	8	**(21.9)**	(26.8)
Dividends paid to non-controlling interests		**—**	(2.6)
Repayment of lease liabilities		**(2.4)**	(2.5)
Repayment of borrowings		**(206.0)**	(205.0)
Proceeds from borrowings		**121.4**	283.0
Financing fees paid on committed credit facility		**(0.8)**	(2.8)
Net cash (used in)/generated from financing activities		**(109.7)**	43.3
Net (decrease)/increase in cash and cash equivalents		**(84.4)**	112.0
Effect of foreign exchange rates		**(120.7)**	(19.3)
Cash and cash equivalents at the beginning of the year		**256.4**	163.7
Cash and cash equivalents at the end of the year	18	**51.3**	256.4

Notes to the Consolidated Financial Statements continued

Year ended 31 May 2024

GENERAL INFORMATION

PZ Cussons plc is a public limited company registered in England and Wales which is listed on the London Stock Exchange and is domiciled and incorporated in the UK under the Companies Act 2006. The address of the registered office is given on page 211. PZ Cussons plc is the parent company and ultimate parent of the Group.

The principal activities of the Group are the manufacturing and distribution of hygiene, baby and beauty products.

These Consolidated Financial Statements are presented in Pounds Sterling (GBP) and, unless otherwise indicated, have been presented in £ million to one decimal place.

1. ACCOUNTING POLICIES

The Consolidated Financial Statements are prepared in accordance with UK-adopted International Accounting Standards including interpretations issued by the IFRS Interpretations Committee and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments) – measured at fair value,
- Defined benefit pension plans – plan assets measured at fair value, and
- Hyperinflationary accounting in Ghana.

The preparation of financial statements, in conformity with IFRSs, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Although these estimates are based on management's best knowledge of the amounts, events or actions, actual results may ultimately differ from those estimates. Key sources of estimation uncertainty are described on pages 157 to 158.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the Group, liquidity position and available borrowing facilities are described within the Financial Review. In addition, note 19 of the Consolidated Financial Statements includes policies in relation to the Group's financial instruments and risk management and policies for managing credit risk, liquidity risk, market risk, foreign exchange risk, price risk, cash flow and interest rate risk and capital risk.

The Group meets its funding requirements through internal cash generation and borrowings. Borrowings are amounts drawn under both committed and uncommitted borrowing facilities. The Group has a £325.0 million committed credit facility which is available for general corporate purposes. As at 31 May 2024, the Group had headroom on the committed facility of £164.0 million and net debt of £115.3 million comprising cash of £51.3 million and borrowings of £166.6 million.

In assessing going concern, the Group has prepared both base case and severe but plausible cash flow forecasts for a period of 18 months until the end of November 2026 (the "going concern review period"), which is at least 12 months from the date of approval of the financial statements. The Group's base case forecasts are based on the Board-approved budget and the first year of the current five-year plan, and indicate forecasted continued compliance with its banking covenants and sufficient liquidity throughout the going concern review period.

The Directors have considered a severe but plausible downside scenario (excluding the uncertainty regarding the Nigerian Naira) which models the following assumptions:

- 5% reduction in Group revenue; and
- Group gross margin decline of 200bps.

This downside scenario also shows both continued compliance with its banking covenants and sufficient liquidity throughout the going concern review period.

However, over the past year there have been significant fluctuations in the Naira exchange rate which, due to the size of the Group's operations in Nigeria, needs to be considered as part of our going concern assessment. The Directors have therefore considered an additional severe but plausible downside Naira exchange rate scenario to stress test the Group's financial forecasts, using a Naira exchange rate decline of greater than 10% from the rate as at the start of September 2024. This unmitigated downside scenario shows a potential breach of the interest cover financial covenant as at 29 November 2024 which if management mitigation actions proved insufficient, would result in the Group needing to negotiate a waiver of its interest cover covenant to ensure the business meets its borrowing facility obligations over the going concern review period as the committed credit facility may become repayable on demand. The Directors are satisfied that this unmitigated downside scenario does not potentially breach any of the Group's other financial covenants.

Management consider there to be significant and feasible mitigations in place. These include both short-term and structural cost reductions, as well as the potential disposal of non-core, non-operating assets. Although management acknowledges that certain of these mitigations are outside their control in the very short term, a number of these mitigating actions are already underway.

The Group is currently engaged in a process to sell its St.Tropez brand and is exploring potential transactions that could lead to a partial or full sale of its Africa business, having received a number of expressions of interest. A partial or full sale of the Group's Africa business could materially reduce the Group's exposure to fluctuations in the Naira exchange rate. The Board has committed to using any proceeds from these transactions to first reduce gross borrowings, and consequently the level of the Group's net interest cost.

After reviewing the current liquidity position, financial forecasts, stress testing of potential risks and considering the uncertainties described above, and based on the current funding facilities, the Directors expect the Group to have the financial resources to continue to operate the business for the foreseeable future. For these reasons, the Directors continue to adopt the going concern basis of accounting in preparing the Group financial statements. However, should management mitigations prove insufficient, the impact of Naira exchange rate volatility on forecast interest cover covenant compliance represents a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

(a) New and amended accounting standards adopted by the Group

The following amended standards and interpretations were adopted by the Group during the year ending 31 May 2024:

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 *Income Taxes*)
- Disclosure of Accounting Policies (Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*)
- IFRS 17 *Insurance Contracts.*

These amended standards and interpretations have not had a significant impact on the Consolidated Financial Statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendment to IAS 12 narrows the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences such as leases.

The Group previously accounted for deferred taxation on leases where the deferred taxation asset and liability was recognised on a net basis. Following the amendments, the Group has recognised a separate deferred taxation asset in relation to its lease liabilities and a deferred taxation liability in relation to its right-of-use assets. However, there is no impact on the Consolidated Balance Sheet because the balances qualify for offset under paragraph 74 of IAS 12. There was no impact on the opening retained earnings as at 1 June 2023 as a result of the change.

The policy for recognising and measuring income taxes is consistent with that applied in the comparative years except for the changes outlined above as a result of the Group's adoption of the amendments to IAS 12.

On 23 May 2023, the International Accounting Standards Board issued International Tax Reform Pillar Two Model Rules- Amendments to IAS 12. The Group has applied the mandatory temporary exception to the accounting for deferred taxation arising from the jurisdictional implementation of the Pillar Two rules set out therein

(b) New accounting standards and interpretations in issue but not yet effective

The following new and amended standards are effective for annual periods beginning on or after 1 January 2024. The Group has not early adopted the new or amended standards, where applicable, in preparing these Consolidated Financial Statements.

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1 *Presentation of financial statements*)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16 *Leases*)
- Supplier financing arrangements (Amendments to IAS 7 S*tatement of cash flows* and IFRS 7 *Financial instruments*)
- Lack of exchangeability (Amendments to IAS 21 *The effects of changes in foreign exchange rates*)
- IFRS 18 *Presentation and Disclosure in Financial Statements*
- Amendment to IFRS 9 and IFRS 7 (Classification and Measurement of Financial Instruments).

These amendments are not expected to have a material impact on the Group in the current or future reporting periods, except for the amendments of IAS 21 which may have a material impact on the financial position or performance of the Group, but this impact cannot currently be estimated reliably due to the uncertainty linked to the Nigerian Naira.

Notes to the Consolidated Financial Statements continued

Year ended 31 May 2024

1. ACCOUNTING POLICIES CONTINUED

(c) Presentation changes

The following changes have been made to the presentation of the Group's Consolidated Financial Statements:

- In accordance with IAS 1 *Presentation of Financial Statements,* investment properties are presented separately on the face of the Consolidated Balance Sheet and in note 12, rather than being presented within property, plant and equipment. The impact on the opening balances of the 2023 comparatives is a reduction of £7.2 million from the cost of property, plant and equipment, representing the investment property balances previously included in property, plant and equipment.
- Share of other comprehensive income of joint venture is presented separately on the face of the Statement of Other Comprehensive Income.
- Non-mandatory disclosures or disclosures of immaterial balances have been removed (note 4).

These presentation changes have no impact on the accounting policies adopted by the Group.

(d) Accounting policies

Basis of consolidation

The Consolidated Financial Statements incorporate the financial statements of PZ Cussons plc and entities controlled by PZ Cussons plc (its subsidiaries) made up to 31 May each year. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the financial and operational policies of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Any resulting gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

The total profits or losses of subsidiaries are included in the Consolidated Income Statement and the interest of non-controlling interests is stated as the non-controlling interest's proportion of the fair values of the assets and liabilities recognised. Comprehensive income attributable to the non-controlling interests is attributed to the non-controlling interests even if this results in the non-controlling interests recognising a deficit balance.

The interest of non-controlling interests in the acquiree is initially measured at the non-controlling interest's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised. Where non-controlling interests are acquired, the excess of cost over the value of the non-controlling interest acquired is recorded in equity.

Where necessary, the financial statements of subsidiaries are adjusted to conform to the Group's accounting policies. Intra-group transactions and balances, and any unrealised gains or losses on transactions between Group companies are eliminated on consolidation.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 *Business Combinations* are, with limited exceptions, recognised at their fair values at the acquisition date.

Where acquisitions are achieved in stages, commonly referred to as 'stepped acquisitions', and result in control being obtained by the Group as part of a transaction, the Group re-assesses the fair value of any existing investment as part of determining the fair value of consideration. In determining the fair value of the Group's existing interest, reference is given to the fair value of consideration paid to increase the Group's interest in the existing investment as well as considering the specific fair values of assets and liabilities transferred to gain control. Any increase or impairment of the Group's existing investment is credited/charged to the Consolidated Income Statement.

Goodwill arising on a business combination represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill arising on the acquisition of a subsidiary is separately presented on the Group's balance sheet.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the Consolidated Income Statement.

Goodwill is subsequently measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually, or more frequently if there are indicators of impairment. The method used for impairment testing is to allocate goodwill to appropriate cash-generating units (CGUs) based on the smallest identifiable group of assets that generate independent cash inflows, and to estimate the recoverable amounts of the CGUs as the higher of the asset's fair values less costs of disposal and the value-in-use. For the purposes of goodwill impairment testing, goodwill related to each of the Beauty brands is aggregated together into the Beauty CGU as this is manner in which the core assets are used to generate cash flows and is the lowest level at whch goodwill is monitored by management. An impairment arises if the recoverable amount of the CGU is less than the carrying amount, in which case the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. Impairment losses recognised for goodwill cannot be reversed in a subsequent period. On disposal of a subsidiary or an equity method investment, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Notes to the Consolidated Financial Statements continued

Year ended 31 May 2024

1. ACCOUNTING POLICIES CONTINUED

Investments in joint ventures

Under IFRS 11 *Joint Arrangements*, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Interests in joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income.

When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint ventures. At each reporting date, the Group determines whether there is objective evidence that the investment in joint ventures is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss within 'Share of results of joint venture' in the Consolidated Income Statement.

Revenue

Revenue comprises sales of goods after the deduction of discounts, trade spend, rebates and sales-related taxes. It does not include intra-group sales. Trade promotions, which consist primarily of customer pricing allowances, placement/listing fees and promotional allowances, are governed by agreements with our trade customers (retailers and distributors).

Discounts can either be immediately deducted from the sales value on the invoice or settled later through credit notes. Rebates are generally in the form of credit notes. Amounts provided for discounts payable at the end of a period require estimation; historical data and accumulated experience is used to estimate the provision using the most likely amount method and in most cases the discount can be estimated with a high level of accuracy using known facts. These amounts are reported within Trade and other payables. Any differences between actual amounts settled and the amounts provided are not material and recognised in the subsequent reporting period.

Customer contracts generally contain a single performance obligation and revenue is recognised when control of the products has transferred to our customer as there are no longer any unfulfilled obligations to the customer. This is generally on delivery to the customer but depending on specific customer terms, this can be at the time of dispatch, delivery or upon formal customer acceptance. This is considered the appropriate point where the performance obligations in our contracts are satisfied as the Group no longer has control over the inventory. Estimating the amount of variable consideration associated with discounts and assessing whether other consideration payable to customers (e.g. marketing investment payments) represents payment for a distinct good or service require a degree of estimation and judgement applied by management.

Trade promotions

The Group provides for amounts payable to trade customers for promotional activity. Where a promotional activity spans across the year-end, an accrual is reflected in the Consolidated Financial Statements based on our expectation of customer and consumer uptake during the promotional period and the extent to which temporary promotional activity has occurred.

Where promotions, rebates or discounts give rise to variable consideration, the Group accounts for this by using the 'most likely amount' method and this is generally estimated using known facts with a high degree of accuracy. Revenue is constrained to the extent that variable consideration has been taken into account for the period and that no reversal in consideration is expected.

Foreign currencies

The financial statements of each Group entity are prepared in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the Consolidated Financial Statements, the results and financial position of each entity are presented in Pounds Sterling, which is the functional currency of the Company, and the presentational currency for the Consolidated Financial Statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the actual rate of exchange prevailing on the dates of the transactions, or at average rates of exchange if they represent a suitable approximation to the actual rate. At each balance sheet date, monetary assets and liabilities denominated in currencies other than the functional currency of the local entity are translated at the appropriate rates prevailing on the balance sheet date. Foreign exchange gains and losses arising from the settlement of these transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Income Statement except when deferred in equity as qualifying hedges or permanent as equity balances.

In preparing the Consolidated Financial Statements, the balances in individual Group companies are translated from their functional currency into the Group reporting currency (Pounds Sterling). Apart from the financial statements of Group companies in hyperinflationary economies (see below), the income statement, the cash flow statement and all other movements in assets and liabilities are translated at average exchange rates for the year as a proxy for the transaction rate, or at the transaction rate itself if more appropriate. Assets and liabilities are translated at year-end exchange rates. Cumulative foreign currency translation differences arising on the translation and consolidation of foreign operations' income statements and balance sheets denominated in foreign currencies are recorded as a separate component of equity.

To determine the existence of hyperinflation, the Group assesses the qualitative and quantitative characteristics of the economic environment of the country, such as the cumulative inflation rate over the previous three years. The financial statements of a Group company whose functional currency is that of a hyperinflationary economy are adjusted for inflation and then translated into Pounds Sterling using the balance sheet exchange rate. See further details below.

On disposal of a foreign operation the cumulative translation differences will be transferred to the income statement in the period of the disposal as part of the gain or loss on disposal. Repayments of permanent as equity balances are not considered full or partial disposals, since the parent company continues to own the same percentage of the subsidiary and as a result there is no recycling of exchange differences from other comprehensive income to the Consolidated Income Statement.

Hyperinflationary economies

Ghana was designated as a hyperinflationary economy from 1 December 2023. As a result, IAS 29 *Financial Reporting in Hyperinflationary Economies* has been applied from 1 June 2023 to the Group's Ghanaian subsidiary undertaking. The application of IAS 29 includes:

- adjustment to historical cost non-monetary assets and liabilities for the change in purchasing power caused by inflation from the date of initial recognition to the current balance sheet date;
- adjustment to the income statement for inflation during the current reporting period;
- translation of income statement at the period-end foreign exchange rate instead of an average rate; and
- adjustment to the income statement to reflect the impact of inflation and exchange rate movement on holding monetary assets and liabilities in local currency.

The Ghanaian Combined Consumer Price Index (CPI) was 220.0% at 31 May 2024 (31 May 2023: 178.7%). The cumulative effect arising from the restatement of the opening non-monetary items is recognised in other comprehensive income. This impact for the year ended 31 May 2024 was £4.3 million (2023: £nil). The application of IAS 29 has resulted in a £3.7 million increase of total assets, a £0.6 million increase in the operating loss and the recognition of a £0.2 million monetary loss for the year ended 31 May 2024. The comparative information in the Consolidated Financial Statements is not restated as it is presented in a stable currency (Pounds Sterling).

Finance income

Finance income includes interest receivable on cash and cash equivalents, interest receivable on loans to joint venture, net finance income in relation to defined benefit pension schemes, finance income in relation to leases and the change in the fair value of deferred consideration on business combinations.

Finance expense

Finance expense includes interest expense in relation to financial liabilities (which includes the unwind of the discount rate applied to lease liabilities), finance expense on defined benefit pension schemes, amortisation of fees incurred in arranging financing and the change in the fair value of deferred purchase consideration on business combinations.

Notes to the Consolidated Financial Statements continued

Year ended 31 May 2024

1. ACCOUNTING POLICIES CONTINUED

Adjusting items

Adjusting items are material in value or related to significant one-off changes in the structure or value of the business. Certain adjusting items may be recognised across multiple years if, for example, they are deemed to be part of a significant transformation project which would not be expected to recur. Such projects are required to be agreed upfront with a clear scope, timeline and budget. The Directors apply judgement in assessing the presentation of such items as adjusting items.

The Directors believe that the separate disclosure of these items is relevant to an understanding of the Group's financial performance by providing an alternative and meaningful basis upon which to analyse underlying business performance and make year-on-year comparisons. The same measures are used by management for planning, budgeting and reporting purposes and for the internal assessment of operating performance across the Group.

These alternative performance measures should be viewed as supplemental to, but not as a substitute for, measures presented in the consolidated financial information relating to the Group, which are prepared in accordance with IFRS. Further, they may not be comparable with similarly titled measures reported by other companies due to differences in the way they are calculated.

Taxation

Taxation on the profit or loss for the year comprises current and deferred taxation. Taxation is recognised in the Consolidated Income Statement except to the extent that it relates to items recognised in other comprehensive income, in which case it is recognised within that statement.

Current taxation is the expected taxation payable on the taxable income for the year, using taxation rates enacted or substantively enacted at the financial year-end date, and any adjustment to taxation payable in respect of previous years.

Deferred taxation is provided on temporary differences between the carrying amounts of assets and liabilities recognised for financial reporting purposes and the amounts used for taxation purposes, on an undiscounted basis. The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities, using taxation rates enacted or substantively enacted at the financial year-end date.

Deferred taxation liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

In the year ending 31 May 2024, the Group has adopted the amendment to IAS 12- Deferred Tax related to Assets and Liabilities arising from a Single Transaction amendments, which narrows the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences such as leases. The Group previously accounted for deferred taxation on leases where the deferred taxation asset or liability was recognised on a net basis. Following the amendments, the Group has recognised a separate deferred taxation asset in relation to its lease liabilities and a deferred taxation liability in relation to its right-of-use assets. However, there is no impact on the balance sheet because the balances qualify for offset under paragraph 74 of IAS 12. There was no impact on the opening retained earnings as at 1 June 2023 as a result of the change.

On 23 May 2023, the International Accounting Standards Board issued International Tax Reform Pillar Two Model Rules- Amendments to IAS 12. The Group has applied the mandatory temporary exception to the accounting for deferred taxation arising from the jurisdictional implementation of the Pillar Two rules set out therein.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to offset current taxation assets against current taxation liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current taxation liabilities on a net basis.

A deferred taxation asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The Group maintains adequate provisions for potential liabilities that may arise from periods that remain open and not yet agreed by tax authorities. The ultimate liability for such matters may vary from the amounts provided and is dependent upon the outcome of agreements with relevant tax authorities. In assessing uncertain tax treatments, management is required to make judgements in determination of the facts and circumstances in respect of the tax position taken, together with estimates of amounts that may be required to be paid in ultimate settlement with the tax authorities. As the Group operates in a multinational tax environment, the nature of the uncertain tax positions is often complex and subject to change. Original estimates are refined as and when additional information becomes known.

Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment with the exception of freehold land which is shown at cost less accumulated impairment. Except for freehold land and assets in the course of construction, the cost of property, plant and equipment is depreciated on a straight-line basis over the period of the expected useful life of the asset. For this purpose, expected lives are determined within the following limits:

Freehold buildings at rates not less than	2% per annum
Plant and machinery not less than	8% per annum
Fixtures, fittings and vehicles not less than	20% per annum

In the case of major projects, depreciation is provided from the date the project is brought into use.

An asset is derecognised from the Consolidated Balance Sheet when it is sold or retired and no future economic benefits are expected from that asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Consolidated Income Statement when the asset is derecognised.

Residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Property, plant and equipment that has been impaired is reviewed for possible reversal of the impairment at each subsequent balance sheet date.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the value that would have been determined had an impairment loss not been recognised in prior years. Impairment loss or reversal of impairment is recognised in the Consolidated Income Statement as part of administrative expense.

Investment properties

On acquisition, an investment property is initially recognised at cost. Investment property is subsequently recognised at cost less accumulated impairment and is presented as a separate line on the Consolidated Balance Sheet. Gains or losses on disposal are recognised within administrative expenses in the Consolidated Income Statement.

Other intangible assets

Other intangible assets comprise brands and software.

Brands

An acquired brand is only recognised on the Consolidated Balance Sheet where it is supported by a registered trademark, where brand earnings are separately identifiable or the brand could be sold separately from the rest of the business. Brands acquired as part of a business combination are recorded in the Consolidated Balance Sheet at fair value at the date of acquisition. Trademarks, patents and purchased brands are recorded at cost less accumulated impairment.

The Directors believe that acquired brands have indefinite lives because, having considered all relevant factors, there is no foreseeable limit to the period over which the brands are expected to generate net cash inflows for the Group. Further, the Directors have the intention and the ability to maintain the brands. In forming this conclusion the Directors have not taken into consideration planned future expenditure in excess of that required to maintain the asset at that standard of performance.

In accordance with IAS 36 *Impairment of Assets*, as the brands have indefinite lives they are tested for impairment annually, and more frequently where there is an indication that the asset may be impaired. The method used for impairment testing is similar to that used for goodwill whereby the brand is allocated to a CGU based on the smallest identifiable group of assets that generate independent cash inflows. The recoverable amount of the CGU is determined as the higher of the asset's fair value less costs of disposal and the value-in-use. An impairment arises if the recoverable amount of the CGU is less than the carrying amount. Any impairment is recognised immediately in the Consolidated Income Statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Consolidated Income Statement.

Notes to the Consolidated Financial Statements continued

Year ended 31 May 2024

1. ACCOUNTING POLICIES CONTINUED

Software

Expenditure on research activities is recognised in the Consolidated Income Statement as an expense as incurred. Expenditure on development activities directly attributable to the design and testing of identifiable software products and systems are capitalised if the product or systems meet the following criteria:

- The completion of the development is technically and commercially feasible to complete,
- Adequate technical resources are sufficiently available to complete development,
- It can be demonstrated that future economic benefits are probable, and
- The expenditure attributable to the development can be measured reliably.

