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Certain sections of the Unilever Annual Report and Accounts 2009 have been audited. These are on pages 79 to 128, 131 to 132 and those parts noted as audited within the Directors' Remuneration Report on pages 71 to 73.

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The information is given as of the dates specified, is not updated, and any forward-looking statements are made subject to the reservations specified on the final page of the Report.

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Corporate governance

Introduction

Unilever is subject to various corporate governance requirements and best practice codes, the most relevant being those in the Netherlands, the United Kingdom and the United States. It is Unilever's practice to comply, where practicable, with the highest level of these codes and respond to developments appropriately. The text that follows describes the corporate governance arrangements operating within Unilever.

The Unilever Group

Unilever N.V. and Unilever PLC are the two parent companies of the Unilever Group, and together with their respective group companies, NV and PLC operate effectively as a single economic entity. This is achieved by a series of agreements between NV and PLC (the Foundation Agreements, see page 56), together with special provisions in the Articles of Association of NV and PLC. NV and PLC have the same Directors, adopt the same accounting principles, and pay dividends to their respective shareholders on an equalised basis. NV and PLC and their group companies constitute a single reporting entity for the purposes of presenting consolidated accounts. Accordingly, the accounts of the Unilever Group are presented by both NV and PLC as their respective consolidated accounts.

NV and PLC have agreed to co-operate in all areas and to ensure that all group companies act accordingly. NV and PLC are holding and service companies, and the business activity of Unilever is carried out by their subsidiaries around the world. Shares in group companies may ultimately be held wholly by either