Development activities involve a plan or design for the production of new or substantially improved products or systems. Directly attributable costs that are capitalised as part of the software product or system include employee costs. Other development expenditures that do not meet these criteria as well as ongoing maintenance costs are recognised as an expense as incurred. Development costs for software are carried at cost less accumulated amortisation and are amortised on a straight-line basis over their useful lives (not exceeding ten years) at the point at which they come into use.

Leases

Lessee accounting

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases and leases of low-value assets where the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease. The use of these exemptions does not have a material impact.

Right-of-use assets

At commencement date, right-of-use assets are measured at cost, which comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs.

After initial recognition right-of-use assets are depreciated on a straight-line basis over the shorter period of lease term and useful life of the underlying asset. They are also assessed for impairment where indicators of impairment exist.

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments, excluding those paid at the commencement date, discounted at the rate implicit in the lease, or if that cannot be readily determined, at the Group's incremental borrowing rate specific to the term, country, currency and start date of the lease. Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in substance fixed payments), less any lease incentives receivable,
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date,
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. Variable lease payments that do not depend on an index or rate are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

The carrying value of the lease liability is subsequently increased to reflect interest on the lease liability and reduced by the lease payment made. The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. Lease liabilities are presented as a separate line in the Consolidated Balance Sheet, within current and non-current liabilities.

As a practical expedient, IFRS 16 *Leases* permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

Lessor accounting

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case the lease is a classified as a finance lease, otherwise as an operating lease.

Operating leases

If a lease is classified as an operating lease, the Group does not derecognise the underlying asset from its balance sheet and continues to recognise depreciation and impairment losses on the asset.

Rental income arising from operating leases is accounted for on a straight-line basis over the lease term and is included in administrative expense in the Consolidated Income Statement.

Finance Leases

If a lease is classified as a finance lease, the Group derecognises the underlying asset from its balance sheet and recognises a lease receivable at an amount equal to the net investment in the lease. The net investment in the lease is the present value of the lease payments and any unguaranteed residual value of the underlying asset, discounted at the interest rate implicit in the lease. The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the net investment in the lease. The Group presents the lease receivable in Trade and other receivables on the Consolidated Balance Sheet.

Inventories

Inventories are stated at the lower of cost and estimated net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated based on standard costs based on normal operating conditions with price and usage variances apportioned using the periodic unit pricing method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Where net realisable value is lower than cost, provision for impairment is made which is charged to cost of sales in the Consolidated Income Statement.

Assets held for sale

Non-current assets and groups of assets and liabilities which comprise disposal groups are classified as 'held for sale' when their carrying amount will be recoverable principally through a sale transaction rather than through continuing use. To be classified as a 'held for sale' asset or disposal group, the sale must be highly probable and the assets must be available for sale immediately in their present condition. In addition, all of the following criteria must also be met:

- Management is committed to the plan to sell;
- The assets are being actively marketed;
- Actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn; and
- A sale has been agreed or is expected to be concluded within 12 months of the balance sheet date.

Immediately prior to classification as held for sale, the value of the assets or groups of assets is remeasured in accordance with the requirements of IFRS 5 *Non-current Assets Held for Sale and Discontinued Items*. Subsequently, assets and disposal groups classified as held for sale are measured at the lower of book value or fair value less disposal costs. Assets held for sale are neither depreciated nor amortised.

Cash, cash equivalents and bank overdrafts

Cash and cash equivalents include cash at bank and in hand, call and short-term deposits and other highly liquid investments with original maturities of three months or less which are readily convertible into known amounts of cash and insignificant risk of changes in value.

Bank overdrafts are repayable on demand and form part of the Group's cash management arrangements.

Notes to the Consolidated Financial Statements continued

Year ended 31 May 2024

1. ACCOUNTING POLICIES CONTINUED

Financial instruments

Financial assets and financial liabilities are recognised on the Consolidated Balance Sheet when the Group becomes a party to the contractual provisions of the instrument.

Derivative financial instruments

The Group uses derivative financial instruments such as forward foreign exchange contracts and interest rate caps to manage its exposures to risks associated with foreign currency and interest rate fluctuations. These instruments are measured at fair value. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the Consolidated Income Statement.

Derivatives designated as cash flow hedges

Derivatives designated as the hedging instruments are classified at inception of hedge relationship as cash flow hedges. There are no fair value hedges or net investment hedges in the Group.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in the hedging reserve. Ineffective portions are recognised in profit or loss immediately.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised. For all other transactions, the amounts accumulated in the hedging reserve are recycled to the Consolidated Income Statement in the period (or periods) when the hedged item affects the Consolidated Income Statement.

Financial assets

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Group's financial assets subsequently measured at either amortised cost or fair value through profit or loss, depending on their classification.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(a) Trade receivables

Trade and other receivables are initially measured at transaction price, and subsequently at amortised cost. The amortised cost for trade and other receivables is generally equivalent to the invoiced amount less allowance for expected credit losses (ECL). The ECL is based on the difference between the contractual cash flows due in accordance with the contract and the present value of all the cash flows that the Group expects to receive. The Group has elected to use the simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECLs at each reporting date (i.e. the expected credit losses that will result from all possible default events over the expected life of the financial instrument). The Group has applied the practical expedient to calculate ECLs using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Trade receivables are fully impaired and subsequently written off when all possible routes through which amounts can be recovered have been exhausted. The Group recognises any impairment gain or loss in the Consolidated Income Statement with a corresponding adjustment to the financial asset's carrying amount through a loss allowance account.

(b) Loans to joint ventures

The Group's loans to the joint venture (presented in the Consolidated Balance Sheet as part of the 'net investment in joint ventures') are measured initially at fair value and is subsequently held at amortised cost less an ECL allowance. The loans are assessed for an ECL allowance as follows:

- Where there has been a significant increase in credit risk since initial recognition – the Group measures ECL based on lifetime ECLs i.e. all credit losses expected from possible default events over the remaining life of the loan, irrespective of the timing of the default.
- Where there has not been a significant increase in credit risk since initial recognition – the Group measures the loss allowance at an amount equal to 12-month ECL i.e. the portion of lifetime ECL that is expected to result from default events on the loan that are possible within 12 months after the reporting date.

In assessing whether the credit risk has increased significantly on the loan to the joint venture since initial recognition, the Group compares the risk of a default occurring on the loan at the reporting date with the risk of a default occurring on the loan at the date of initial recognition. In making this assessment, the Group considers, in particular, the financial and operational performance of a joint venture, changes to the financial forecasts or increases in credit risk on other receivables. Any associated loss allowance related to loans to joint ventures is recorded in administration expense in the Consolidated Income Statement.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

(a) Interest bearing loans and borrowings

Interest-bearing bank loans, borrowings and overdrafts are initially recorded at fair value, net of directly related fees, and are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses arising on the repurchase, settlement or other cancellation of interest-bearing loans and borrowings are recognised in finance income and finance costs, respectively.

(b) Trade payables

Trade payables are initially recognised at fair value, normally being the invoiced amounts, and subsequently measured at amortised cost, using the effective interest rate method.

(c) Trade payables under vendor financing arrangements

The Group may from time to time enter into arrangements with a bank or banking partners under which the bank offers vendors the option to receive early settlement of its trade receivables. Vendors using such arrangement pay a fee to the bank. The Group does not pay any fees and does not provide any additional collateral or guarantee to the bank. Based on the Group's assessment the liabilities under the vendor advance arrangement are closely related to operating purchase activities with no significant change in the nature or function of the liabilities. These liabilities are therefore classified as trade payables with separate disclosures in the notes to the Consolidated Financial Statements. The credit period does not exceed 12 months and are not discounted. As at the reporting date, trade payables under vendor financing arrangements were £nil (2023: £nil), see note 20.

Notes to the Consolidated Financial Statements continued

Year ended 31 May 2024

1. ACCOUNTING POLICIES CONTINUED

Share capital and reserves

(a) Treasury shares

When shares recognised as equity are repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a charge to equity. Repurchased shares are classified as treasury shares and are presented as a deduction from equity attributable to Company's equity holders. When Treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity attributable to Company's equity holders.

(b) Reserves

The types of reserves presented in the consolidated statement of changes in equity are:

- Capital redemption reserve: Includes amounts in respect of the redemption of certain of the Company's ordinary shares.
- Hedging reserve: Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised in the hedging reserve through other comprehensive income.
- Currency translation reserve: The currency translation reserve recognises the cumulative effect of foreign exchange differences arising on translation of the Group's overseas operations from their local functional currency to the Group's presentational currency.

Retirement benefit and similar obligations

The Group operates retirement benefit schemes in the UK and for certain overseas operations. In the UK, these comprise defined benefit schemes, each of which was closed to future accrual on 31 May 2008, and defined contribution schemes. Overseas schemes are predominantly defined contribution schemes, with the exception of PZ Cussons Indonesia, which operates a defined benefit scheme.

The Group accounts for its defined benefit schemes under IAS 19 *Employee Benefits*. The deficit/surplus of the defined benefit pension schemes is recognised in the Consolidated Balance Sheet (with surpluses only recognised to the extent that the Group has an unconditional right to a refund) and represents the difference between the fair value of the plan assets and the present value of the defined benefit obligation at the balance sheet date. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. Pension charges/income recognised in the Consolidated Income Statement consists of administration charges for the scheme, past service costs and a cost/income based on the net interest expense/income on net pension scheme liabilities/surpluses. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset. Past service cost is recognised in profit or loss when the plan amendment or curtailment occurs, or when the Group recognises related restructuring costs or termination benefits, if earlier. Remeasurements comprising actuarial gains and losses, the effect of the asset ceiling and the return on plan assets (excluding interest) are included directly in other comprehensive income. Payments to defined contribution retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contributions.

Share-based payments

The Group operates a number of long-term incentive schemes which provide share awards to Executive Directors and certain senior employees. The Group also operates a Share Incentive Plan (SIP) scheme which is open to UK employees.

The awards under these plans are measured at the fair value at the date of grant and are expensed over the vesting period based on the expected outcome of the performance, where they apply, and service conditions. At each balance sheet date, the estimate of the number of awards that are expected to vest is assessed, and the impact of the revision, if any, is recognised in the Consolidated Income Statement, with a corresponding adjustment to equity.

Dividend distributions

Dividend distributions which are subject to shareholder approval are recognised as a liability in the period in which the approval is given. Interim dividends, which do not require shareholder approval, are recognised when paid.

Consideration of climate change

In preparing the Consolidated Financial Statements, management have considered the impact of climate change, particularly in the context of the risks identified in the TCFD disclosures on pages 38 to 41. There has been no material impact identified on the financial reporting judgements and estimates. In particular, management considered the impact of climate change in respect of the following areas:

- Assessment of impairment of goodwill, other intangibles and tangible assets
- Assessment of impairment of financial assets
- Going concern and viability disclosures
- Impact on useful economic lives of assets
- Preparation of budgets and cash flow forecasts.

Given the low value of short to medium-term risk to these areas assessed in the TCFD report, no climate change related impact was identified.

The viability assessment on pages 51 to 53 includes an assessment of severe but plausible scenarios, including climate change risks, with the potential to impact future performance but none of these are considered likely to give rise to a trading deterioration of the magnitude indicated by the stress testing or to threaten the viability of the business over the five-year assessment period. Management are, however, aware of the changing nature of risks associated with climate change and will regularly assess these risks against judgements and estimates made in preparation of the Consolidated Financial Statements.

Accounting estimates and judgements

The Group's material accounting policies under IFRS have been set by management with the approval of the Audit and Risk Committee. The application of these policies requires management to make assumptions and estimates about future events. The resulting accounting estimates will, by definition, differ from the actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

Pensions

The cost of defined benefit pension schemes and the present value of the pension obligation are determined using actuarial assumptions in those valuations. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Significant differences in actual experience or significant changes in key assumptions could affect the retirement benefit surplus/obligations and the net interest expense. In determining the discount rate, management considers the interest rates of corporate bonds with at least an 'AA' rating or above and having terms to maturity approximating to the terms of the related pension obligation to be appropriate. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

See note 23 for details of key estimates and assumptions applied in valuing the pension schemes.

Current taxation

Current taxation liabilities/assets relate to the expected amount of taxation to be paid/received as a result of the operating performance of the Group's entities. In calculating the appropriate taxation charge, assumptions and judgements are made regarding application and interpretation of local laws.

In situations where tax impacts are subject to uncertain treatment, interpretation of local rule or regulation, or otherwise remain to be agreed with relevant tax authorities, an estimate of any resulting financial impact may be recorded in the Consolidated Financial Statements. Any such management estimates are made in accordance with IFRS requirements, including IAS 12 *Income Taxes* and IFRIC 23 *Uncertainty over Income Tax Treatments* when considering income tax and IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* in relation to non-income taxes. Due to the uncertainty associated with such tax items, there is a possibility that on conclusion of open tax matters at a future date, the final outcome may differ significantly from the original amounts recorded. Where the eventual taxation paid or reclaimed is different to the amounts originally estimated, the difference will be charged or credited to the income statement in the period in which it is determined.

Included within the current taxation liability of the Group are current taxation estimates with net carrying values as at 31 May 2024 of £24.7 million (2023: £25.2 million), of which £23.2 million (2023: £20.1 million) relates to a single estimate arising due to a difference in technical standpoint between PZ Cussons plc and a tax authority on a subjective and complex piece of legislation. Due to the known difference in technical standpoint, this potential taxation liability has been provided for in full as the range of possible outcomes could be a liability up to the full value of the provided amount, however the potential future settlement remains a cash risk.

In addition to the provision items indicated above, as at 31 May 2024 the Group had further contingent taxation liabilities of £14.4 million (2023: £7.8 million) and contingent assets of £1.2 million (2023: £2.2 million). The in-year increase in contingent liabilities is primarily related to a recent overseas court verdict that found against the Group, which is expected to be appealed, and the possible cross-over risk into later years. Other primary risks include the historical impact of licencing arrangements and more speculative claims made by overseas tax authorities, with external third-party opinions supporting the recognition of such items as having less than a probable risk of crystallisation. Although having a lower probability of a material financial impact. Such positions have been disclosed as contingent assets/liabilities in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets.*

Deferred taxation assets

Deferred taxation is provided on temporary differences between the carrying amounts of assets and liabilities recognised for financial reporting purposes and the amounts used for taxation purposes, on an undiscounted basis. The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities, using tax rates enacted or substantively enacted at the financial year-end date.

A deferred taxation asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred taxation assets are recognised for unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be used. At 31 May 2024, the Group recorded a deferred taxation asset of £36.8 million (2023: £3.6 million) on recognised but unused tax losses; the increase being largely due to FX losses arising as a result of the Nigerian Naira devaluation. The Group has concluded that the deferred taxation assets will be recoverable as it is probable that the related taxation benefit will be realised in the foreseeable future.

Notes to the Consolidated Financial Statements continued

Year ended 31 May 2024

1. ACCOUNTING POLICIES CONTINUED

Assessment of impairment of goodwill and other indefinite life assets

Goodwill and brands have all arisen from business combinations and all have indefinite useful lives and, in accordance with IAS 36 *Impairment of Assets*, are subject to annual impairment testing (which the Group carries out at the year-end date), or more frequently if there are indicators of impairment. The method used for impairment testing is to allocate assets (including goodwill and brands) to appropriate CGUs based on the smallest identifiable group of assets that generate independent cash inflows, and to estimate the recoverable amounts of the CGUs as the higher of the asset's fair values less costs of disposal and the value-in-use. For the purposes of goodwill impairment testing, goodwill related to each of the Beauty brands is aggregated together into the Beauty CGU as this is manner in which the core assets are used to generate cash flows and is the lowest level at whch goodwill is monitored by management. Value-in-use is determined using cash flow projections from approved budgets and plans which are then extrapolated based on estimated long-term growth rates applicable to the markets and geographies in which the CGUs operate. The cash flow projections are discounted based on a pre-tax weighted average cost of capital for comparable companies operating in similar markets and geographies as the Group adjusted for risks specific to the particular CGU. The assumptions used in the cash flow projections, and associated sensitivities, are described and set out in note 10.

Assessment of useful lives of acquired brands

The Directors are required to assess whether the useful lives of acquired brands are finite or indefinite. Under IAS 38 *Intangible Asset*s, an intangible asset should be regarded as having an indefinite useful life when, based on all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

In determining that the acquired brands have indefinite lives, the Directors give consideration to such factors as their expected usage of the brands, typical product life cycles, the stability of the markets in which the brands are sold, the competitive positioning of the brands, and the level of marketing and other expenditure required to maintain the brands. The carrying value of brands within intangible assets as at 31 May 2024 was £206.3 million (2023: £230.8 million), and if, for example, the useful lives of brands were estimated to be 50 years based on their strength and durability, this would give rise to an annual amortisation charge of £4.1 million (2023: £4.6 million).

Critical areas of judgement

Permanent as equity balances

Common with many groups, subsidiaries within the Group enter into transactions with fellow subsidiaries. These transactions give rise to intragroup receivable/payable balances which, given the different functional currencies of subsidiaries, can mean certain of these receivable/payable balances will be denominated in foreign currency for one of the counterparties or, in some instances, both counterparties. The retranslation of these intragroup foreign currency balances gives rise to foreign currency exchange differences, and IAS 21 *The Effects of Changes in Foreign Exchange Rates* provides guidance on the classification of these differences. More specifically, in relation to Consolidated Financial Statements, IAS 21 provides guidance when settlement of these balances is neither planned nor likely to occur in the foreseeable future in which case such balances can be considered permanent as equity. Under these circumstances, which also extends to amounts lent to equity method investments, exchange differences on consolidation are classified as other comprehensive income within the currency translation reserve. Judgement is required when assessing when the permanent as equity criteria are met.

During the year, the Group de-designated the loans to its joint venture, PZ Wilmar Limited, and with fellow subsidiary undertakings from permanent as equity when, reflecting upon developments in the current year, it was determined that it could no longer be demonstrated that there was no intent or expectation to demand repayment. The determination of the date of de-designation involved some judgement. Management consider the repayments made during the year and the announced plan to undertake a strategic review of the Group's Africa operations to be the two specific dates that triggered de-designation, for the loans to the joint venture undertaking and with subsidiary undertakings respectively.

From the date of de-designation, the foreign currency exchange differences on these loans were included in the Consolidated Income Statement. A net credit of £1.0 million was included in the 2024 Consolidated Income Statement in relation to the foreign currency exchange differences arising on loans to the joint venture and a net charge of £1.4 million was included in the 2024 Consolidated Income Statement in relation to the foreign currency exchange differences on loans with fellow subsidiary undertakings.

2. SEGMENTAL ANALYSIS

The segmental information presented in this note is consistent with management reporting provided to the Executive Committee (ExCo) (formerly the Executive Leadership Team (ELT)), which is the Chief Operating Decision-Maker (CODM). The CODM reviews the Group's internal reporting in order to assess performance and allocate resources. The CODM considers the business from a geographic perspective, with Europe & the Americas, Asia Pacific and Africa being the operating segments. In accordance with IFRS 8 *Operating Segments*, the ExCo has identified these as the reportable segments.

The CODM assesses the performance based on operating profit before adjusting items. Revenue and operating profit of the Europe & the Americas and Asia Pacific segments arise from the sale of Hygiene, Beauty and Baby products. Revenue and operating profit from the Africa segment also arise from the sale of Hygiene, Beauty and Baby products as well as Electrical products. The prices between Group companies for intra-group sales of materials, manufactured goods, and charges for franchise fees and royalties are on an arm's length basis.

Central includes expenditure associated with the global headquarters and above market functions net of recharges to our regions and our in-house fragrance revenue. Reporting used by the CODM to assess performance does contain information about brand specific performance, however global segmentation between the portfolio of brands is not part of the regular internally reported financial information.

(a) Reportable segments

2024	**Europe & the Americas £m**	**Asia Pacific £m**	**Africa £m**	**Central £m**	**Eliminations £m**	**Total £m**
Gross segment revenue	**204.1**	**179.2**	**151.7**	**34.2**	**(41.3)**	**527.9**
Inter-segment revenue	**(3.4)**	**(4.0)**	**—**	**(33.9)**	**41.3**	**—**
Revenue	**200.7**	**175.2**	**151.7**	**0.3**	**—**	**527.9**
Segmental operating profit/(loss) before adjusting items and share of results of joint venture	**32.6**	**28.0**	**19.6**	**(32.6)**	**—**	**47.6**
Share of results of joint venture	**—**	**—**	**10.7**	**—**	**—**	**10.7**
Segmental operating profit/(loss) before adjusting items	**32.6**	**28.0**	**30.3**	**(32.6)**	**—**	**58.3**
Adjusting items	**(31.9)**	**(1.0)**	**(81.0)**	**(28.1)**	**—**	**(142.0)**
Segmental operating profit/(loss)	**0.7**	**27.0**	**(50.7)**	**(60.7)**	**—**	**(83.7)**
Finance income						**12.2**
Finance expense						**(24.2)**
Net monetary loss arising from hyperinflationary economies						**(0.2)**
Loss before taxation						**(95.9)**

2023	Europe & the Americas £m	Asia Pacific £m	Africa £m	Central £m	Eliminations £m	Total £m
Gross segment revenue	210.2	197.8	256.3	74.0	(82.0)	656.3
Inter-segment revenue	(4.4)	(7.1)	—	(70.5)	82.0	—
Revenue	205.8	190.7	256.3	3.5	—	656.3
Segmental operating profit/(loss) before adjusting items and share of results of joint venture	29.3	27.5	29.7	(20.7)	—	65.8
Share of results of joint venture	—	—	7.5	—	—	7.5
Segmental operating profit/(loss) before adjusting items	29.3	27.5	37.2	(20.7)	—	73.3
Adjusting items	(28.9)	2.1	11.1	2.1	—	(13.6)
Segmental operating profit/(loss)	0.4	29.6	48.3	(18.6)	—	59.7
Finance income						15.4
Finance expense						(13.3)
Profit before taxation						61.8

Segment assets and liabilities are not disclosed because they are not reported to nor reviewed by the CODM.

UK revenue for 2024 was £179.6 million (2023: £177.9 million) and Nigeria revenue for 2024 was £126.0 million (2023: £227.9 million). UK non-current assets at 31 May 2024 were £274.4 million (2023: £307.8 million) and Nigeria non-current assets at 31 May 2024 were £10.0 million (2023: £85.8 million).

Notes to the Consolidated Financial Statements continued

Year ended 31 May 2024

2. SEGMENTAL ANALYSIS CONTINUED

The Group analyses its revenue by the following categories:

	2024 £m	2023 £m
Hygiene	**289.1**	334.8
Baby	**106.9**	123.1
Beauty	**68.3**	85.3
Electricals	**56.6**	105.4
Other	**7.0**	7.7
	527.9	656.3

No single customer generates revenue greater than 10% of the consolidated revenue.

3. ADJUSTING ITEMS

Adjusting item expense/(income) comprised:

	2024 £m	2023 £m
Simplification and transformation[1]	**10.1**	2.9
Acquisition and disposal-related items[2]	**(1.4)**	(0.7)
Impairment charge (net of impairment reversal)[1]	**24.4**	10.1
Foreign exchange losses on Nigerian Naira devaluation[3]	**104.1**	—
Foreign exchange losses on Nigerian Naira devaluation on joint venture[4]	**3.4**	—
Adjusting items before taxation	**140.6**	12.3
Taxation	**(30.6)**	(4.7)
Adjusting items after taxation	**110.0**	7.6

1 Included in administrative expense in the Consolidated Income Statement.

2 Included in finance income in the Consolidated Income Statement.

3 £79.0 million is included in cost of sales and £25.1 million is included in administrative expense in the Consolidated Income Statement. The amount in administrative expense includes charges of £0.2 million and £1.4 million relating to the de-designation of permanent as equity loans to a joint venture and fellow subsidiary undertakings respectively (note 1).

4 Included in share of results of joint venture in the Consolidated Income Statement. This amount includes a credit of £1.2 million relating to the de-designation of permanent as equity loans payable by a joint venture undertaking to the Group (note 1).

Simplification and transformation

For the year ended 31 May 2024, these costs primarily relate to the following projects which commenced in 2022: three-year finance transformation project, HR simplification project and supply chain transformation project which are due to complete in 2025. In 2023, the profit on disposal of properties in Nigeria was partially offset by costs relating to the three-year finance transformation project, the HR simplification project and supply chain transformation project.

Acquisition and disposal-related items

For the years ended 31 May 2024 and 31 May 2023, the income relates to the remeasurement of the deferred consideration for the Childs Farm acquisition.

Impairment charge (net of impairment reversal)

The current year charge relates to the impairment of the Sanctuary Spa brand (note 10). In the prior year, the impairment charge, net of reversal, comprises a £16.5 million impairment of the Sanctuary Spa brand, a £4.2 million reversal of a prior period impairment of the Rafferty's Garden brand and a reversal of a £2.2 million previously recognised impairment in the Group's investment in joint venture Wilmar PZ International Pte. Limited, which was dissolved in May 2023 (note 14).

Foreign exchange losses arising on Nigerian Naira devaluation (including on joint venture)

For the year ended 31 May 2024, this primarily relates to realised and unrealised foreign exchange losses resulting from the Nigerian Naira devaluation during the financial year on USD denominated liabilities which existed at 31 May 2023.

As outlined in footnotes 3 and 4 above, this also includes a net charge of £0.4 million relating to the de-designation of permanent as equity loans to a joint venture undertaking and with susidiary undertakings (note 1).

The closing NGN/GBP rate at reporting date was 1,893 (2023: 577), and the average NGN/GBP for the current year was 1,257 (2023: 536).

4. (LOSS)/PROFIT FOR THE YEAR

(Loss)/profit for the year has been arrived at after charging/(crediting):

	2024 £m	2023 £m
Net foreign exchange losses	**(124.6)**	5.1
Research and development costs	**0.5**	0.5
Depreciation of property, plant and equipment	**7.0**	8.2
Depreciation of right-of-use assets	**3.2**	3.9
Profit on disposal of property, plant and equipment	**(1.8)**	(11.1)
Amortisation of intangible assets	**7.1**	7.0
Impairment of intangible assets, net of impairment reversal (note 10)	**24.4**	12.3

Auditor remuneration

An analysis of auditor remuneration is provided below:

	2024 £m	2023 £m
Fees payable to the Company's Auditor for the audit of the Company's annual financial statements and consolidation	**2.3**	2.2
Fees payable to the Company's Auditor and their associates for other services to the Group:		
– audit of the Company's subsidiaries	**1.7**	0.8
Fees payable to the Company's previous Auditor and their associates for other services to the Group:		
– audit of the Company's subsidiaries	**0.4**	—
Total audit fees	**4.4**	3.0
Fees payable to the Company's Auditor and its associates for other services:		
– Other assurance services[1]	**0.3**	—
Total fees for non-audit services	**0.3**	—
Total auditor's remuneration	**4.7**	3.0

1 Fees for permitted non-audit services paid to the Company's auditor included £300,000 (2023: £40,000) for the review of the Group's interim statement released in February 2024.

Notes to the Consolidated Financial Statements continued

Year ended 31 May 2024

5. EMPLOYEES

The average monthly number of employees (including Executive Directors) was as follows:

	2024 number	2023 number
Production	**1,621**	1,647
Selling and distribution	**599**	613
Administration	**347**	412
	2,567	2,672

Costs incurred in respect of the above were as follows:

	2024 £m	2023 £m
Wages and salaries[1]	**69.2**	76.9
Social security costs[1]	**5.1**	4.5
Pension costs	**3.5**	4.1
Share-based payments	**1.9**	1.7
	79.7	87.2

1 The 2023 wages and salaries cost and social security costs have been amended from £74.7 million and £4.2 million respectively to £76.9 million and £4.5 million respectively. These amendments have no impact on the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity for any period presented.

Pension costs (note 23) consist of:

	2024 £m	2023 £m
Defined benefit schemes	**1.3**	1.5
Defined contribution schemes	**1.9**	2.4
Nigerian gratuity scheme	**0.3**	0.6
Other post-employment benefits	**—**	(0.4)
	3.5	4.1

6. NET FINANCE EXPENSE/(INCOME)

	2024 £m	2023 £m
Interest receivable on cash and cash equivalents held	**(8.9)**	(11.1)
Interest receivable on loans to joint venture	**—**	(0.7)
Finance income on defined benefit pension schemes	**(1.9)**	(2.3)
Change in fair value of deferred consideration	**(1.4)**	(1.3)
Finance income	**(12.2)**	(15.4)
Interest payable on borrowings	**22.2**	11.3
Finance expense on defined benefit pension schemes	**0.6**	0.6
Interest expense on lease liabilities	**0.5**	0.5
Amortisation of financing fees	**0.9**	0.9
Finance expense	**24.2**	13.3
Net finance expense/(income)	**12.0**	(2.1)

7. TAXATION

	2024 £m	2023 £m
Current taxation		
UK corporation tax		
– current year	**5.2**	(2.2)
– adjustments in respect of prior years	**3.5**	(0.3)
– double taxation relief	**—**	(0.5)
	8.7	(3.0)
Overseas corporation tax		
– current year	**11.6**	26.3
– adjustments in respect of prior years	**(0.8)**	0.8
	10.8	27.1
Total current taxation charge	**19.5**	24.1
Deferred taxation		
Origination and reversal of temporary timing differences	**(38.0)**	(6.2)
Adjustments in respect of prior years	**(6.4)**	(2.3)
Effect of rate change adjustments	**0.8**	(0.2)
Total deferred taxation credit	**(43.6)**	(8.7)
Total taxation (credit)/charge	**(24.1)**	15.4
Analysed as:		
Taxation on profit before adjusting items	**6.5**	20.1
Taxation on adjusting items	**(30.6)**	(4.7)
	(24.1)	15.4

The effective tax rate in relation to continuing operations for the year is 25.1% (2023: 24.9%). Before adjusting items, the effective tax rate was 14.5% (2023: 27.1%), primarily due to the impact of the minimum tax regime in Nigeria as a result of the recognised statutory operating losses, and the tax deductibility of realised foreign exchange impacts arising as a result of the cash repatriation from Nigeria to the UK.

Notes to the Consolidated Financial Statements continued

Year ended 31 May 2024

7. TAXATION CONTINUED

UK corporation tax is calculated at 25.0% (2023: 20.0%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. The Group has chosen to use the UK corporation tax rate for the reconciliation of the tax charge for the year to the profit before taxation as this is the seat for the central management and control of the Group.

	2024 £m	2023 £m
(Loss)/profit before taxation	**(95.9)**	61.8
Taxation at the UK corporation tax rate of 25% (2023: 20%)	**(24.0)**	12.4
Adjusted for:		
Effect of non-deductible expenses	**6.4**	2.2
Effect of non-taxable income	**(3.7)**	(4.9)
Effect of rate changes on deferred taxation (all territories)	**0.8**	(0.5)
Taxation effect of share of results of joint venture	**(2.4)**	(2.2)
Other taxes suffered outside of the UK	**2.1**	3.2
Net adjustment to amount carried in respect of uncertain tax positions	**2.4**	(0.8)
Movements in deferred taxation assets not recognised	**1.7**	(0.6)
Adjustments in respect of prior years	**(3.7)**	(1.5)
Differences in overseas rates	**(3.7)**	8.1
Taxation (credit)/charge for the year	**(24.1)**	15.4

Primary reconciling differences between taxation at UK corporation tax rate and the actual taxation charge for the year include the following:

- Net increase to the amount carried in respect of uncertain tax positions £2.4 million (2023: £0.8 million decrease)
- Effect of non-deductible expenses of £6.4 million (2023: £2.2 million) include items considered non-deductible across the Group's various operating entities, including disallowances in respect of related party transactions
- Effect of non-taxable income of £3.7 million (2023: £4.9 million) include items considered non-taxable across the Group's various operating entities including non-taxable income in respect of related party transactions
- Other taxes suffered outside the UK increased the annual taxation charge by £2.1 million (2023: £3.2 million) and included unrelievable withholding taxes incurred on dividends received in the UK. It also includes the minimum rate of tax payable in Nigeria as a proportion of revenue, as a result of there being no taxable profits on which corporation tax would be assessable due to the material realised and unrealised FX losses during the period
- Differences in foreign tax rates during the year of £3.7 million (2023: £8.1 million) reflecting the Group profitability profile in overseas jurisdictions.

Taxation on items taken directly to equity and other comprehensive expense was a credit of £14.9 million (2023: £8.9 million charge) and related to deferred taxation on the remeasurement of retirement and other long-term benefit obligations, on share-based payments expense and on exchange differences on intercompany balances determined to be permanent as equity.

The Group operates in a multinational tax environment where the nature of uncertain tax positions is often complex and subject to change, and necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution.

Included within the current taxation liability of the Group are current taxation estimates with net carrying values as at 31 May 2024 of £24.7 million (2023: £25.2 million), of which £23.2 million (2023: £20.1 million) relates to a single estimate arising due to a difference in technical standpoint between PZ Cussons plc and a tax authority on a subjective and complex piece of legislation. Due to the known difference in technical standpoint, this potential taxation liability has been provided for in full as the range of possible outcomes could be a liability up to the full value of the provided amount, however the potential future settlement remains a cash risk.

In addition to the provision items indicated above, as at 31 May 2024 the Group had further contingent taxation liabilities of £14.4 million (2023: £7.8 million) and contingent assets of £1.2 million (2023: £2.2 million). The in-year increase in contingent liabilities is primarily related to a recent overseas court verdict that found against the Group, which is expected to be appealed, and the possible cross-over risk into later years. Other primary risks include the historical impact of licencing arrangements and more speculative claims made by overseas tax authorities, with external third-party opinions supporting the recognition of such items as having less than a probable risk of crystallisation. Although having a lower probability of a material financial impact. Such positions have been disclosed as contingent assets/liabilities in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

On 20 June 2023, Finance (No.2) Act 2023 was substantively enacted in the UK, introducing a global minimum effective tax rate of 15%. The legislation implements a domestic top-up tax and a multi-national top-up tax effective for accounting periods on or after 31 December 2023. The Group is assessing the impact of the new legislation which will be effective for the Group from 1 June 2024. The Group has applied the exception allowed by an amendment to IAS 12 *Income Taxes* to recognising and disclosing information about deferred tax assets and liabilities relating to top-up income taxes.

8. DIVIDENDS

	2024 £m	2023 £m
Amounts recognised as distributions to ordinary shareholders in the year comprise:		
Final dividend for the year ended 31 May 2023 of 3.73p (2022: 3.73p) per ordinary share	**15.6**	15.6
Interim dividend for the year ended 31 May 2024 of 1.50p (2023: 2.67p) per ordinary share	**6.3**	11.2
	21.9	26.8

After the balance sheet date, the Board announced its intention to declare an interim dividend of 2.10p per share, down 44% compared to last year's final dividend of 3.73p. This represents a full year dividend of 3.60p which is also down 44%, reflecting the impact of the Naira devaluation on earnings per share while maintaining an earnings cover of approximately two times. This results in a total dividend of £8.8 million (2023: £15.6 million). The dividend will be paid on 4 December 2024 to the shareholders on the register on 1 November 2024. The proposed dividend has not been included as a liability in the consolidated financial statements as at 31 May 2024.

9. (LOSS)/EARNINGS PER SHARE

Earnings per share (EPS) represents the amount of earnings attributable to each ordinary share in issue. Basic EPS is calculated by dividing the (loss)/profit after taxation attributable to owners of the Parent by the weighted average number of ordinary shares in issue during the year, excluding treasury shares owned by employee trusts.

For diluted EPS, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group’s dilutive potential ordinary shares relate to awards granted under the Group’s share incentive schemes which are described in the share-based payments note (note 25). For the year ended 31 May 2024, the basic and diluted EPS are equal as a result of the Group incurring a loss for the year.

The average number of shares is reconciled to the basic weighted average and diluted weighted average number of shares as set out below:

	2024 number 000	2023 number 000
Average number of ordinary shares in issue during the year	**428,725**	428,725
Less: weighted average number of treasury shares	**(9,693)**	(10,180)
Basic weighted average shares in issue during the year	**419,032**	418,545
Dilutive effect of share incentive schemes	**1,064**	1,530
Diluted weighted average shares in issue during the year	**420,096**	420,075

Notes to the Consolidated Financial Statements continued

Year ended 31 May 2024

10. GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill £m	Software £m	Brands £m	Total £m
Cost				
At 1 June 2022	68.2	65.6	270.3	404.1
Additions	—	2.0	—	2.0
Disposals	—	(0.5)	—	(0.5)
Transfer to property, plant and equipment	—	(0.4)	—	(0.4)
Exchange differences	(1.6)	(0.1)	(3.1)	(4.8)
At 31 May 2023	**66.6**	**66.6**	**267.2**	**400.4**
Additions	**—**	**0.4**	**—**	**0.4**
Exchange differences	**—**	**(1.5)**	**—**	**(1.5)**
At 31 May 2024	**66.6**	**65.5**	**267.2**	**399.3**
Accumulated amortisation and impairment				
At 1 June 2022	11.1	34.6	24.5	70.2
Amortisation charge	—	7.0	—	7.0
Disposals	—	(0.5)	—	(0.5)
Impairment charge	—	—	16.5	16.5
Impairment reversal	—	—	(4.2)	(4.2)
Exchange differences	(0.9)	—	(0.4)	(1.3)
At 31 May 2023	**10.2**	**41.1**	**36.4**	**87.7**
Amortisation charge	**—**	**7.1**	**—**	**7.1**
Impairment charge	**—**	**—**	**24.4**	**24.4**
Exchange differences	**1.7**	**(1.0)**	**0.1**	**0.8**
At 31 May 2024	**11.9**	**47.2**	**60.9**	**120.0**
Net book value				
At 31 May 2024	**54.7**	**18.3**	**206.3**	**279.3**
At 31 May 2023	56.4	25.5	230.8	312.7

Amortisation and impairment are charged to administrative expense in the Consolidated Income Statement. Cumulative impairment of goodwill as at 31 May 2024 was £10.2 million (2023: £10.2 million) and cumulative impairment of brands as at 31 May 2024 was £60.8 million (2023: £36.4 million).

Software includes the Group's enterprise resource planning system (SAP), which is internally developed, and the carrying value of this asset as at 31 May 2024 is £13.7 million (2023: £20.6 million), with three years of amortisation remaining.

Other than software, intangible assets comprise goodwill and brands. Goodwill and brands have all arisen from previous business combinations and all have indefinite useful lives and, in accordance with IAS 36 *Impairment of Assets*, are subject to annual impairment testing (which the Group carries out at the year-end date), or more frequently if there are indicators of impairment.

The method used for impairment testing is to allocate assets to appropriate cash-generating units (CGUs) based on the smallest identifiable group of assets that generate independent cash inflows, and to estimate the recoverable amounts of the CGUs as the higher of the assets' fair values less costs of disposal and the value-in-use. Impairment testing is a two-step approach commencing with the testing of brands with an indefinite useful life. Each brand is considered its own CGU for this purpose. The second step is to test goodwill for impairment. For the purposes of this test, goodwill acquired is allocated to the CGUs or groups of CGU expected to benefit from the synergies of the business combination. For this purpose goodwill related to each of the beauty brands is aggregated together into the Beauty CGU as this is manner in which the core assets are used to generate cash flows and is the lowest level at which goodwill is monitored by management.

Value-in-use is determined using cash flow projections from approved budgets and plans which are then extrapolated based on estimated long-term growth rates applicable to the markets and geographies in which the CGUs operate. The cash flow projections are discounted based on a pre-tax weighted average cost of capital for comparable companies operating in similar markets and geographies as the Group adjusted for risks specific to the particular CGU.

Goodwill of £54.7 million (2023: £56.4 million) comprises £40.4 million (2023: £40.4 million) in relation to the acquisitions of the Group's Beauty brands (Charles Worthington, Fudge, Sanctuary Spa and St.Tropez), £13.5 million (2023: £13.5 million) in relation to the acquisition of Childs Farm and £0.8 million (2023: £2.5 million) in relation to other acquisitions. The movement in other goodwill in the current year relates to exchange differences. Goodwill for the Beauty brands is assessed at the Group of CGUs comprising these brands (see table below) as this represents the lowest level at which goodwill is monitored by management.

The carrying value of goodwill and each brand is set out in the table below. For the impairment testing of brands, each brand is allocated to a single CGU. For the impairment testing of goodwill, Childs Farm goodwill is allocated to the same CGU as the brand and, as noted above, Beauty goodwill is allocated to the Group of CGUs comprising the Beauty brands:

	Goodwill 2024 £m	**Brands 2024 £m**	Goodwill 2023 £m	Brands 2023 £m
Charles Worthington		**9.6**		9.6
Fudge		**24.6**		24.6
Sanctuary Spa		**34.5**		58.9
St.Tropez		**58.4**		58.4
Beauty	**40.4**	**127.1**	40.4	151.5
Original Source	**—**	**9.8**	—	9.8
Rafferty's Garden	**—**	**33.9**	—	34.0
Childs Farm	**13.5**	**35.5**	13.5	35.5
Other	**0.8**	**—**	2.5	—
	54.7	**206.3**	56.4	230.8

In performing the impairment testing, the Group used the five-year plan ending 31 May 2029. Assumptions in the budgets and plans used for the value in use cash flow projections include future revenue volume and price growth rates, associated future levels of marketing support, the cost base of manufacture and supply and directly associated overheads. These assumptions are based on historical trends and future market expectations specific to each CGU and the markets and geographies in which each CGU operates.

The key assumptions applied in determining value-in-use are the long-term growth rate and the discount rate, both of which are determined with reference to the markets and geographies in which the CGU (or group of CGUs) operates, and revenue growth and gross margin.

The compound annual growth rates, long-term growth rates and discount rates applied in the value in use calculations used in impairment tests were:

	CAGR[1] 2024	CAGR[1] 2023	**Long-term growth rate 2024**	Long-term growth rate 2023	**Pre-tax discount rate 2024**	Pre-tax discount rate 2023
Charles Worthington	**6.1%**	3.4%	**2.0%**	2.0%	**11.5%**	10.1%
Fudge	**2.3%**	6.8%	**2.0%**	2.0%	**11.7%**	10.7%
Sanctuary Spa	**2.8%**	3.0%	**2.0%**	2.0%	**11.5%**	10.2%
St.Tropez	**3.3%**	3.5%	**2.0%**	2.0%	**12.0%**	10.4%
Beauty group of CGUs (goodwill assessment)	**3.2%**	3.9%	**2.0%**	2.0%	**11.6%**	10.4%
Original Source	**9.9%**	3.2%	**2.0%**	2.0%	**11.6%**	10.5%
Rafferty's Garden	**4.5%**	4.1%	**2.5%**	2.5%	**11.8%**	10.6%
Childs Farm (brand and goodwill assessment)	**19.6%**	27.5%	**2.0%**	2.0%	**11.7%**	12.2%

1 CAGR refers to the compound annual revenue growth rate over the five-year plan period.

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Year ended 31 May 2024

10. GOODWILL AND OTHER INTANGIBLE ASSETS CONTINUED

The results of the brand impairment tests as at 31 May 2024 were as follows:

Sanctuary Spa

In the year ended 31 May 2024, there was an impairment charge of £24.4 million (2023: £16.5 million) relating to the Sanctuary Spa brand, charged to administrative expense in the Consolidated Income Statement and included in the Europe & the Americas segment. The recoverable amount reflected the cost-of-living pressures and their impact on price sensitive beauty products. The recoverable amount of the CGU was determined to be £40.4 million based on a value-in-use calculation, which when compared to a carrying value of £64.8 million (of which the brand represented £58.9 million) resulted in an impairment charge of £24.4 million. The long-term growth rate and discount rate used in the value in use calculations were 2.0% and 11.5% respectively.

Management has determined gross margin and compound annual revenue growth rate to be the key assumptions in the forecasts for Sanctuary Spa. Sensitivity analysis has been carried out in the year ended 31 May 2024 and a reasonably possible change of 250bps decline in gross margin within the five-year forecast period would increase the impairment charge by £7.6 million, a 200bps decline in the annual revenue growth rate over the five-year plan period, which results in a five-year compound annual revenue growth rate of 0.8%, would increase the impairment charge by £8.4 million and a 100bps increase in the discount rate would increase the impairment charge by £4.9 million. A reduction of 0.1% in compound annual revenue growth rate over the five-year plan would result in zero headroom. The same impact would be caused by a decline of 0.1% in gross margin or an increase of 0.1% in discount rate.

Charles Worthington

For the Charles Worthington brand, the recoverable amount of the applicable CGU which was based on a value in use calculation was determined to be £11.8 million which is in excess of the carrying value of £10.9 million (of which the brand represented £9.6 million).

Management have determined gross margin and compound annual revenue growth rate to be the key assumptions in the forecasts for Charles Worthington. Sensitivity analysis has been carried out in the year ended 31 May 2024 and a reasonably possible change of 250bps decline in gross margin within the five-year forecast period would result in an impairment charge of £1.1million, a 200bps decline in annual revenue growth rate within the five-year forecast period, which results in a five-year compound annual revenue growth rate of 4.1%, would result in an impairment charge of £1.5 million and a 100bps increase in the discount rate would result in an impairment charge of £0.7 million. A reduction of 0.7% in compound annual revenue growth rate over the five-year plan would result in zero headroom. The same impact would be caused by a decline of 1.2% in gross margin or an increase of 0.6% in discount rate.

Rafferty's Garden

For the Rafferty's Garden brand, the recoverable amount of the applicable CGU based on a value-in-use calculation was determined to be £38.4 million, exceeding the carrying value of £34.9 million (of which the brand represented £33.9 million). The recoverable amount reflected expected growth from new product development and recovery in gross margin arising from cost savings in raw materials. Historical impairment charges were fully reversed in the prior year.

Management has determined gross margin and compound annual revenue growth rate to be the key assumptions in the forecasts for Rafferty's Garden. Sensitivity analysis has been carried out in the year ended 31 May 2024 and a a reasonably possible change of 250bps decline in gross margin within the five-year forecast period would result in an impairment charge of £7.2 million, a 200bps decline in annual revenue growth rate within the five-year forecast period, which results in a five-year compound annual revenue growth rate of 2.5%, would result in an impairment charge of £5.5 million and a 100bps increase in the discount rate would result in an impairment charge of £2.5 million. A reduction of 0.7% in compound annual revenue growth rate over the five-year plan would result in zero headroom. The same impact would be caused by a decline of 0.8% in gross margin or an increase of 0.5% in discount rate.

Other CGUs

For the remaining CGUs, the recoverable amounts of the respective applicable CGUs, which were determined based on value-in-use calculations, exceeded the carrying values. Sensitivity analysis on the value-in-use calculations did not identify potential impairment in relation to a reasonably possible downside in the assumptions used for the projections.

11. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings £m	Plant and machinery £m	Fixtures, fittings and vehicles £m	Assets in the course of construction £m	Total £m
Cost					
At 1 June 2022	81.3	124.6	52.1	5.5	263.5
Additions	—	—	0.1	4.6	4.7
Disposals	(3.6)	(5.3)	(1.5)	(0.1)	(10.5)
Transfers from intangible assets	0.9	4.8	1.2	(6.6)	0.3
Exchange differences	(3.1)	(4.4)	(0.9)	(0.1)	(8.5)
At 31 May 2023	**75.5**	**119.7**	**51.0**	**3.3**	**249.5**
Additions	**—**	**—**	**—**	**5.7**	**5.7**
Disposals	**(4.6)**	**(9.6)**	**(0.6)**	**—**	**(14.8)**
Transfers	**0.3**	**4.1**	**1.4**	**(5.8)**	**—**
Hyperinflationary adjustment[1]	**1.2**	**—**	**—**	**—**	**1.2**
Exchange differences	**(22.7)**	**(34.0)**	**(4.9)**	**(0.5)**	**(62.1)**
At 31 May 2024	**49.7**	**80.2**	**46.9**	**2.7**	**179.5**
Accumulated depreciation and impairment					
At 1 June 2022	36.9	103.0	48.1	—	188.0
Depreciation charge	0.8	5.7	1.6	—	8.1
Disposals	(2.7)	(5.3)	(1.5)	—	(9.5)
Transfers	0.4	—	—	—	0.4
Exchange differences	(1.0)	(3.6)	(0.8)	—	(5.4)
At 31 May 2023	**34.4**	**99.8**	**47.4**	**—**	**181.6**
Depreciation charge	**1.0**	**4.7**	**1.3**	**—**	**7.0**
Disposals	**(2.6)**	**(9.5)**	**(0.7)**	**—**	**(12.8)**
Exchange differences	**(7.4)**	**(27.2)**	**(4.5)**	**—**	**(39.1)**
At 31 May 2024	**25.4**	**67.8**	**43.5**	**—**	**136.7**
Net book value					
At 31 May 2024	**24.3**	**12.4**	**3.4**	**2.7**	**42.8**
At 31 May 2023	41.1	19.9	3.6	3.3	67.9

1 Represents a hyperinflation adjustment in relation to Ghana.

Depreciation is charged to administrative expenses except for plant and machinery which is charged to cost of sales in the Consolidated Income Statement. As at 31 May 2024, the Group had entered into commitments for the purchase of property, plant and equipment amounting to £0.4 million (2023: £1.1 million). As at 31 May 2024, the Group's share in the capital commitments of its joint venture was £nil (2023: £nil).

As outlined in note 1(c), investment properties are now presented separately in note 12. The impact on the opening balances of the 2023 comparatives is a reduction of £7.2 million from property, plant and equipment, representing the investment property balances previously included in property, plant and equipment.

Notes to the Consolidated Financial Statements continued

Year ended 31 May 2024

12. INVESTMENT PROPERTIES

The movement in the year in the carrying value of investments properties is set out below:

	2024 £m	2023 £m
Cost		
At 1 June	**7.2**	8.5
Additions	**0.3**	—
Transfers[1]	**(0.9)**	—
Hyperinflation impact[2]	**3.6**	—
Exchange differences	**(3.0)**	(1.3)
At 31 May	**7.2**	7.2
Accumulated depreciation and impairment		
At 1 June	**0.8**	1.1
Depreciation charge	**0.1**	0.1
Exchange differences	**(0.3)**	—
Transfers[3]	**—**	(0.4)
At 31 May	**0.6**	0.8
Net book value		
At 31 May	**6.6**	6.4

1 Transfers to assets held for sale.

2 Relates to hyperinflation in Ghana.

3 Transfers to property, plant and equipment.

As outlined in note 1(c), investment properties are now reported separately rather than included in the property, plant and equipment note. The impact on the opening balances of the 2023 comparatives is a reduction of £7.2 million from the cost of property, plant and equipment, representing the investment property balances previously included in property, plant and equipment.

Investment properties, principally office buildings and land, are held for long-term rental yields and are not occupied by the Group. The Group classifies rental inflows as operating cash flows. The Group engages external, independent and qualified valuers to determine the fair value of the Group's investment properties at the end of every financial year. The fair value of the investment properties at 31 May 2024 is £19.5 million (2023: £42.2 million). The main Level 3 inputs used by the Group are derived and evaluated as follows: discount rates, terminal yields, expected vacancy rates and rental growth rates which are estimated by the external surveyors or management based on comparable transactions and industry data.

13. RIGHT-OF-USE ASSETS

The Group has lease contracts for various items of property, motor vehicles and other equipment used in its operations. Leases of property generally have lease terms between 3 and 12 years, while motor vehicles and other equipment generally have lease terms between one and four years.

The Group also has certain leases of vehicles with lease terms of 12 months or less and leases of equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The maturity analysis of future lease payments is provided in note 19.

Information about the Group's right-of-use assets is outlined below:

	Land and Buildings £m	Motor vehicles £m	Other equipment £m	Total £m
Additions	**1.7**	**—**	**0.1**	**1.8**
Depreciation charge in the year	**2.6**	**0.4**	**0.2**	**3.2**
Net book value at 31 May 2024	**9.2**	**0.5**	**0.5**	**10.2**

14. NET INVESTMENTS IN JOINT VENTURES

Joint ventures are contractual arrangements over which the Group exercises joint control with partners and where the parties have rights to the net assets of the arrangement, irrespective of the Group's shareholding in the entity.

The Group's joint venture relates to a 50% interest in PZ Wilmar Limited, a manufacturing business based in Nigeria. In the Group's Consolidated Financial Statements, the interest in PZ Wilmar Limited is accounted for using the equity method.

The movement in the year in the carrying value of the net investments in joint ventures is set out below:

	PZ Wilmar Limited			
	Long-term loans £m	Equity method accounting £m	Other joint venture £m	Total £m
At 1 June 2022	39.6	7.4	(1.6)	45.4
Share of results of joint venture	—	7.5	—	7.5
Impairment reversal	—	—	2.2	2.2
Loan waived on dissolution	—	—	(0.6)	(0.6)
Exchange differences	0.7	(3.2)	—	(2.5)
At 31 May 2023	**40.3**	**11.7**	**—**	**52.0**
Share of results of joint venture	**—**	**7.3**	**—**	**7.3**
Loan repayments	**(8.7)**	**—**	**—**	**(8.7)**
De-designation of permanent as equity loans	**(30.6)**	**—**	**—**	**(30.6)**
Exchange differences	**(1.0)**	**(19.0)**	**—**	**(20.0)**
At 31 May 2024	**—**	**—**	**—**	**—**

The long-term loans are denominated in US Dollars, interest free and repayable in part or in full on demand. It is not the Group's intention to request repayment of these loans in the next 12 months. During the year, the long-term loans were de-designated from permanent as equity (notes 1 and 3). Exchange differences on the long-term loans were recorded within other comprehensive income when the loans were determined to be permanent as equity. From the date of de-designation, the exchange differences are recorded in the Consolidated Income Statement.

Set out below is the summarised financial information for PZ Wilmar Limited:

	2024 £m	2023 £m
Assets		
Non-current assets	**25.8**	46.4
Current assets		
Cash and cash equivalents	**14.5**	25.4
Other current assets	**35.7**	83.8
	50.2	109.2
Total assets	**76.0**	155.6
Liabilities		
Non-current liabilities	**(54.1)**	(82.2)
Current liabilities	**(22.9)**	(50.0)
Total liabilities	**(77.0)**	(132.2)
Net (liabilities)/assets	**(1.0)**	23.4
Proportion of Group's ownership interest in the joint venture	**50%**	50%
Equity method accounted carrying amount of the Group's interest in the joint venture	**—**	11.7

In 2024, the Group's share of losses in the joint venture exceeded its interests in the joint venture and accordingly, the Group did not recognise further losses.

Notes to the Consolidated Financial Statements continued

Year ended 31 May 2024

14. NET INVESTMENTS IN JOINT VENTURES CONTINUED

	2024 £m	2023 £m
Revenue	**202.6**	380.1
Profit before taxation	**21.5**	20.2
Profit after taxation	**14.6**	14.9
Proportion of Group's ownership interest in the joint venture	**50%**	50%
Share of results of joint venture	**7.3**	7.5

The long-term loans issued to PZ Wilmar Limited have been assessed for impairment in accordance with IFRS 9 *Financial Instruments* and management has concluded that no impairment of these loans is required.

The Group's other joint venture related to a 50% interest in Wilmar PZ International Pte. Limited which ceased trading in October 2020 and was dissolved in May 2023 resulting in the reversal of a £2.2 million impairment recorded in a prior period. On dissolution, the loan advanced by the joint venture was waived.

15. ASSETS HELD FOR SALE

Assets held for sale of £4.7 million as at 31 May 2024 (2023: £nil) were measured at book value and related to related to land and buildings which are being disposed of as part of the ongoing supply chain simplification and transformation programme, and are expected to be sold within 12 months.

16. INVENTORIES

	2024 £m	2023 £m
Raw materials and consumables	**11.5**	21.1
Work in progress	**3.4**	9.9
Finished goods and goods for resale	**53.6**	81.9
	68.5	112.9

During the year, the cost of inventories recognised as an expense, and included in cost of sales, amounted to £287.9 million (2023: £377.5 million) which included £5.7 million (2023: £2.0 million) for the write-down to net realisable value for slow-moving and obsolete inventories. Inventories are stated after provision to write-down to net realisable value of £4.9 million (2023: £6.0 million).

17. TRADE AND OTHER RECEIVABLES

	2024 £m	2023 £m
Trade receivables	**77.5**	92.6
Less: loss allowance	**(2.6)**	(4.4)
Net trade receivables	**74.9**	88.2
Lease receivables[1]	**1.3**	—
Amounts owed by joint venture	**31.7**	2.2
Other receivables	**14.9**	22.1
Prepayments	**8.3**	6.6
	131.1	119.1
Classified within:		
Current assets	**99.0**	119.1
Non-current assets	**32.1**	—
	131.1	119.1

1 Relates to the a new finance lease arrangement in the current year where the Group is the lessor.

The Directors consider the carrying amount of trade and other receivables approximates to their fair value due to their short-term nature.

During the year, the long-term loans of £30.6 million were de-designated from permanent as equity (note 14). From the date of de-designation, the exchange differences are recorded in the Consolidated Income Statement. The long-term loans are denominated in US Dollars, interest free and repayable in part or in full on demand. It is not the Group's intention to request repayment of these loans in the next 12 months.

Lease receivables on an undiscounted basis comprise £0.2 million receivable in less than one year, £0.2 million receivable in one to two years, £0.7 million receivable in two to five years and £1.4 million receivable in more than five years. The impact of discounting is £1.3 million.

Movement in the trade receivables loss allowance was:

	2024 £m	2023 £m
At 1 June	**(4.4)**	(3.9)
Increase in loss allowance	**(1.9)**	(2.0)
Allowance utilised during the year	**0.6**	0.1
Allowance released during the year	**2.0**	1.2
Exchange differences	**1.1**	0.2
At 31 May	**(2.6)**	(4.4)

See note 19 for an analysis of the ageing and credit risk profile of trade receivables.

Net trade receivables are denominated in the following currencies:

	2024 £m	2023 £m
Sterling	**27.0**	31.9
US Dollar	**11.6**	11.2
Nigerian Naira	**4.7**	10.1
Australian Dollar	**12.1**	17.3
Indonesian Rupiah	**14.6**	13.2
Other currencies	**4.9**	4.5
	74.9	88.2

The relatively high amount of other receivables in 2023 is primarily attributable to the bi-weekly retail auctions operated at the time by the Central Bank of Nigeria (CBN) as the primary method of allocating foreign currency. As part of this process, the CBN required all companies to advance Naira deposits prior to the auction, following which the CBN returned all cash either in Naira or if successful in the auction, foreign currency. These auctions ceased during June 2024 following the policy announcements made by the Central Bank of Nigeria to liberalise the foreign exchange regime, and are therefore not prevalent at 31 May 2024.

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18. CASH AND CASH EQUIVALENTS AND NET DEBT

Cash and cash equivalents include cash at bank and in hand, short-term deposits and other highly liquid investments with original maturities of three months or less which are readily convertible into known amounts of cash with insignificant risk of changes in value.

Borrowings comprise bank overdrafts, short-term uncommitted loans and amounts drawn under the Group's committed credit facility. Bank overdrafts are repayable on demand and form a part of the Group's cash management activities. Further details on the Group's committed credit facility are provided in note 19.

The Group defines net debt as cash and cash equivalents net of borrowings, and net debt including lease liabilities as cash and cash equivalents net of borrowings and lease liabilities.

Group net debt comprises the following:

	1 June 2023 £m	Net cash flow £m	Foreign exchange movements £m	Other[1] £m	31 May 2024 £m
Cash at bank and in hand	**127.4**	**(22.7)**	**(55.3)**	**—**	**49.4**
Short-term deposits	**129.0**	**(61.7)**	**(65.4)**	**—**	**1.9**
Cash and cash equivalents	**256.4**	**(84.4)**	**(120.7)**	**—**	**51.3**
Current asset investment	**0.5**	**(0.5)**	**—**	**—**	**—**
Current borrowings	**—**	**(6.4)**	**0.1**	**—**	**(6.3)**
Non-current borrowings	**(251.2)**	**91.0**	**—**	**(0.1)**	**(160.3)**
Net cash/(debt)	**5.7**	**(0.3)**	**(120.6)**	**(0.1)**	**(115.3)**
Lease liabilities	**(13.0)**	**2.9**	**0.2**	**(2.2)**	**(12.1)**
Net debt including lease liabilities	**(7.3)**	**2.6**	**(120.4)**	**(2.3)**	**(127.4)**

	1 June 2022 £m	Net cash flow £m	Foreign exchange movements £m	Other[1] £m	31 May 2023 £m
Cash at bank and in hand	105.8	31.0	(9.4)	—	127.4
Short-term deposits	58.0	80.9	(9.9)	—	129.0
Cash and cash equivalents	163.8	111.9	(19.3)	—	256.4
Current asset investment	0.5	—	—	—	0.5
Current borrowings	(0.1)	0.1	—	—	—
Non-current borrowings	(174.0)	(77.2)	—	—	(251.2)
Net (debt)/cash	(9.8)	34.8	(19.3)	—	5.7
Lease liabilities	(16.9)	3.0	—	0.9	(13.0)
Net debt including lease liabilities	(26.7)	37.8	(19.3)	0.9	(7.3)

1 Other includes lease additions, the increase in the lease liability arising from the unwinding of interest element and the movement in the unamortised fees on borrowings.

At 31 May 2024, the Group had restricted cash of £0.7 million (2023: £0.7 million).

At 31 May 2024, £20.0 million (2023: £204.1 million) of the cash and cash equivalents was held by the Group's Nigerian subsidiaries. At 31 May 2024, the Sterling equivalent of Nigerian Naira cash balances are materially reduced, both as a result of the devaluation of the Nigerian Naira occurring during FY24 and the successful cash repatriation from Nigeria to the UK.

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Financial instruments

The carrying amounts of each class of financial instruments were:

Financial assets

	2024 £m	2023 £m
Derivatives designated as hedging instruments		
Forward foreign exchange contracts	—	0.8
Derivatives not designated as hedging instruments		
Forward foreign exchange contracts	—	0.2
Equity instruments at fair value through profit or loss		
Current asset investments	—	0.5
Financial assets at amortised cost		
Cash and cash equivalents	**51.3**	256.4
Net trade and other receivables	**89.8**	110.3
Lease receivables	**1.3**	—
Trade receivables owed by joint venture	**1.1**	2.2
Long-term loans owed by joint venture	**30.6**	40.3
	174.1	410.7
Classified within:		
Current assets	**142.0**	370.4
Non-current assets	**32.1**	40.3
	174.1	410.7

Notes to the Consolidated Financial Statements continued

Year ended 31 May 2024

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

Financial liabilities

	2024 £m	2023 £m
Current interest-bearing borrowings at amortised cost		
Borrowings	**6.3**	—
Non-current interest-bearing borrowings at amortised cost		
Borrowings	**160.3**	251.2
Derivatives designated as hedging instruments		
Forward foreign exchange contracts	**0.3**	0.1
Derivatives not designated as hedging instruments		
Forward foreign exchange contracts	**0.2**	0.4
Other financial liabilities at fair value through profit or loss		
Other payables[1]	**4.5**	5.9
Other financial liabilities at amortised cost		
Trade and other payables[2]	**151.9**	175.5
Lease liabilities	**12.1**	13.0
	335.6	446.1
Classified within:		
Current liabilities	**163.0**	179.5
Non-current liabilities	**172.6**	266.6
	335.6	446.1

1 Relates to deferred consideration on the acquisition of Childs Farm (note 20).

2 Excludes other taxation and social security.

Borrowings are amounts drawn under both committed and uncommitted borrowing facilities. The Group has a £325.0 million committed credit facility which is available for general corporate purposes. The credit facility incorporates both a term loan, of up to £125.0 million, with the balance as a revolving credit facility (RCF) structure. Entered into in November 2022, the term loan is a two-year facility and the RCF a four-year facility, with both facilities retaining two, one-year extension options, the first of which was executed in October 2023. Drawings under the term loan are permitted in GBP, and under the RCF in GBP, Euros or USD, at interest rates at a margin of 1.30–2.10% above SONIA, EURIBOR or SOFR, dependent on leverage and the attainment of specified sustainability performance targets.

Non-current borrowings as at 31 May 2024 are presented net of £0.7 million (2023: £0.8 million) of unamortised financing fees. As at 31 May 2024, this facility was £161.0 million drawn (2023: £252.0 million).

Borrowings as at 31 May 2024, which are presented net of £0.7 million (2023: £0.8 million) of unamortised financing fees, comprise £125.0 million (2023: £125.0 million) of term loans which are denominated in GBP at an interest rate of 6.81% (2023: 5.73%), and £36.0 million (2023: £127.0 million) of borrowings under the RCF which are denominated in GBP at interest rates at between 6.78%–6.79% (2023: 5.66%–5.78%).

In addition, the Group retains other unsecured and uncommitted facilities that are primarily used for trade-related activities in Nigeria where ordinary trading activities are required to be supported by letters of credit (or similar). As at 31 May 2024, these amounted to £161.6 million (2023: £199.8 million) of which £40.3 million, or 25% were utilised (2023: £93.3 million or 47%). The utilisation amount has decreased during the reporting period as a result of the improvement in access to foreign currency which in turn has facilitated the settlement of USD liabilities. As at the reporting date, there were no bank overdrafts (2023: £nil).

Changes in liabilities arising from financing activities were as follows:

	1 June 2023 £m	Net cash flow £m	Foreign exchange movements £m	Other £m	31 May 2024 £m
Non-current borrowings[1]	**(251.2)**	**91.0**	**—**	**(0.1)**	**(160.3)**
Current borrowings[2]	**—**	**(6.4)**	**0.1**	**—**	**(6.3)**
Lease liabilities	**(13.0)**	**2.9**	**0.2**	**(2.2)**	**(12.1)**

	1 June 2022 £m	Net cash flow £m	Foreign exchange movements £m	Other £m	31 May 2023 £m
Non-current borrowings[1]	(174.0)	(78.0)	—	0.8	(251.2)
Current borrowings[2]	(0.1)	0.1	—	—	—
Lease liabilities	(16.9)	3.0	—	0.9	(13.0)

1 Relates to committed banking facilities.

2 Relates to uncommitted short-term facilities.

(b) Risk management

The Group's activities expose it to a variety of financial risks, including market risk (arising from movements in foreign currency exchange rates, commodity prices and interest rates), credit risk and liquidity risk.

Overall risk management is led by senior management and executed according to Group policy with the intention to minimise adverse impacts on the Group's financial performance through the execution of agreed risk management strategies. Management of these risks, along with the day-to-day management of treasury activities is performed by the Group Treasury function as defined within the Board-approved policy framework.

Where appropriate, the Group uses derivative financial instruments to hedge certain risk exposures. The use of financial derivatives and the management of all financial risks is governed by the Group Treasury policy as approved by the Board of Directors. The Group does not enter into any financial derivative contracts for trading or speculative purposes. All hedging activity is carried out by the Group Treasury function that hedges financial risks according to forecasts provided by the Group's subsidiary undertakings.

The Group also enters into contracts with suppliers for its principal raw material requirements and associated input costs. Commodity and associated input and manufacturing costs such as energy are part of the Group's normal purchasing activities.

A. Market risk

The Group's principal market risks are in relation to foreign currency exchange rates, the prices of certain commodities and interest rates. In managing market risks, the Group aims to minimise the impact of short-term fluctuations on the Group's financial performance. However over the longer term, permanent changes in market rates will have an impact on consolidated results.

(i) Foreign currency risk

Foreign currency risk is the risk that the carrying value of Group assets, liabilities or future cash flows will fluctuate due to changes in foreign currency exchange rates. The Group is exposed to foreign currency exchange translation and transaction risks as follows:

- Foreign currency exchange translation risks arise due to the translation of monetary assets and liabilities denominated in currencies other than the functional currency of the subsidiary into functional currency, with the foreign exchange gain/(loss) recorded in the income statement. Further translation differences arise on the translation of net assets of its non-GBP functional currency subsidiary undertakings into GBP being the Group's presentation currency, with the foreign exchange gain/(loss) recorded in other comprehensive income
- Foreign currency exchange transaction risk occurs due to changes in the value of cash flows in a currency other than the functional currency of the subsidiary undertaking.

The most significant foreign exchange transaction risk exposures for the Group are the purchase of inventories (predominantly raw materials) and services denominated in USD and Euros. Group policy is to reduce this risk where possible, mainly in relation to its GBP and AUD functional currency subsidiaries, by using forward foreign exchange derivative contracts as hedging instruments that are typically designated as cash flow hedges. In these cases, the Group negotiates the terms of the derivative to match the critical terms of the hedged item normally including covering the period from initial forecasting of the hedged item purchase commitment to the point of settlement. There remains no effective and functioning market to hedge USD liabilities in Nigeria.

Notes to the Consolidated Financial Statements continued

Year ended 31 May 2024

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

Hedge accounting is typically applied in order to remove any timing mismatch between the hedging instrument and hedged item, with the effective portion of the change in fair value of the hedging instrument initially accounted for in the hedging reserve through other comprehensive income. If the firm commitment or forecast transaction that is the subject of a cash flow hedge results in the recognition of a non-financial asset or liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in other comprehensive income and accumulated in the hedging reserve are removed directly from equity and included in the initial measurement of the asset or liability. If the hedged item is transaction-related the foreign currency 'basis spread' is reclassified to profit or loss when the hedged item affects profit or loss. Those reclassified amounts are recognised in the Consolidated Income Statement in the same line as the hedged item.

Hedge ineffectiveness may arise from items including changes in forecast transactions, misalignment in critical terms, or if credit dominates the relationship between hedged item and hedging instrument. Where there is ineffectiveness and hedge accounting criteria are not met, the change in the fair value of the derivative is accounted for through profit or loss. There was no ineffectiveness during the reporting period in relation to the use of forward foreign exchange contracts.

The notional amounts of forward foreign exchange contracts outstanding as at the reporting date, along with the weighted average hedge rates of these contracts and average spot rates for the reporting period are as follows:

	Notional					Fair value	
2024	**Local currency million**	**Currency pair**	**Weighted average hedge rate**	**GBP equivalent £m**	**Average spot rate**	**Asset £m**	**Liability £m**
Sell USD	**(6.9)**	**GBP:USD**	**1.27**	**5.4**	**1.27**	**—**	**—**
Buy EUR	**7.7**	**GBP:EUR**	**1.16**	**(6.6)**	**1.16**	**—**	**(0.1)**
Sell AUD	**(4.2)**	**GBP:AUD**	**1.92**	**2.1**	**1.92**	**—**	**—**
Buy USD	**23.1**	**AUD:USD**	**0.66**	**(18.3)**	**0.66**	**—**	**(0.2)**
Buy IDR	**134,365.4**	**GBP:IDR**	**20,103**	**(6.7)**	**19,550**	**—**	**(0.2)**
						—	**(0.5)**

	Notional					Fair value	
2023	Currency million	Currency pair	Weighted average hedge rate	GBP equivalent £m	Average spot rate	Asset £m	Liability £m
Sell USD	73.5	GBP:USD	1.24	59.0	1.20	0.1	(0.3)
Buy EUR	5.5	GBP:EUR	1.13	4.9	1.15	—	(0.2)
Sell AUD	8.2	GBP:AUD	1.86	4.4	1.78	0.1	—
Buy USD	19.9	AUD:USD	0.68	15.2	0.68	0.8	—
Buy GBP	0.6	AUD:GBP	0.56	0.6	0.65	—	—
Buy SGD	0.5	USD:SGD	1.34	0.3	1.37	—	—
						1.0	(0.5)

As at 31 May 2024, the aggregate net amount of fair value movements of forward foreign exchange contracts currently deferred in the cash flow hedging reserve was a loss of £0.4 million (2023: £0.2 million gain). It is anticipated that the purchases of the hedged items that these forward exchange contracts were entered into for, will take place during the next financial year and these will be sold within 12 months of purchase.

The movement in the hedging reserve during the year was as follows:

	2024 £m	2023 £m
At 1 June	**0.2**	(0.2)
Fair value gains, net of taxation	**(0.6)**	0.4
At 31 May	**(0.4)**	0.2

The aggregate amount under forward foreign exchange contracts taken directly to profit or loss was a gain of £0.9 million (2023: £2.2 million gain).

The majority of the Group's monetary assets and liabilities are denominated in the functional currency of the relevant subsidiary. The following sensitivity analysis illustrates the impact of a 10% strengthening of the Group's transactional currencies against local functional currencies, with all other variables held constant.

The impact on the Group's (loss)/profit before taxation is due to foreign exchange (losses)/gains arising on the revaluation of monetary assets and liabilities denominated in a currency other than the functional currency of the subsidiary. The aggregate net foreign exchange losses recognised in profit or loss were £124.6 million (2023: £5.1 million) and are primarily as a result of the devaluation of the Nigerian Naira and the revaluation of foreign currency (USD) liabilities.

The impact on the Group's other comprehensive income is due to changes in the fair value of forward exchange contracts designated as cash flow hedges and the permanent as equity loans to a joint venture and with fellow subsidiary undertakings prior to their de-designation in the current year (notes 1, 3 and 14).

The Group's exposure to foreign currency changes for all other currencies is not material. A similar but opposite impact would be felt on both profit or loss and other comprehensive income if the Group's main transactional currencies weakened against local functional currencies by a similar amount:

	2024		2023	
£m	**Impact on loss before tax**	**Impact on pre-tax equity**	Impact on profit before tax	Impact on pre-tax equity
US Dollar	**2.5**	**1.6**	(6.2)	5.4
Nigerian Naira	**0.6**	**—**	3.1	—
Chinese Renminbi	**(0.2)**	**—**	(2.4)	—

The table above shows the foreign currency risk in relation to non-functional currency financial instruments in subsidiaries' financial statements at the balance sheet date. The inclusion of Chinese Renminbi is a reflection that historically the Group's Nigeria subsidiaries held Renminbi liabilities in relation to the purchase of electrical goods and raw materials from China.

In addition, the Group is also exposed to foreign currency risk on the translation of overseas subsidiaries' results into GBP for the Consolidated Financial Statements through the use of the average rate for the income statement and the closing rate for net assets. The impact on the Group's profit before tax and total equity if the applicable rate used to translate the results of the Group's principal foreign operations into GBP were adjusted to show a 10% strengthening of Sterling is shown below. A similar but opposite impact would be felt if Sterling weakened against the other currencies by a similar percentage.

	2024			2023		
£m	**Impact on adjusted operating profit**	**Impact on operating loss**	**Impact on total equity**	Impact on adjusted operating profit	Impact on operating loss	Impact on total equity
Nigerian Naira	**(2.4)**	**4.7**	**(5.1)**	(3.3)	(4.3)	(27.0)
Indonesian Rupiah	**(1.1)**	**(1.1)**	**(0.6)**	(1.7)	(1.7)	(0.9)
Australian Dollar	**(1.2)**	**(1.2)**	**(2.7)**	(0.8)	(1.3)	(5.3)
Other	**(0.6)**	**(0.3)**	**(2.3)**	(0.9)	(0.7)	(3.0)

In the table above, the most significant balance sheet item impacting total equity for the Nigerian Naira is the cash and cash equivalents held by the Nigerian subsidiaries (note 18).

(ii) Commodity pricing risk

Commodity risk is the risk that changes in underlying raw material prices have an adverse impact on the Group's financial performance.

The Group's policy is to minimise the pricing volatility accompanied by unfavourable changes in commodity prices by entering into fixed price supplier contracts in line with its commercial strategy.

The Group does not enter into any commodity derivatives.

(iii) Interest rate risk

Interest rate risk is the risk that a change in interest rates will have an adverse impact on the Group's financial performance.

The Group's main interest rate risk arises from cash and cash equivalents and borrowings.

To manage interest rate risk, the Group manages its proportion of fixed to floating rate borrowings within limits approved by the Board, primarily through issuing fixed and floating rate borrowings, and by utilising interest rate swaps, where appropriate.

Notes to the Consolidated Financial Statements continued

Year ended 31 May 2024

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

The following table sets out the sensitivity to reasonably possible changes in the Nigerian interest rates on cash and cash equivalents held by the Group's Nigerian operations, and reasonably possible changes in SONIA (Sterling Overnight Index Average) interest rates on that portion of loans and borrowings at 31 May 2024 (see note 18). With all other variables held constant, the Group's (loss)/profit before taxation is affected as follows:

	Increase/ decrease in basis points	Effect on (loss)/profit 2024 £m	Effect on (loss)/profit 2023 £m
Nigerian Naira rates	+50	**0.1**	0.6
	-50	**(0.1)**	(0.6)

	Increase/ decrease in basis points	Effect on (loss)/profit 2024 £m	Effect on (loss)/profit 2023 £m
GBP rates	+50	**(0.8)**	(1.3)
	-50	**0.8**	1.3

B. Credit risk

The Group is exposed to counterparty credit risk from its financing and investing activities with banks and financial institutions, including cash deposits, the use of derivatives and other financial instruments, from its operating activities (primarily trade receivables) and its loans to its joint venture (note 14). The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets.

Financing and investing activities

The Group maintains a policy on financial counterparty credit risk exposures that limits the maximum exposure on the investment of surplus cash and use of derivative instruments with reference to a minimum credit rating as maintained by Standard & Poor's (S&P), Moody's or Fitch, with further limits established for levels of exposure at various ratings levels. The level of exposure and the credit worthiness of the Group's banking counterparties are regularly reviewed to ensure compliance with this policy. Cash held with lower rated banks reflects the impact of perceived sovereign ceilings operating within those countries.

Cash and cash equivalents and net financial derivatives by counterparty credit rating at the end of the reporting period is as follows (ratings per S&P unless unavailable, in which case the Fitch rating is used):

	2024		2023	
	Cash and cash equivalents £m	Financial derivatives £m	Cash and cash equivalents £m	Financial derivatives £m
AA-	**6.8**	**—**	8.8	0.8
A+ to A-	**20.8**	**—**	38.6	(0.3)
BBB+ to BBB-	**0.9**	**—**	2.3	—
BB+ to BB-	**2.6**	**—**	2.3	—
B+ to B-	**20.2**	**—**	204.3	—
not rated	**—**	**—**	0.1	—
	51.3	**—**	256.4	0.5

All financial derivative contracts are held in financial institutions with credit ratings of at least A-.

The amounts classified B+ to B- counterparty credit rating relate to cash and cash equivalents held predominantly in Nigeria where the sovereign credit rating is B- thereby limiting the rating of banks incorporated within the country.

There are no significant concentrations of credit risk within the Group arising from the use of derivatives or other financial instruments.

Trade receivables

The Group trades only with creditworthy third parties. Under the Group policy, customers are subject to credit verification procedures in order to establish appropriate credit terms and trade receivable balances are monitored on an ongoing basis.

An allowance for loss is estimated by management based on the expected credit loss model approach. The creation and release of provisions for receivables is charged/credited to administrative expenses in the Consolidated Income Statement. Receivables are written off when all possible routes through which amounts can be recovered have been exhausted.

Trade receivables consist of a broad cross section of the international customer base for which there is no significant history of default. The credit risk of customers is assessed taking into account the local market environment, customers' financial positions, past experiences and other relevant factors. Individual customer credit limits are imposed based on these factors, and payment terms are generally 30-45 days, with a range from 14 to 120 days which reflects the differing nature of trading in the Group's geographical segments.

No other receivables are deemed to be impaired.

The ageing and credit risk profile of trade receivables based on the Group's provision matrix at the end of the reporting period was:

At 31 May 2024	**Expected credit loss rate %**	**Gross trade receivables £m**	**Lifetime expected credit loss £m**	**Net trade receivables £m**
Not past due	**0.1%**	**67.4**	**(0.1)**	**67.3**
Past due 0-30 days	**3.6%**	**5.5**	**(0.2)**	**5.3**
Past due 31-60 days	**9.1%**	**1.1**	**(0.1)**	**1.0**
Past due 61-90 days	**30.0%**	**1.0**	**(0.3)**	**0.7**
Past due 91-180 days	**33.3%**	**0.9**	**(0.3)**	**0.6**
Past due >180 days	**100.0%**	**1.6**	**(1.6)**	**—**
		77.5	**(2.6)**	**74.9**
Specific provision				**—**
Net trade receivables				**74.9**

At 31 May 2023	Expected credit loss rate %	Gross trade receivables £m	Lifetime expected credit loss £m	Net trade receivables £m
Not past due	0.1%	76.2	(0.1)	76.1
Past due 0-30 days	0.2%	10.0	—	10.0
Past due 31-60 days	3.8%	0.3	—	0.3
Past due 61-90 days	3.8%	0.5	—	0.5
Past due 91-180 days	2.9%	2.2	(0.1)	2.1
Past due >180 days	52.8%	3.4	(1.8)	1.6
		92.6	(2.0)	90.6
Specific provision				(2.4)
Net trade receivables				88.2

Notes to the Consolidated Financial Statements continued

Year ended 31 May 2024

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

C. Liquidity risk

The Group is exposed to the risk that it is unable to meet its financial commitments as they fall due. Under the terms of the £325.0 million committed credit facility, the Group must meet certain financial covenants. The covenants are described in the Capital risk management section below.

The Group manages liquidity risk through the Group Treasury function, with cash flow forecasts prepared and reviewed on a monthly basis. In addition, longer-term cash flow forecasts of up to 12 months are prepared as part of the Group's monthly forecasting and periodic budget cycles, with performance against free cash flow and net working capital targets monitored each month and providing longer-term cash flow and net debt visibility.

The Group's net debt level can vary from month to month depending on seasonal trading patterns including the holding of inventory, timing of receipts from customers and payments to suppliers, and the timing of any capital and restructuring projects.

Set out below is the maturity profile of the Group's financial liabilities which is based on the contractual undiscounted cash flows prepared using forward interest rates where applicable, showing items at the earliest date on which the liability could be required to be paid (for borrowings under committed facilities, the maturity is based on the maturity of the facility). The table includes both interest and principal cash flows. To the extent that interest flows based on floating rate, the undiscounted amount is derived from interest rates at the reporting date. Derivatives are presented on a notional basis in GBP.

At 31 May 2024	**<3 months £m**	**3-12 months £m**	**1-2 years £m**	**2-5 years £m**	**>5 years £m**	**Total £m**
Trade and other payables	**(158.7)**	**—**	**(2.6)**	**—**	**—**	**(161.3)**
Forward foreign exchange contracts	**(31.5)**	**(24.1)**	**—**	**—**	**—**	**(55.6)**
Borrowings	**(8.7)**	**—**	**(125.0)**	**(36.0)**	**—**	**(169.7)**
Lease liabilities	**(0.8)**	**(2.0)**	**(1.6)**	**(4.4)**	**(5.1)**	**(13.9)**

At 31 May 2023	<3 months £m	3-12 months £m	1-2 years £m	2-5 years £m	>5 years £m	Total £m
Trade and other payables	(177.3)	—	(1.3)	(2.8)	—	(181.4)
Forward foreign exchange contracts	(71.8)	(12.8)	—	—	—	(84.6)
Borrowings	(1.7)	—	(125.0)	(127.0)	—	(253.7)
Lease liabilities	(0.6)	(2.0)	(2.2)	(4.0)	(6.3)	(15.1)

The forward foreign exchange contracts disclosed in the tables above are the gross undiscounted cash outflows. Those amounts may be settled gross or net. The following table shows the corresponding reconciliation of those amounts to their carrying values:

At 31 May 2024	**<3 months £m**	**3-12 months £m**	**1-2 years £m**	**2-5 years £m**	**>5 years £m**	**Total £m**
Inflows	**31.4**	**23.7**	**—**	**—**	**—**	**55.1**
Outflows	**(31.5)**	**(24.1)**	**—**	**—**	**—**	**(55.6)**
Net	**(0.1)**	**(0.4)**	**—**	**—**	**—**	**(0.5)**
Carrying amounts:						
Asset	**—**	**—**	**—**	**—**	**—**	**—**
Liability	**(0.1)**	**(0.4)**	**—**	**—**	**—**	**(0.5)**
	(0.1)	**(0.4)**	**—**	**—**	**—**	**(0.5)**

At 31 May 2023	<3 months £m	3-12 months £m	1-2 years £m	2-5 years £m	>5 years £m	Total £m
Inflows	71.9	13.2	—	—	—	85.1
Outflows	(71.8)	(12.8)	—	—	—	(84.6)
Net	0.1	0.4	—	—	—	0.5
Carrying amounts:						
Asset	0.5	0.5	—	—	—	1.0
Liability	(0.4)	(0.1)	—	—	—	(0.5)
	0.1	0.4	—	—	—	0.5

Capital risk management

The objective of the Group when considering total capital is to protect the value of capital investments and to generate returns on shareholder funds. Total capital is defined as including bank borrowings and equity, including, when applicable, derivatives used for the purposes of hedging currency and interest exposure on the borrowings, but excluding the cash flow hedging reserve.

In support of its objectives, the Group may undertake actions to adjust its capital structure. Actions may include, but are not limited to, raising or prepaying of borrowings together with related derivative instruments, issuance of additional share capital, payment of dividends or share repurchase programmes.

The Group's £325.0 million credit facility is subject to financial covenants. The principal covenants on the facility are a leverage ratio of ≤3.0x and interest cover of ≥4.0x which are measured on a rolling 12-month basis at half year and year end. The Group considers net debt to be an important performance measure as it forms the basis of the leverage ratio (defined as Total Net Debt to EBITDA) in the facility agreement. As at 31 May 2024, the Group's net debt including lease liabilities was £127.4 million (2023: £7.3 million), net of £51.3 million (2023: £256.4 million) cash and cash equivalents as described in note 18. Interest cover is defined in the facility agreements as the ratio of Adjusted EBITDA to net finance (expense)/income.

The committed credit facility also includes other customary provisions relating to events of default, including non-payment of principal, interest or fees, misrepresentations, breach of covenants, creditor process, cross default to other indebtedness of the borrowers and its subsidiaries.

During the year, and as at the reporting date, the Group was in compliance with all financial and other covenants.

Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Group uses various methods including market, income and cost approaches. Based on these approaches, the Group utilises certain assumptions that market participations would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs may be readily observable, market corroborated, or generally unobservable inputs. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following categories:

- Level 1: Derived from quoted prices in active markets for identical assets or liabilities;
- Level 2: Derived from observable inputs other than Level 1, including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data; and
- Level 3: Derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). This may include pricing models, discounted cash flow or similar methodologies as well as instruments for which the determination of fair value requires significant management judgement or estimation.

There were no transfers between Level 1, 2 and 3 during the current or prior year.

At the end of the reporting period, the Group held the following financial assets and liabilities at fair value:

At 31 May 2024	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets held at fair value				
Current asset investments	—	—	—	—
Derivative financial assets	—	—	—	—
Liabilities held at fair value				
Derivative financial liabilities	—	**0.5**	—	**0.5**
Other payables	—	—	**4.5**	**4.5**

Notes to the Consolidated Financial Statements continued

Year ended 31 May 2024

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

At 31 May 2023	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets held at fair value				
Current asset investments	—	—	0.5	0.5
Derivative financial assets	—	1.0	—	1.0
Liabilities held at fair value				
Derivative financial liabilities	—	0.5	—	0.5
Other payables	—	—	5.9	5.9

The following is a description of the valuation methodologies and assumptions used for estimating the fair values:

- Current asset investments – Current asset investments comprise non-listed equity investments. A discounted cash flow methodology is used to estimate the present value of the expected future economic benefits to be derived from the ownership of these investments. The fair value of current asset investments at 31 May 2024 was £nil (2023: £0.5 million) with the movement in the year relating to an impairment charge included in administration expenses.
- Derivative financial instruments – Derivative financial instruments comprise forward foreign exchange contracts. Fair value is calculated using observable market data where it is available, including spot rates and observable forward points, as discounted to reflect the time value of money. Counterparty credit is monitored. No adjustment to the fair value for credit risk is made due to materiality.
- Other payables – Other payables held at fair value relate to deferred purchase consideration on the acquisition of Childs Farm (note 20), which was estimated by applying an appropriate discount rate to the expected future payments. The key assumptions take into consideration the probability of meeting each performance target and the discount factor. Should the target not be met, no consideration would be payable, and should the discount rate applied be changed, the fair value of the deferred purchase consideration would change, but the amount of consideration that would ultimately be paid would not necessarily change.

For the financial assets and liabilities not held at fair value, there was no material difference between their carrying values and their fair values, except for non-current borrowings which are presented net of unamortised issuance costs of £0.7 million (2023: £0.8 million).

20. TRADE AND OTHER PAYABLES

	2024 £m	2023 £m
Current		
Trade payables	**66.8**	75.9
Trade obligations with banks	**12.8**	8.6
Other taxation and social security	**4.9**	4.9
Other payables	**5.6**	10.8
Accruals	**68.6**	82.0
	158.7	182.2
Non-current		
Other payables	**2.6**	4.1
	2.6	4.1

Refer to note 19 for further information on financial instruments classified by category/fair value hierarchy level and management of liquidity risk.

The Group maintains arrangements under which vendors are offered the option to receive earlier payment of the Group's trade payables. Vendors utilising the arrangements pay a credit fee to the issuing bank. The Group does not pay any credit fees and does not provide any additional collateral or guarantee to the bank. Current trade payables include £nil (2023: £nil) under such arrangements.

Trade obligations with banks relate to common practice in Nigeria whereby the bank undertakes to settle certain trade creditors on the Group's behalf and receives subsequent settlement from the Group trading entities. The Group does not benefit from payment terms with the bank that are extended beyond those contractually agreed with the supplier, and neither does the supplier benefit from early payment terms. Accordingly, such liabilities continue to be recognised within trade payables and cash flows are presented as operating.

Deferred consideration for the acquisition of Childs Farm in 2022 is included within other payables of which £2.0 million (2023: £3.1 million) is classified as current and £2.5 million (2023: £2.8 million) as non-current. The liability was remeasured during the year and a £1.4 million (2023: £1.3 million) reduction was recognised in finance income.

21. DEFERRED TAX

Deferred tax is provided under the balance sheet liability method using the applicable jurisdiction tax rate at which the balances are expected to unwind. Movements in deferred tax assets and liabilities during the year were:

	Property, plant and equipment £m	Retirement benefit obligations £m	Revaluation of property, plant and equipment £m	Unremitted earnings £m	Business combinations £m	Accruals and provisions £m	Tax losses £m	Other timing differences £m	Total £m
At 1 June 2022	(10.4)	(13.4)	(5.9)	(1.4)	(48.6)	3.8	0.8	(12.1)	(87.2)
Credit/(charge) to income statement	0.1	(0.4)	0.7	(0.4)	2.7	0.3	3.3	2.4	8.7
Credit to other comprehensive income	—	7.4	—	—	—	—	—	0.9	8.3
Exchange differences	0.4	(0.2)	0.4	—	0.7	(0.3)	(0.5)	0.3	0.8
At 31 May 2023	**(9.9)**	**(6.6)**	**(4.8)**	**(1.8)**	**(45.2)**	**3.8**	**3.6**	**(8.5)**	**(69.4)**
Credit/(charge) to income statement	**(2.0)**	**0.2**	**4.8**	**1.8**	**6.1**	**(1.0)**	**29.5**	**4.2**	**43.6**
Credit to other comprehensive income	**—**	**1.7**	**—**	**—**	**—**	**—**	**13.6**	**(0.5)**	**14.8**
Exchange differences	**4.7**	**(0.4)**	**—**	**—**	**(0.1)**	**(1.3)**	**(9.9)**	**0.4**	**(6.6)**
At 31 May 2024	**(7.2)**	**(5.1)**	**—**	**0.0**	**(39.2)**	**1.5**	**36.8**	**(4.4)**	**(17.6)**

Deferred taxation assets are recognised for tax loss carry forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. At 31 May 2024 the Group recorded a deferred taxation asset of £36.8 million (2023: £3.6 million) on recognised but unused tax losses with the material increase year-on-year relating to the impact of the Naira devaluation and resulting operating losses. Given the one-off nature of the event, and probability of ongoing profitability together with other supporting items, deferred tax assets occurring as a result of such tax losses are recognised in full. A further £8.0 million (2023: £2.7 million) of unrecognised tax losses are not expected to expire or be disposed of, together with £13.8 million (2023: £13.9 million) of unrecognised capital losses relating to the disposal of the five:am business. There is also an additional unrecognised deferred taxation asset of £2.0 million (2023: £13.8 million) relating to timing differences other than unrecognised tax losses. This amount relates to property, plant and equipment differences, unused temporary differences, and accruals and provisions, and it is not probable that these timing differences will reverse in the foreseeable future.

Other temporary differences include a liability for brands and goodwill of £6.7 million (2023: £7.1 million), an asset for corporate interest restriction of £4.1 million (2023: £nil) and an asset for share-based payments of £0.5 million (2023: £0.5 million). A deferred tax liability of £0.9 million (2023: £1.8 million) in respect of unremitted earnings in Indonesia has been recognised on the basis that unremitted earnings may be liable to overseas withholding taxes if anticipated to be distributed as dividends. As at 31 May 2024, the aggregate amount of gross temporary differences associated with investments in subsidiaries and joint ventures for which deferred taxation liabilities have not been recognised totals approximately £22.5 million (2023: £161.7 million).

Following the amendments to IAS12 *Income Taxes* in relation to Deferred Tax related to Assets and Liabilities arising from a Single Transaction, the Group has recognised a separate deferred tax asset in relation to its lease liability of £2.7 million (2023: £2.4 million) and a deferred tax liability in relation to its right of use assets of £2.4 million (2023: £2.5 million). There was no impact on the statement of financial position because the balances qualify for offset under paragraph 74 of IAS 12. There was also no impact on the opening retained earnings as at 1 June 2023 as a result of the change.

After offsetting deferred taxation assets and liabilities where appropriate within jurisdictions (as permitted by IAS 12 *Income Taxes*), the net deferred taxation liability comprises:

	2024 £m	2023 £m
Deferred tax assets	**22.2**	7.5
Deferred tax liabilities	**(39.8)**	(76.9)
	(17.6)	(69.4)

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Year ended 31 May 2024

22. PROVISIONS

	Warranty provisions £m	VAT provisions £m	Total £m
At 1 June 2022	0.7	4.9	5.6
Provided	(0.4)	—	(0.4)
Utilised	—	(4.9)	(4.9)
Exchange differences	0.1	—	0.1
At 31 May 2023	**0.4**	**—**	**0.4**
Released	**—**	**—**	**—**
Utilised	**—**	**—**	**—**
Exchange differences	**(0.2)**	**—**	**(0.2)**
At 31 May 2024	**0.2**	**—**	**0.2**

Warranty provisions relate to the Group's electricals business in Africa. The VAT provision related to one of the Group's subsidiaries which had initially incorrectly assessed VAT on sales of certain goods and purchases of certain raw materials over the period 2016–2019. Following a determination on the VAT treatment of these sales and purchases, a liability was provided for which included an estimate of applicable fines and interest, and this was settled during the year.

23. RETIREMENT BENEFITS AND OTHER LONG-TERM EMPLOYEE OBLIGATIONS

The Group operates retirement benefit schemes in the UK and overseas as described below.

UK retirement benefit schemes

The Group operates four defined benefit pension schemes in the UK, each of which were closed to future accrual on 31 May 2008. The schemes are as follows:

- PZ Cussons Retirement Benefits Plan (Main plan) – for UK-based employees excluding PZ Cussons plc Executive Directors
- PZ Cussons Directors' Retirement Benefits Plan (Directors' plan) – for PZ Cussons plc Executive Directors
- PZ Cussons Pension Fund and Life Assurance Scheme for Staff Employed Outside the UK (Expatriate plan) – for all eligible expatriate employees based outside the UK
- PZ Cussons Employer Financial Retirement Benefits Scheme (Unfunded plan) – an unfunded, unapproved retirement scheme for certain former PZ Cussons plc Directors.

The UK Plans operate under trust law and responsibility for their governance lies with a Board of Trustees composed of representatives of the Group, plan participants and an independent trustee, who act on behalf of members in accordance with the terms of the Trust Deed and Rules and relevant legislation.

Current and deferred members of these schemes are provided with defined benefits based on service and final salary. The Main plan, Directors' plan and Expatriate plan are funded schemes and the assets of the schemes are administered by trustees and are held in trust funds independent of the Group. The most recent triennial actuarial valuations of these schemes was as at 31 May 2021, and were performed by an independent professional actuary. Each scheme was determined to be in surplus and therefore there are no company contributions required to be paid before the next valuation. The next triennial actuarial valuation of these schemes will be as at 31 May 2024.

In June 2023, in the case of Virgin Media vs NTL Pension Trustees II Limited, the High Court judged that amendments made to the Virgin Media scheme were invalid because they were not accompanied by the correct actuarial confirmation. On 25 July 2024, the Court of Appeal upheld the June 2023 High Court decision. The Court's decision could have wider ranging implications, affecting other schemes that were contracted-out on a salary-related basis, and made amendments between April 1997 and April 2016. There is still further uncertainty with the potential for overriding government legislation to be introduced.

The Group had been awaiting the Court of Appeal's decision before investigating any possible implications for the Group's UK pension schemes, accordingly the Group has not had adequate time to begin detailed investigations before the signing of these financial statements. Therefore, the Group considers that the amount of any potential impact on the UK schemes' defined benefit obligation cannot yet be measured with sufficient reliability and consequently no allowance for this has been made in calculating the defined benefit obligations at the reporting date.

The UK's main schemes expose the Group to the following risks:

Risk	Description	Mitigation
Investment risk	The present value of the defined benefit pension schemes' liabilities is calculated using a discount rate (investment return) determined by direct reference to high-quality corporate bond yields (for IAS 19 *Employee Benefits* purposes) and gilt yields (for statutory funding and long-term funding purposes). If the return on scheme assets is less than these discount rates, the funding position of the schemes will fall.	As part of the financing of the funded schemes, they invest in assets with higher return expectations than lower risk bonds that are the best match for the schemes' liabilities. To control the resulting investment risk, the funded schemes invest in diversified portfolios of growth assets with the balances invested in liability-matching bond assets designed to control interest rate risk (see below). The split between growth assets and liability-matching bond assets for each funded scheme is regularly monitored to ensure investment risk is not excessive given the statutory funding assumptions and the schemes' long-term funding objectives.
Interest risk	A decrease in the corporate bond yield and/or gilt yield will increase the present value of the schemes' liabilities under the IAS 19 *Employee Benefits* and statutory/ long-term funding bases respectively.	The funded schemes make use of liability-driven investment techniques to protect them against the majority of the interest rate risk inherent in their liabilities. This is achieved by investing in gilts and investment grade corporate bonds such that changes in the schemes' liabilities due to falling gilt and/or corporate bond yields are offset by similar movements in the value of the schemes' overall assets. Reflecting the funded schemes' focus on controlling interest risk relative to their statutory and long-term funding bases, the schemes' liability matching bond portfolios are predominantly invested in gilts, with the balance invested in investment grade corporate bonds to increase the expected return on the plans' assets in a risk-controlled way. In doing so, the exposures to investment grade corporate bonds also help mitigate the interest rate risk inherent in the schemes' IAS 19 *Employee Benefits* liabilities.
Inflation risk	A decrease in the corporate bond yield and/or gilt yield will increase the present value of the schemes' liabilities under the IAS 19 *Employee Benefits* and statutory/ long-term funding bases respectively.	The schemes' liability-matching bond assets are also designed to hedge the majority of the inflation rate risk inherent in the schemes' liabilities. This is achieved by investing in index-linked gilts.
Longevity risk	The value of the schemes' liabilities is calculated by reference to the best estimate of the life expectancy of each scheme's participants. An increase in life expectancy of the schemes' participants will increase the schemes' liabilities.	To help control longevity risk all the schemes are closed to future benefit accrual. The schemes consider additional approaches to mitigating longevity risk, for example by buying annuities with an insurance company to cover the schemes' liabilities.

Notes to the Consolidated Financial Statements continued

Year ended 31 May 2024

23. RETIREMENT BENEFITS AND OTHER LONG-TERM EMPLOYEE OBLIGATIONS CONTINUED

A summary of the amounts recognised in the Consolidated Balance Sheet for the UK schemes described above is as follows:

	2024			2023		
	Assets £m	**Obligations £m**	**Total £m**	Assets £m	Obligations £m	Total £m
Main plan	**150.9**	**(130.3)**	**20.6**	154.0	(127.3)	26.7
Directors' plan	**29.0**	**(17.5)**	**11.5**	29.2	(17.4)	11.8
Expatriate plan	**86.3**	**(44.1)**	**42.2**	89.2	(44.7)	44.5
Unfunded plan		**(3.2)**	**(3.2)**	—	(3.1)	(3.1)
	266.2	**(195.1)**	**71.1**	272.4	(192.5)	79.9
Restrictions due to asset ceiling			**(42.2)**			(44.5)
Net asset			**28.9**			35.4
Classified as/within:						
Retirement benefit surplus			**32.1**			38.5
Retirement benefit and other long-term employee obligations			**(3.2)**			(3.1)
			28.9			35.4

The trust deeds for the Main plan and Directors' plan provide the Group with an unconditional right to a refund of surplus assets assuming the full settlement of plan liabilities in the event of a plan wind-up. Furthermore, in the ordinary course of business the trustee has no rights to unilaterally wind up, or otherwise augment the benefits due to members of the scheme. Based on these rights, any net surpluses in these two UK schemes are recognised in full.

The trust deed for the Expatriate plan provides the trustees with an unconditional right to wind up the scheme and distribute the surplus to members. Therefore, the surplus on the Expatriate plan has not been recognised in the Consolidated Balance Sheet (shown as a restriction due to asset ceiling in the table above).

Movements in the fair value of plan assets were as follows:

	2024 £m	2023 £m
At 1 June	**272.4**	368.0
Recognised in Consolidated Income Statement:		
– administrative expense	**(1.3)**	(0.4)
– finance income	**11.8**	10.5
Recognised in Consolidated Statement of Other Comprehensive Income:		
– return on plan assets (excluding finance income)	**0.2**	(77.9)
Not recognised within comprehensive income due to asset ceiling:		
– finance income	**2.4**	2.1
– return on plan assets (excluding finance income)	**(4.7)**	(16.3)
Employer contributions to the Unfunded plan	**0.2**	0.2
Benefits paid	**(14.8)**	(13.8)
At 31 May	**266.2**	272.4

Employer contributions to the Unfunded plan related to payments during the year to former Directors amounting to £0.2 million (2023: £0.2 million).

The assets in the schemes are as follows:

	2024 £m	2023 £m
Equities	**3.1**	5.2
Bonds	**247.6**	259.7
Property	**—**	—
Cash and cash equivalents	**15.5**	7.5
	266.2	272.4

Equities and bonds are quoted in active markets with all other assets being unquoted.

The UK schemes' investment strategy is set by the respective trustees after taking appropriate advice from their investment consultant. The trustee's primary objective is to invest the scheme's assets in the best interest of the members and beneficiaries. Within this framework the trustee has agreed a number of objectives to help guide them in their strategic management of the assets and control of the various investment risks to which the scheme is exposed.

Movements in the present value of the plan defined benefit obligations were as follows:

	2024 £m	2023 £m
At 1 June	**(192.5)**	(243.4)
Recognised in Consolidated Income Statement:		
– finance expense	**(10.0)**	(8.3)
Recognised in Consolidated Statement of Other Comprehensive Income:		
– remeasurement gain due to changes in demographic assumptions	**1.1**	5.4
– remeasurement (loss)/gain due to changes in financial assumptions	**(8.4)**	49.3
– remeasurement loss due to experience adjustments	**(0.1)**	(9.3)
Benefits paid	**14.8**	13.8
At 31 May	**(195.1)**	(192.5)

Amounts recognised in the Consolidated Income Statement comprised:

	2024 £m	2023 £m
Administrative expense	**(1.3)**	(0.4)
Finance income	**1.8**	2.2
	0.5	1.8

Amounts recognised within Consolidated Statement of Other Comprehensive Income comprised:

	2024 £m	2023 £m
Relating to plan assets:		
– return on plan assets (excluding finance income)	**0.2**	(77.9)
Relating to plan defined benefit obligations:		
– remeasurement gain due to changes in demographic assumptions	**1.1**	5.4
– remeasurement (loss)/gain due to changes in financial assumptions	**(8.4)**	49.3
– remeasurement loss due to experience adjustments	**(0.1)**	(9.3)
	(7.2)	(32.5)

Notes to the Consolidated Financial Statements continued

Year ended 31 May 2024

23. RETIREMENT BENEFITS AND OTHER LONG-TERM EMPLOYEE OBLIGATIONS CONTINUED

The key financial assumptions used by the actuary to value the scheme obligations were as follows:

	2024	2023
Rate of increase in retirement benefits in payment		
– pensions in payment	**3.1%**	2.9%
– deferred pensions	**2.7%**	2.4%
Discount rate	**5.2%**	5.4%
Inflation (RPI)	**3.3%**	3.1%

The mortality assumptions used were as follows:

	2024 years	2023 years
Weighted average life expectancy on post-retirement mortality table used to determine benefit obligations		
– Member age 65 (current life expectancy)	**22.5**	22.9
– Member age 45 (life expectancy at age 65)	**23.9**	24.4

The ages shown above are weighted average across the schemes based on the scheme's defined benefit obligation as at 31 May 2024, and the prior year ages are presented on the same basis.

The sensitivities on the key actuarial assumptions as at the end of the year in relation to the schemes were:

	Change in assumption	Change in obligation
Discount rate	Decrease of 0.25%	Increase of 2.9%
Inflation (RPI)	Increase of 0.25%	Increase of 2.6%
Mortality	Increase in life expectancy of 1 year	Increase of 3.4%

The sensitivities shown above are approximate. Each sensitivity considers each change in isolation and is calculated using the same methodology as used for the calculation of the defined benefit obligation at the end of the year. The inflation sensitivity includes the impact of changes to the assumptions for the revaluation and pension increases. In practice it is unlikely that the changes would occur in isolation.

During the year ending 31 May 2025, the Group expects to make cash contributions of £nil (2024: £nil) to funded defined benefit schemes, and £0.2 million (2024: £0.2 million) to unfunded schemes.

Overseas retirement benefit schemes

Outside of the UK, the Group operates a number of defined benefit pension schemes, all of which are unfunded, and the movement in the liability positions of these schemes during the year was as follows:

	2024 £m	2023 £m
At 1 June	**(9.3)**	(9.6)
Recognised in Consolidated Income Statement:		
– Administrative expenses	**(1.1)**	0.2
– finance expenses	**(0.6)**	(0.6)
Recognised in consolidated other comprehensive income:		
– remeasurement (loss)/gain	**0.4**	(0.3)
Benefits paid	**0.6**	0.8
Exchange differences	**1.0**	0.2
At 31 May	**(9.0)**	(9.3)

The most significant overseas defined benefit scheme is operated by the Group's Indonesian subsidiary. This is a final salary pension plan, defined in the Indonesian law, which provides benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement. The scheme's obligations have been valued using a discount rate of 7.0% (2023: 6.75%) and a salary inflation rate of 8.0% (2023: 8.0%). The scheme's obligation included in the above table is £8.4 million (2023: £8.7 million).

The sensitivities on the key actuarial assumptions as at the end of the year in relation to the overseas schemes were:

	Change in assumption	Change in obligation
Discount rate	Decrease of 1.0%	Increase of 8.1%
Salary rate	Increase of 1.0%	Increase of 7.7%

Defined contribution pension schemes and other long-term employee obligations

The Group operates a defined contribution pension scheme for current employees in the UK and at a number of overseas subsidiaries. The amount recognised as an expense in the Consolidated Income Statement in relation to these schemes was £1.9 million (2023: £2.4 million).

The most significant other long-term employee obligation relates to the gratuity scheme operated by the Group's Nigerian subsidiary. This scheme operates under an agreement established in 2006 between PZ Cussons Nigeria plc and its employees, and is only eligible for employees who joined the company before 1 January 2007. The scheme is funded directly by the company, and the amount recognised as an expense in the Consolidated Income Statement in relation to this scheme is £0.3 million (2023: £0.6 million).

24. SHARE CAPITAL AND INVESTMENT IN OWN SHARES

(a) Share capital

	2024		2023	
	Number 000	**£m**	Number 000	£m
Authorised, allotted, issued and fully paid:				
Ordinary shares of 1p each	**428,725**	**4.3**	428,725	4.3
Total called up share capital	**428,725**	**4.3**	428,725	4.3

The Company has one class of ordinary shares which carry no right to fixed income.

(b) Treasury shares

Treasury shares represent the shares in the Company held by the employee share trusts which comprise the Employee Share Option Trust (ESOT) and the Share Incentive Plan (SIP) trust. The ESOT was established to purchase shares to satisfy awards under the Group's incentive schemes and the SIP trust was established to purchase and hold shares on behalf of employees participating in the SIP. Further details of these schemes are provided in note 25.

Movements in treasury shares were:

	ESOT number	SIP trust number
At 1 June 2022	10,193,781	34,269
Issued to satisfy options	(132,634)	—
Transfers	(64,651)	64,651
At 31 May 2023	**9,996,496**	**98,920**
Issued to satisfy options	**(659,230)**	**—**
Transfers	**(103,523)**	**103,523**
At 31 May 2024	**9,233,743**	**202,443**

The transfer of shares between the trusts relate to matching awards provided by the Group under the SIP (see note 25) which are sourced from the ESOT. The cost of shares held in the ESOT and SIP trust as at 31 May 2024 was £34.5 million (2023: £36.9 million), and the market value was £10.4 million (2023: £18.6 million).

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25. SHARE-BASED PAYMENTS

The Group operates a number of long-term incentive schemes which provide share awards to Executive Directors and certain senior employees. These schemes are designed to align the interests of the participants with those of the Group's shareholders. The Group also operates a Share Incentive Plan (SIP) scheme which is open to UK employees.

The incentive schemes are described below.

Long-Term Incentive Plan (LTIP)

The PZ Cussons Long-Term Incentive Plan 2020 (LTIP 2020 plan) was approved by shareholders and adopted at the 2020 Annual General Meeting.

The LTIP 2020 plan provides for the grant of restricted share unit (RSU) awards for the senior employees, but not Executive Directors, to function like restricted stock. These share awards are nil-cost shares which vest in full subject only to continued employment, with no performance conditions. The fair value of the awards is determined to be the market price of the underlying shares on the date of the grant. There are no cash settlement alternatives. The Group accounts for the restricted share awards as equity-settled awards. In the current year, 2,488,823 restricted share awards (2023: 948,158 awards) were granted equating to a total fair value of £3.6 million (2023: £1.9 million) which will be recognised over the vesting period.

Under the LTIP 2020 plan, Executive Directors and certain senior employees are also eligible to participate in the PSP, which provides for the grant of conditional rights to receive nil-cost shares (performance shares) subject to continued employment over a three-year vesting period and the satisfaction of certain performance criteria established by the Remuneration Committee. The fair value of the awards is determined to be the market price of the underlying shares on the date of the grant. There are no cash settlement alternatives. The Group accounts for the performance share awards as equity-settled awards. The last grant of performance share awards took place in February 2023. In the current year, no performance share awards (2023: 1,616,361 awards) were granted equating to a total fair value of £nil (2023: £3.3 million). 18,463 dividend share units were awarded and exercised during the current year, attached to performance share awards granted in previous years.

The total expense recognised in the Consolidated Income Statement in the year in respect of both the performance share awards and the restricted share awards was £1.6 million (2023: £1.3 million).

Deferred Bonus Share Plan

This plan is limited to the Executive Directors and requires a minimum of 25% of any annual bonus earned to be deferred into shares (deferred bonus shares). The deferral period is three years (unless the Remuneration Committee determines otherwise) and the shares vest in full subject only to continued employment, with no performance conditions. The fair value of the deferred bonus share awards is determined to be the market price of the underlying shares on the date of the grant. The Group accounts for the deferred bonus share awards as equity-settled awards. In the current year, 173,836 deferred bonus share awards (2023: 89,222 awards) were granted equating to a total fair value of £0.2 million (2023: £0.2 million) which will be recognised over the vesting period. The amount recognised in the Consolidated Income Statement in the year in respect of deferred bonus share awards was £0.3 million income (2023: £0.1 million expense).

SIP

The Group launched the SIP in October 2021. Available to UK employees, this plan aligns employees with the business strategy and investors by encouraging equity participation through the wider employee population. Under the plan, employees can opt to make a salary deduction on a monthly basis to subscribe for shares which the Group matches up to a maximum of £100 per employee per month. These matched share awards vest subject to continued employment over a three-year vesting period and a number of conditions associated with withdrawal. The fair value of the matched share awards is determined to be the market price of the shares on the date of matching. There are no cash settlement alternatives. The Group accounts for the matched share awards as equity-settled awards. In the current year, 125,802 matched share awards (2023: 71,160 awards) were granted equating to a total fair value of £0.2 million (2023: £0.1 million) which will be recognised over the vesting period. The expense recognised in the Consolidated Income Statement in the year in respect of matched share awards was £70,000 (2023: £45,000).

Set out below are the movements in the options and awards under each of the schemes:

	Performance shares number	Restricted shares number	Deferred bonus shares number	SIP number	Total number
Options/awards outstanding as at 1 June 2022	3,252,913	850,954	116,730	34,180	4,254,777
Options/awards issued	1,616,361	948,158	89,222	71,160	2,724,901
Options/awards exercised	—	(50,325)	—	—	(50,325)
Options/awards lapsed/forefeited[1]	(1,249,311)	(160,840)	—	(8,880)	(1,419,031)
Options/awards outstanding as at 31 May 2023	**3,619,963**	**1,587,947**	**205,952**	**96,460**	**5,510,322**
Options/awards issued	**18,463**	**2,488,823**	**173,836**	**125,802**	**2,806,924**
Options/awards exercised	**(209,476)**	**(449,754)**	**—**	**(3,278)**	**(662,508)**
Options/awards lapsed/forfeited	**(1,061,785)**	**(402,045)**	**—**	**(19,819)**	**(1,483,649)**
Options/awards outstanding as at 31 May 2024	**2,367,165**	**3,224,971**	**379,788**	**199,165**	**6,171,089**

1 Of the options and awards which lapsed/forfeited in the year ended 31 May 2024 for the performance shares and restricted shares, 1,256,950 (2023: 1,290,407) related to the previous scheme approved in 2014.

The vesting dates of the outstanding options and awards as at 31 May 2024 is:

	Performance shares number	Restricted shares number	Deferred bonus shares number	SIP number	Total number
31 May 2025	1,031,176	455,809	116,730	25,195	1,628,910
31 May 2026	1,335,989	518,065	89,222	56,197	1,999,473
31 May 2027	—	2,251,097	173,836	117,773	2,542,706

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Year ended 31 May 2024

26. RECONCILIATION OF (LOSS)/PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	Notes	2024 £m	2023 £m
(Loss)/profit before taxation[1]		**(95.9)**	61.8
Net finance expense/(income) and net monetary loss arising from hyperinflationary economies		**12.2**	(2.1)
Operating (loss)/profit		**(83.7)**	59.7
Depreciation	11,13	**10.2**	12.1
Amortisation	10	**7.1**	7.0
Impairment of tangible and intangible assets	10,11	**24.4**	16.5
Impairment reversal of intangible assets	10	**—**	(4.2)
Impairment reversal of net investments in joint venture	14	**—**	(2.2)
Impairment of current asset investment	19	**0.5**	—
Profit on sale of assets	4	**(1.8)**	(11.1)
Difference between pension charge and cash contributions		**1.7**	0.5
Share-based payments		**1.9**	1.7
Share of results of joint venture		**(7.3)**	(7.5)
Operating cash flows before movements in working capital		**(47.0)**	72.5
Movements in working capital:			
Inventories		**2.3**	(8.4)
Trade and other receivables		**15.3**	(13.4)
Trade and other payables		**77.5**	30.3
Provisions		**(0.4)**	(4.4)
Cash generated from operations		**47.7**	76.6

1 Wholly derived from continuing operations.

27. RELATED PARTY TRANSACTIONS

Key management personnel

The key management personnel of the Group comprise the members of the PZ Cussons plc Board of Directors and their compensation was as follows:

	2024 £m	2023 £m
Short-term employee benefits	**2.2**	2.5
Post-employment benefits	**0.1**	0.1
Share-based payments	**0.7**	0.5
	3.0	3.1

Transactions with joint ventures

Certain Group subsidiary undertakings enter into related party transactions with PZ Wilmar Limited, a joint venture interest which was set up under the terms of a joint venture agreement with Wilmar International Limited. Set out below are details of related party transactions during the year with PZ Wilmar Limited as well as balances as at 31 May 2024:

- At 31 May 2024, outstanding long-term loans receivable from PZ Wilmar Limited amounted to £30.6 million (2023: £40.3 million). The loan is matched by another loan of the same amount and terms from the Group's fellow joint venture partner. During the year, PZ Wilmar Limited made two repayments to the Group totalling £8.7 million (2023: £nil). These long-term loans are denominated in USD, interest free and repayable in part or in full on demand, subject to a 12-month notice period. In the prior year, these loans were presented as part of the Group's net investment in the joint venture. On the occurence of the second repayment in the current year, management determined that it could no longer be demonstrated that there was no intent or expectation to demand repayment of these loans and accordingly they were de-designated from permanent as equity and are no longer presented as part of the Group's net investment in the joint venture
- Short-term loans are advanced to PZ Wilmar Limited from time to time. These loans are interest bearing, repayable on demand and not secured. During the year, no loans were advanced (2023: £11.2 million advanced) and the amount due as at 31 May 2024 was £nil (2023: £nil). Interest received in the year amounted to £nil (2023: £0.7 million)
- At 31 May 2024, the outstanding trade receivable balance due from PZ Wilmar Limited was £1.1 million (2023: £2.2 million). All trading balances are settled in cash, and there were no provisions for doubtful related party receivables at 31 May 2024 (2023: £nil).

PZ Foundation

The PZ Foundation is not a related party within the definition of IAS 24 *Related Party Disclosures* or the UK Listing Rules. Neither PZ Cussons plc nor its subsidiaries have effective control or day-to-day management responsibilities for the PZ Foundation and the Group's support is limited to annual donations to support the Foundation's charitable works. Disclosure is made in this section on a voluntary basis in the interests of transparency. During the year contributions from the UK business to the PZ Foundation were £nil (2023: £0.2 million). As at 31 May 2024 there were no outstanding balances with the PZ Foundation (2023: £nil).

Notes to the Consolidated Financial Statements continued

Year ended 31 May 2024

28. SUBSIDIARIES AND JOINT VENTURES

Details of the Company's subsidiaries as at 31 May 2024 are outlined below. PZ Cussons (Holdings) Limited and PZ Cussons (International) Limited are directly owned by PZ Cussons plc; all other subsidiaries are indirectly held.

Company	Operation	Country of incorporation	Parent Company's interest	Proportion of voting interest	Registered Office address
PZ Cussons (Holdings) Pty Limited	Holding company	Australia	100%	100%	Level 3, 510 Church Street Cremorne Victoria 3121
PZ Cussons Australia Pty Limited	Manufacturing	Australia	100%	100%	Level 3, 510 Church Street Cremorne Victoria 3121
PZ Cussons Beauty Australia (Holdings) Pty Limited	Holding company	Australia	100%	100%	Level 3, 510 Church Street Cremorne Victoria 3121
Rafferty's Garden Pty Limited	Dormant	Australia	100%	100%	Level 3, 510 Church Street Cremorne Victoria 3121
United Laboratories Limited	Dormant	Australia	100%	100%	Level 3, 510 Church Street Cremorne Victoria 3121
PZ Cussons (New Zealand) Pty Limited	Distribution	Australia	100%	100%	Level 3, 510 Church Street Cremorne Victoria 3121
Paterson Services (Shanghai) Limited	Active	China	100%	100%	Suite 635, 6th Floor, No.2000 Pudong Ave. China (Shanghai) Pilot Free Trade Zone
Bronson Holdings Limited	Holding company	England	100%	100%	Manchester Business Park, 3500 Aviator Way, Manchester, M22 5TG
Milk Ventures (UK) Limited	Holding company	England	100%	100%	Manchester Business Park, 3500 Aviator Way, Manchester, M22 5TG
PZ Cussons (Holdings) Limited	Holding company	England	100%	100%	Manchester Business Park, 3500 Aviator Way, Manchester, M22 5TG
PZ Cussons (International Finance) Limited	Provision of services to Group companies	England	100%	100%	Manchester Business Park, 3500 Aviator Way, Manchester, M22 5TG
PZ Cussons (International) Limited	Provision of services to Group companies	England	100%	100%	Manchester Business Park, 3500 Aviator Way, Manchester, M22 5TG
PZ Cussons (UK) Limited	Manufacturing	England	100%	100%	Manchester Business Park, 3500 Aviator Way, Manchester, M22 5TG
PZ Cussons Beauty LLP	Distribution & holding partnership	England	100%	100%	19-20 Berners Street, London, United Kingdom, W1T 3NW
Seven Scent Limited	Manufacturing	England	100%	100%	Agecroft Commerce Park, Lamplight Way, Swinton, Manchester, M27 8UJ
St. Tropez Acquisition Co. Limited	Holding company	England	100%	100%	Manchester Business Park, 3500 Aviator Way, Manchester, M22 5TG
St. Tropez Holdings Limited	Holding company	England	100%	100%	Manchester Business Park, 3500 Aviator Way, Manchester, M22 5TG
Thermocool Engineering Company Limited	Dormant	England	100%	100%	Manchester Business Park, 3500 Aviator Way, Manchester, M22 5TG
PZ Cussons Acquisition Co Limited	Holding company	England	91.87%	91.87%	Manchester Business Park, 3500 Aviator Way, Manchester, M22 5TG
Tadley Holdings Limited	Holding company	England	100%	100%	Manchester Business Park, 3500 Aviator Way, Manchester, M22 5TG
Childs Farm Limited	Distribution	England	100%	100%	Manchester Business Park, 3500 Aviator Way, Manchester, M22 5TG
PZ Cussons Ghana PLC	Distribution	Ghana	95.68%	95.68%	Plot 27/3-27/7, Sanyo Road, Tema, PO Box 628 Community 1, Tema
Parnon (Hong Kong) Limited	Provision of services to Group companies	Hong Kong	100%	100%	1/F., Hing Lung Comm. Bldg., 68-74 Bonham Strand, Sheung Wan
PZ Cussons (Hong Kong) Limited	Dormant	Hong Kong	100%	100%	Level 54, Hopewell Centre, 183 Queen's Road East
PZ Cussons India PVT Limited	Provision of services to Group companies	India	100%	100%	604, 'C' Wing Raylon Arcade Ram Mandir Road – Kondvita Road, Bhim Nagar, Andheri East, Mumbai 400093
PT PZ Cussons Indonesia	Manufacturing	Indonesia	100%	100%	Jalan Halim Perdana Kusuma No. 144, Kebon Besar, Batuceper, Tangerang, Banten, Indonesia

Company	Operation	Country of incorporation	Parent Company's interest	Proportion of voting interest	Registered Office address
PZ Cussons (Europe) Limited	Dormant	Ireland	100%	100%	The Greenway, Ardilaun Court, 112-114 St Stephen's Green, Dublin, D02 TD28, Ireland
Childs Farm Europe Limited	Dormant	Ireland	100%	100%	4th Floor, 103/104 O'Connell Street, Limerick V94 AT85, Co. Limerick, Ireland
PZ Cussons (East Africa) Limited	Manufacturing	Kenya	99.99%	99.99%	LR No 1/716, Commodore Office Suites, Kindaruma Road off Ngong Road, PO Box 22500-00505 Nairobi
Food For Life Nigeria Limited	Dormant	Nigeria	99.99%	99.99%	45/47 Town Planning Way, Ilupeju, Lagos
Harefield Industrial Limited	Distribution	Nigeria	99.99%	99.99%	45/47 Town Planning Way, Ilupeju, Lagos
HPZ Limited[1]	Manufacturing	Nigeria	74.99%	74.99%	45/47 Town Planning Way, Ilupeju, Lagos
Nutricima Limited	Dormant	Nigeria	99.99%	99.99%	45/47 Town Planning Way, Ilupeju, Lagos
PZ Cussons Nigeria PLC	Manufacturing	Nigeria	73.27%	73.27%	45/47 Town Planning Way, Ilupeju, Lagos
Roberts Pharmaceuticals Limited	Dormant	Nigeria	100%	100%	45/47 Town Planning Way, Ilupeju, Lagos
PZ Cussons Polska SA	Distribution	Poland	100%	100%	Ul. Chocimska 17, 00-791 Warszawa
PZ Cussons Singapore Private Limited	Provision of services to Group companies	Singapore	100%	100%	5 Shenton Way, UIC Building #10-01, Singapore 068808
Guardian Holdings Company Limited	Provision of services to Group companies	Thailand	49%	49%	35 Moo 4, Tessamphan Road, Ban Chang Sub-District, Mueang Pathum Thani District, Pathum Thani Province
PZ Cussons (Thailand) Limited	Manufacturing	Thailand	99.99%	99.99%	35 Moo 4, Tessamphan Road, Ban Chang Sub-District, Mueang Pathum Thani District, Pathum Thani Province
PZ Cussons Middle East and South Asia FZE	Dormant	UAE	100%	100%	PO Box 17233, Jebel Ali, Dubai
St. Tropez Inc.	Distribution	USA	100%	100%	101 Greenwich St. Suite #11c New York, NY 10006
Childs Farm, Inc.	Distribution	USA	100%	100%	101 Greenwich St. Suite #11c New York, NY 10006

1 The equity interest in HPZ Limited is owned by PZ Cussons Nigeria PLC.

In addition, Paterson Zochonis Employee Trust (registered in Jersey) and Share Incentive Plan Trust (constituted under the laws of England and Wales) are deemed to be subsidiaries. The trust was established in 2001 and holds shares in the Company predominantly for the Group's Long-Term Incentive Plans (note 25).

Company	Operation	Country of incorporation	Parent Company's interest	Registered Office address
PZ Wilmar Limited	Manufacturing	Nigeria	50%	45/47 Town Planning Way, Ilupeju, Lagos

With the exception of Paterson Services (Shanghai) Ltd with an accounting reference date of 31 December, all subsidiary entities have an accounting reference date of 31 May.

Non-controlling interests

The two subsidiaries that have non-controlling interests that are material to the Group are HPZ Limited and PZ Cussons Nigeria Plc. Total net liabilities held in these two material subsidiaries at 31 May 2024 were £(4.7) million and £(8.9) million respectively (2023: £35.0 million and £50.8 million of net assets respectively).

29. EVENTS AFTER THE REPORTING PERIOD

There are no material post balance sheet events.

Company Balance Sheet

As at 31 May 2024

	Notes	2024 £m	2023 £m
Non-current assets			
Investments in subsidiaries	4	**36.8**	63.2
Deferred tax assets	5	**1.6**	—
		38.4	63.2
Current assets			
Receivables	5	**18.2**	7.4
Investments		**—**	0.5
Cash and cash equivalents		**1.0**	1.2
		19.2	9.1
Current liabilities			
Payables	6	**(56.8)**	(15.9)
Net current liabilities		**(37.6)**	(6.8)
Total assets less current liabilities		**0.8**	56.4
Net assets		**0.8**	56.4
Equity			
Share capital	8	**4.3**	4.3
Treasury shares	8	**(34.5)**	(36.9)
Capital redemption reserve		**0.7**	0.7
Other reserves		**5.5**	3.7
Retained earnings		**24.8**	84.6
Total equity		**0.8**	56.4

The attributable loss for the year in the accounts of the Company was £35.5 million (2023: £16.1 million).

The financial statements from pages 198 to 203 were approved by the Board of Directors and authorised for issue on 18 September 2024.

They were signed on its behalf by:

J Myers **S Pollard**

PZ Cussons plc
Registered number 00019457

Company Statement of Changes in Equity

For the year ended 31 May 2024

	Notes	Share capital £m	Treasury shares £m	Capital redemption reserve £m	Other reserves £m	Retained earnings £m	Total £m
At 1 June 2022		4.3	(37.3)	0.7	2.0	127.9	97.6
Loss for the year		—	—	—	—	(16.1)	(16.1)
Ordinary dividends	3	—	—	—	—	(26.8)	(26.8)
Share-based payment		—	—	—	1.7	—	1.7
Shares issued from ESOT		—	0.4	—	—	(0.4)	—
At 31 May 2023		**4.3**	**(36.9)**	**0.7**	**3.7**	**84.6**	**56.4**
Loss for the year		**—**	**—**	**—**	**—**	**(35.5)**	**(35.5)**
Ordinary dividends	3	**—**	**—**	**—**	**—**	**(21.9)**	**(21.9)**
Share-based payment		**—**	**—**	**—**	**1.8**	**—**	**1.8**
Shares issued from ESOT		**—**	**2.4**	**—**	**—**	**(2.4)**	**—**
At 31 May 2024		**4.3**	**(34.5)**	**0.7**	**5.5**	**24.8**	**0.8**

Notes to the Company Financial Statements

Year ended 31 May 2024

1. ACCOUNTING POLICIES

(a) Basis of preparation

PZ Cussons plc (the Company) is a public limited company incorporated in England and Wales.

The Company financial statements of PZ Cussons plc are presented as required by the Companies Act 2006 and have been prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101). The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed within the consolidated financial statements of PZ Cussons plc. The Directors have determined that subject to the material uncertainty noted in note 1 to the Consolidated Financial Statements, the preparation of the Company Financial Statements on a going concern basis is appropriate as the Company receives dividend cash receipts from its subsidiary undertakings which enable it to meet its liabilities as they fall due. For further information on going concern, refer to note 1 of the Group's consolidated financial statements.

The Company's functional currency is Pounds Sterling (GBP), and these financial statements are presented in GBP and, unless otherwise indicated, have been presented in £ million to one decimal place. The financial information for the Company has been prepared on the same basis as the Consolidated Financial Statements, applying identical accounting policies as outlined throughout the notes to the Consolidated Financial Statements except as noted below:

Investments in subsidiaries

In the Company financial statements, investments in subsidiaries are held at cost less any provision for impairment. Details of the Company's investments are set out in note 4.

Intercompany receivables

Allowance losses on amounts owed by subsidiary undertakings where there has not been a significant increase in credit risk are calculated by reviewing 12-month expected credit losses using historic and forward-looking data on credit risk. The loss allowance expense for the year was de minimis (2023: de minimis).

Share-based payments

The share incentive schemes are accounted for as equity-settled share-based payments, and further details are provided in note 25 to the Group consolidated financial statements. Where equity-settled share-based payments are granted to the employees of subsidiary companies, the fair value of the award is treated as a capital contribution by the Company and the investment in subsidiaries is adjusted to reflect this capital contribution.

For the year ended 31 May 2024 the following subsidiaries of the Company were entitled to exemption from audit under s479A of the Companies Act 2006 relating to subsidiary companies:

Subsidiary name	Companies House Registration Number
Bronson Holdings Limited	9771991
PZ Cussons Acquisition Co Limited	13977759
PZ Cussons (International Finance) Limited	8589433
St. Tropez Holdings Limited	5706646
Tadley Holdings Limited	10438262
Thermocool Engineering Company Limited	9266188

As permitted by Section 408(3) of the Companies Act 2006, the income statement of the parent company is not presented with these financial statements. The loss for the year of the parent company is shown in the statement of changes in equity. Details of dividends paid are included in note 3 of the financial statements.

The entity satisfies the criteria of being a qualifying entity as defined in FRS 101. Its financial statements are consolidated into the Group Financial Statements of PZ Cussons plc which are included within this Annual Report.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed within the Consolidated Financial Statements of PZ Cussons plc.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2 *Share-based Payment* (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined)
- IFRS 7 *Financial Instruments: Disclosures*

- Paragraphs 91 to 99 of IFRS 13 *Fair Value Measurement* (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraph 38 of IAS 1 *Presentation of Financial Statements* comparative information requirements in respect of:
  (i) Paragraph 79(a)(iv) of IAS 1 *Presentation of Financial Statements*
  (ii) Paragraph 73(e) of IAS 16 *Property, Plant and Equipment* and
  (iii) Paragraph 118(e) of IAS 38 *Intangible Assets* (reconciliations between the carrying amount at the beginning and end of the period)
- The following paragraphs of IAS 1 *Presentation of Financial Statements*: 10(d) (statement of cash flows), 16 (statement of compliance with all IFRS), 38A (requirement for minimum of two primary statements, including cash flow statements), 38B-D (additional comparative information), 111 (cash flow statement information) and 134-136 (capital management disclosures)
- IAS 7 *Statement of Cash Flows*
- Paragraph 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24 *Related Party Disclosures* (key management compensation)
- The requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group.

Critical accounting policies and key sources of estimation uncertainty

Estimates and accounting judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The preparation of financial statements under FRS 101 requires management to make assumptions and estimates about future events. The resulting accounting estimates will, by definition, differ from the actual results.

In the course of preparing the Company’s financial statements, the critical judgements and key source of estimation uncertainty required when preparing the Company’s financial statements are as follows:

Carrying value of investments in subsidiaries

Annually the Directors consider whether there are any indicators of impairment that may suggest that the recoverable amount of the Company’s investments in subsidiaries is less than their carrying amount. The assessment of impairment indicators and estimation of recoverable amount requires management to apply judgement in assessing current and forecast trading performance as well as assessing the impact of principal risks and uncertainties specific to the investments it holds. Details of the Company’s investments are set out in note 4.

2. DIRECTORS’ EMOLUMENTS

	2024 £m	2023 £m
Aggregate amount of Directors’ emoluments	**3.0**	3.1
Emoluments of the highest paid Director	**1.6**	1.6

Amounts above include share-based payment expenses. For the year ended 31 May 2024 the highest paid Director received Company pension contributions of £0.06 million (2023: £0.06 million).

The Schedule 5 requirements of SI 2008/410 for Directors’ remuneration, as well as their interests in the Company, are included in the Report on Directors’ Remuneration on pages 92 to 117.

3. DIVIDENDS

	2024 £m	2023 £m
Amounts recognised as distributions to ordinary shareholders in the year comprise:		
Final dividend for the year ended 31 May 2023 of 3.73p (2022: 3.73p) per ordinary share	**15.6**	15.6
Interim dividend for the year ended 31 May 2024 of 1.50p (2023: 2.67p) per ordinary share	**6.3**	11.2
	21.9	26.8

After the balance sheet date, the Board announced its intention to declare an interim dividend of 2.10p per share, down 44% compared to last year's final dividend of 3.73p. This represents a full year dividend of 3.60p which is also down 44%, reflecting the impact of the Naira devaluation on earnings per share while maintaining an earnings cover of approximately two times. This results in a total dividend of £8.8 million (2023: £15.6 million). The dividend will be paid on 4 December 2024 to the shareholders on the register on 1 November 2024. The proposed dividend has not been included as a liability in the consolidated financial statements as at 31 May 2024.

Notes to the Company Financial Statements continued

Year ended 31 May 2024

4. INVESTMENTS IN SUBSIDIARIES

	£m
Cost	
At 1 June 2022	90.7
Additions	1.7
At 31 May 2023	92.4
Additions	1.8
At 31 May 2024	**94.2**
Accumulated impairment	
At 1 June 2022	—
Impairment charge	(29.2)
At 31 May 2023	(29.2)
Impairment charge	(28.2)
At 31 May 2024	**(57.4)**
Carrying value	
At 31 May 2024	**36.8**
At 31 May 2023	63.2

Additions are deemed capital contributions in relation to share based payment expenses incurred by subsidiaries.

Annually the Directors consider whether there are any indicators of impairment that may suggest that the recoverable amount of the Company's investments in subsidiaries is less than their carrying amount. The assessment of impairment indicators requires management to apply judgement in assessing current and forecast trading performance as well as assessing the impact of principal risks and uncertainties specific to the investments it holds.

In the current year, the Directors identified an indicator of impairment in the investment in PZ Cussons (International) Limited. The subsidiary is in a net liability position (unaudited) as at 31 May 2024 and is currently loss-making with no reasonable indication that it will become profit-making in the future, and no current plans for any future restructuring. Management considered the requirements of IAS 36 *Impairment of Assets*. On the basis that the subsidiary operates principally to provide services to the rest of the group and does not have third-party revenue, the value-in-use is deemed to be £nil. When the subsidiary is able to recharges costs, there is no certainty around cash inflows relating to these recharges. When considering the fair value less costs to sell, management have considered that the subsidiary holds the Group's external borrowings and UK defined benefit pension schemes, and therefore the fair value less costs to sell is similarly negligible. On this basis, an impairment of £28.2 million was recorded to reduce the investment's carrying value to £nil. Therefore, management deemed it necessary to record an impairment of £28.2 million to reduce the investment carrying value to £nil within the Company only accounts of PZ Cussons plc. Details of the Company's direct subsidiaries as at 31 May 2024 are shown below. For a full listing of all subsidiaries see note 28 in the Group Consolidated Financial Statements.

Subsidiary companies	Operation	Country of incorporation	Parent Company's interest	Proportion of voting interest
PZ Cussons (Holdings) Limited	Holding company	England	100%	100%
PZ Cussons (International) Limited	Provision of services to Group companies	England	100%	100%

5. RECEIVABLES

	2024 £m	2023 £m
Non-current		
Amounts owed by Group companies	**1.6**	—
Current		
Amounts owed by Group companies	**15.8**	—
Other receivables	**0.1**	—
Prepayments	**2.3**	2.3
Current taxation receivable	**—**	5.1
	18.2	7.4

Allowance losses on amounts owed by subsidiary undertakings are calculated by reviewing 12-month expected credit losses using historic and forward-looking data on credit risk. The loss allowance expense for the year was de minimis (2023: de minimis).

6. PAYABLES

	2024 £m	2023 £m
Amounts owed to Group companies	**56.7**	15.8
Accruals	**0.1**	0.1
	56.8	15.9

Amounts owed to Group companies are non-interest-bearing, unsecured and have no fixed date of repayment.

7. BORROWINGS

The Company is one of a number of Group companies who are guarantors to the £325.0 million committed credit facility taken out by the Group in the prior year. The credit facility incorporates both a term loan, of up to £125.0 million, with the balance as a revolving credit facility (RCF) structure. The term loan is a two-year facility with options to extend by one year and then a subsequent year, and the RCF is a four-year facility, again with the option to extend by one year and a subsequent year. Further details are provided in note 19 to the Group consolidated financial statements. The amount borrowed by the Group under this agreement as at 31 May 2024 was £160.3 million (2023: £251.2 million), of which the Company's borrowing was £nil (2023: £nil).

8. SHARE CAPITAL AND INVESTMENT IN OWN SHARES

(a) Share capital

	2024		2023	
	Number 000	£m	Number 000	£m
Allotted, issued and fully paid:				
Ordinary shares of 1p each	**428,725**	**4.3**	428,725	4.3
Total called up share capital	**428,725**	**4.3**	428,725	4.3

The Company has one class of ordinary shares which carry no right to fixed income.

(b) Investment in own shares

Investment in own shares represent the shares in the Company held by the employee share trusts which comprise the Employee Share Option Trust (ESOT) and the Share Incentive Plan (SIP) trust. The ESOT was established to purchase shares to satisfy awards under the Group's incentive schemes and the SIP trust was established to purchase and hold shares on behalf of employees participating in the SIP. Movements in the investment in own shares was:

	ESOT number	SIP Trust number
As at 1 June 2022	10,193,781	34,269
Issued to satisfy options	(132,634)	—
Transfers	(64,651)	64,651
As at 31 May 2023	**9,996,496**	**98,920**
Issued to satisfy options	**(659,230)**	**—**
Transfers	**(103,523)**	**103,523**
As at 31 May 2024	**9,233,743**	**202,443**

The transfer of shares between the trusts relate to matching awards provided by the Group under the SIP which are sourced from the ESOT. The cost of shares held in the ESOT and SIP trust as at 31 May 2024 was £34.5 million (2023: £36.9 million), and the market value was £10.4 million (2023: £18.6 million).

9. CONTINGENT LIABILITIES AND GUARANTEES

The Company is one of a number of Group companies who are guarantors to the £325.0 million committed credit facility taken out by the Group in the prior year. The new facility comprises a term loan, of up to £125.0 million, with the balance as a revolving credit facility (RCF) structure. Further details are provided in note 19 to the Group consolidated financial statements. The amount borrowed by the Group under this agreement as at 31 May 2024 was £160.3 million (2023: £251.2 million), of which the Company's borrowing was £nil (2023: £nil).


IMPERIAL LEATHER
Radiant Florals & Nectar
IMPERIAL LEATHER
Bergamot & Sea Salt
ENERGISING BODY WASH
IMPERIAL LEATHER
Cotton Flower & Vanilla
MOISTURISING BODY WASH
IMPERIAL LEATHER
Rose & Frankincense
LUXURIOUS BODY WASH
8.4 Fl.Oz / 250mL
IMPERIAL LEATHER
Mandarin & Neroli
REFRESHING BODY WASH
IMPERIAL LEATHER
Mallow & Rose Milk
PAMPERING BODY WASH
IMPERIAL LEATHER
Blue Cypress & Eucalyptus
INVIGORATING BODY WASH
8.4 Fl.Oz / 250mL

ADDITIONAL INFORMATION

Alternative Performance Measures

The Group's business performance is assessed using a number of alternative performance measures (APMs). These APMs include adjusted profitability measures where results are presented excluding separately disclosed items (referred to as adjusting items) as we believe this provides both management and investors with useful additional information about the Group's performance and supports a more effective comparison of the Group's financial performance from one period to the next.

Like for like (LFL) revenue growth represents the growth on the prior year at constant currency, excluding unbranded sales and the impact of disposals and acquisitions, and adjusting for the number of reporting days in the period.

Adjusted profitability measures are reconciled to IFRS results on the face of the Consolidated Income Statement with details of adjusting items provided in note 3 to the Consolidated Financial Statements. Reconciliations between APMs and IFRS reported results are set out below:

Adjusted Consolidated Income Statement

	2024			2023		
	Business performance excluding adjusting items £m	**Adjusting items £m**	**Statutory results £m**	Business performance excluding adjusting items £m	Adjusting items £m	Statutory results £m
Revenue	**527.9**	**—**	**527.9**	656.3	—	656.3
Cost of sales	**(317.8)**	**(79.0)**	**(396.8)**	(399.0)	—	(399.0)
Gross profit	**210.1**	**(79.0)**	**131.1**	257.3	—	257.3
Selling and distribution expense	**(82.8)**	**—**	**(82.8)**	(105.3)	—	(105.3)
Administrative expense	**(79.7)**	**(59.6)**	**(139.3)**	(86.2)	(13.6)	(99.8)
Share of results of joint venture	**10.7**	**(3.4)**	**7.3**	7.5	—	7.5
Operating profit/(loss)	**58.3**	**(142.0)**	**(83.7)**	73.3	(13.6)	59.7
Finance income	**10.8**	**1.4**	**12.2**	14.1	1.3	15.4
Finance expense	**(24.2)**	**—**	**(24.2)**	(13.3)	—	(13.3)
Net finance (expense)/income	**(13.4)**	**1.4**	**(12.0)**	0.8	1.3	2.1
Net monetary loss arising from hyperinflationary economies	**(0.2)**	**—**	**(0.2)**	—	—	—
Profit/(loss) before taxation	**44.7**	**(140.6)**	**(95.9)**	74.1	(12.3)	61.8
Taxation	**(6.5)**	**30.6**	**24.1**	(20.1)	4.7	(15.4)
Profit/(loss) for the year	**38.2**	**(110.0)**	**(71.8)**	54.0	(7.6)	46.4
Attributable to:						
Owners of the Parent	**33.6**	**(90.6)**	**(57.0)**	47.0	(10.6)	36.4
Non-controlling interests	**4.6**	**(19.4)**	**(14.8)**	7.0	3.0	10.0
	38.2	**(110.0)**	**(71.8)**	54.0	(7.6)	46.4

Adjusted operating profit and adjusted operating margin

	2024 £m	2023 £m
Group		
Operating (loss)/profit from continuing operations	**(83.7)**	59.7
Exclude: adjusting items	**142.0**	13.6
Adjusted operating profit	**58.3**	73.3
Revenue	**527.9**	656.3
Operating margin	**-15.9%**	9.1%
Adjusted operating margin	**11.0%**	11.2%
By Segment		
Europe & the Americas:		
Operating profit from continuing operations	**0.7**	0.4
Exclude: adjusting items	**31.9**	28.9
Adjusted operating profit	**32.6**	29.3
Revenue	**200.7**	205.8
Operating margin	**0.3%**	0.2%
Adjusted operating margin	**16.2%**	14.2%
Asia Pacific:		
Operating profit from continuing operations	**27.0**	29.6
Exclude: adjusting items	**1.0**	(2.1)
Adjusted operating profit	**28.0**	27.5
Revenue	**175.2**	190.7
Operating margin	**15.4%**	15.5%
Adjusted operating margin	**16.0%**	14.4%
Africa:		
Operating (loss)/profit from continuing operations	**(50.7)**	48.3
Exclude: adjusting items	**81.0**	(11.1)
Adjusted operating profit	**30.3**	37.2
Revenue	**151.7**	256.3
Operating margin	**-33.4%**	18.8%
Adjusted operating margin	**20.0%**	14.5%
Central:		
Operating loss from continuing operations	**(60.7)**	(18.6)
Exclude: adjusting items	**28.1**	(2.1)
Adjusted operating loss	**(32.6)**	(20.7)

Alternative Performance Measures continued

Adjusted gross profit and gross margin

	2024 £m	2023 £m
Gross profit	**131.1**	257.3
Exclude: adjusting items	**79.0**	–
Adjusted gross profit	**210.1**	257.3
Revenue	**527.9**	656.3
Gross margin	**24.8%**	39.2%
Adjusted gross margin	**39.8%**	39.2%

Adjusted share of JV results

	2024 £m	2023 £m
Share of results of joint venture	**7.3**	7.5
Exclude: adjusting items	**3.4**	–
Adjusted share of results of joint venture	**10.7**	7.5

Adjusted profit before taxation

	2024 £m	2023 £m
(Loss)/profit before taxation from continuing operations	**(95.9)**	61.8
Exclude: adjusting items	**140.6**	12.3
Adjusted profit before taxation	**44.7**	74.1

Adjusted Earnings Before Interest Depreciation and Amortisation (Adjusted EBITDA)

	2024 £m	2023 £m
(Loss)/profit before taxation from continuing operations	**(95.9)**	61.8
Add back/(deduct): net finance expense/(income)	**12.0**	(2.1)
Add back: depreciation	**10.2**	12.1
Add back: amortisation	**7.1**	7.0
Add back: impairment and impairment reversal	**24.9**	12.3
	(41.7)	91.1
Exclude: adjusting items[1]	**117.6**	1.3
Adjusted EBITDA	**75.9**	92.4

1 Excludes adjusting items relating to impairment and finance income.

Adjusted earnings per share

	2024 pence	2023 pence
Basic (loss)/earnings per share	**(13.60)**	8.70
Exclude: adjusting items	**21.62**	2.53
Adjusted basic earnings per share	**8.02**	11.23
Diluted (loss)/earnings per share[1]	**(13.60)**	8.67
Exclude: adjusting items[2]	**21.60**	2.52
Adjusted diluted earnings per share	**8.00**	11.19

1 In 2024, the basic and diluted loss per share are equal as a result of the Group incurring a loss for the year.

2 In 2024, this includes an adjustment of 0.03 pence per share arising from bringing the diluted loss per share in line with the basic loss per share as outlined above.

Free cash flow

	2024 £m	2023 £m
Cash generated from operations	**47.7**	76.6
Deduct: purchase of property, plant and equipment and software	**(6.1)**	(6.7)
Free cash flow	**41.6**	69.9

Greenhouse Gas Emissions (former reporting methodology)

Reporting methodology aligned to financial facility agreement – Greenhouse Gas Emissions and Energy Consumption*:

	FY24 (current reporting year)			FY23			FY21 (baseline year)		
	UK	**Global**	**Total**	UK	Global	Total	UK	Global	Total
Energy consumption used to calculate emissions (MWh)	**6,361**	**160,255**	**166,616**	6,518	205,784	212,302	6,209	200,630	206,839
Scope 1[1]									
Emissions from activities for which the Company owns or controls including combustion fuel & operation of facilities (Scope 1) (tCO_2e)	**507**	**27,780**	**28,287**	642	39,945	40,587	785	39,998	40,783
Scope 2[1]									
Emissions from purchase of electricity, heat, steam and cooling purchased for own use									
(Scope 2 location-based) (tCO_2e)	**741**	**9,948**	**10,689**	676	5,574	6,250	833	7,837	8,670
Emissions from purchase of electricity, heat, steam and cooling purchased for own use									
(Scope 2 market-based) (tCO_2e)	**—**	**5,455**	**5,455**	—	5,574	5,574	—	7,837	7,837
Total Scopes 1 and 2[1]									
Total gross Scope 1 and+ Scope 2 location-based emissions (tCO_2e)	**1,248**	**37,728**	**38,976**	1,318	45,519	46,837	1,618	47,835	49,453
Total gross Scope 1 and Scope 2 market-based emissions (tCO_2e)	**507**	**33,235**	**33,742**	642	45,519	46,161	785	47,835	48,620
Intensity ratio tCO_2e (Scope 1 and 2 market-based) /£100,000 revenue	**0.25**	**10.17**	**6.39**	0.31	10.18	7.03	0.18	26.81	8.06
Total out of scope emissions (tCO_2e)[5]	**—**	**2,028**	**2,028**	—	2,390	2,390	—	2,159	2,159
Scope 3[2,3,4]									
Cat 1 Purchased goods and services			**504,712**				594,048		521,474
Cat 2 Capital goods			**373**				332		312
Cat 3 Fuel and energy related activities			**7,952**				8,486		6,315
Cat 4 Upstream transport and distribution			**89,055**				102,670		155,957
Cat 5 Waste generated in operations			**1,802**				1,565		1,950
Cat 6 Business travel			**1,200**				726		227
Cat 7 Employee commuting			**1,872**				1,915		2,268
Cat 8 Leased assets			**545**				561		608
Cat 9 Downstream transport and distribution			**30,404**				30,926		48,390
Cat 10 Processing of sold products			**n/a**				n/a		n/a
Cat 11 Use of sold products			**5,616,201**				6,206,104		6,364,955
Cat 12 End-of-life treatment of sold products			**64,533**				61,372		69,634
Cat 13 Downstream leased assets			**n/a**				n/a		n/a
Cat 14 Franchises			**n/a**				n/a		n/a

* All emissions have been calculated following to the Greenhouse Gas Protocol (GHG Protocol) and using the UK Government GHG Conversion Factors for Company Reporting. Scopes 1 and 2 emissions have been calculated using actual data. Scope 3 emissions have been calculated using spend data and industry average emission factors. Emissions associated with PZ Wilmar are allocated in Scopes 1 & 2.

1 Information assured and verified by Verco Advisory Services Limited, excluding FY23 for PZ Wilmar inventory only.

2 Information assured and verified by Carbon Clear Limited trading as 'EcoAct' for FY23 and FY21 inventories. FY22 unverified but adjusted in line with verification recommendations.

3 In FY24 we have improved the methodology of our Scope 3 emissions for 2021 and subsequent years in line with verification recommendation. Due to changes in the methodology approach, the revised GHG Scope 3 emission totals for FY21 resulted in a decrease of 12% in comparison to the Scope 3 emissions initially reported in FY23 Annual Report. The decrease was a result of improved data quality and reporting procedures, including use of actual activity data as basis of the calculations, standardisation of data reporting across BUs and rectification of errors identified in the Scope 3 emissions initially reported in the original FY21 baseline. Corrections to data errors were mostly related to downstream transportation and distribution, waste generated in operations and business travel.

4 Calculating and verifying Scope 3 data is a complex and time-consuming exercise. The figures presented for FY24 current reporting year are from the latest available data which for Scope 3 is the FY23 inventory. For FY23 disclosure this is the FY22 Scope 3 inventory. The Group will seek to progress the timelines of our reporting such that the Scope 3 inventory disclosure aligns to the reporting financial cycle in the future.

5 Out of scope emissions relate to our use of biomass for the generation of steam in our Kenyan operations.

Glossary

Term	Definition
APM	Alternative performance measure
BEST values	Our PZ Cussons values (Bold, Energetic, Striving and Together)
Brand Investment	An operating cost related to brand marketing (previously 'Media & Consumer')
EBITDA	Earnings before interest, taxes, depreciation and amortisation
Employee wellbeing	% score based upon a set of questions within our annual survey of employees
EPS	Earnings per share
ETR	Effective tax rate
ExCo	Executive Committee
Family Care	Refers to our Hygiene, Baby and Beauty brands in Nigeria and Africa
Free cash flow	Cash generated from operations less capital expenditure
Free cash flow conversion	Free cash flow as a % of adjusted EBITDA from continuing operations
Like for like (LFL) revenue growth	Growth on the prior year at constant currency, excluding unbranded sales and the impact of disposals and acquisitions, and adjusting for the number of reporting days in the period
Must Win Brands	The brands in which we place greater investment and focus. They comprise: Carex, Childs Farm, Cussons Baby, Joy, Morning Fresh, Original Source, Premier, Sanctuary Spa and St.Tropez
Net debt	Cash, short-term deposits and current asset investments, less bank overdrafts and borrowings. Excludes IFRS 16 lease liabilities
Personal Care	Refers to our UK business unit operating our Hygiene brands such as Carex, Original Source and Imperial Leather
Portfolio Brands	The brands we operate which are not 'Must Win Brands'
PZ Cussons Growth Wheel	Our 'repeatable model' for driving commercial execution, comprising 'Consumability', 'Attractiveness', 'Shoppability' and 'Memorability''
Revenue Growth Management (RGM)	Maximising revenue through ensuring optimised price points across customers and channels and across different product sizes
SKUs	Stock keeping unit
Through the line	Marketing campaign incorporating both mass reach and targeted activity

Shareholder Information

Annual General Meeting

The Annual General Meeting will be held at 10:30am on 21 November 2024 at: Manchester Business Park, 3500 Aviator Way, Manchester, M22 5TG

Financial calendar

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

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements relating to expected or anticipated results, performance or events. Such statements are subject to normal risks associated with the uncertainties in our business, supply chain and consumer demand along with risks associated with macro-economic, political and social factors in the markets in which we operate. While we believe that the expectations reflected herein are reasonable based on the information we have as at the date of this report, actual outcomes may vary significantly owing to factors outside the control of the PZ Cussons Group, such as cost of materials or demand for our products, or within our control such as our investment decisions, allocation of resources or changes to our plans or strategy. The PZ Cussons Group expressly disclaims any obligation to revise forward-looking statements made in this report or other announcements to reflect changes in our expectations or circumstances. No reliance may be placed on the forward-looking statements contained within this report.

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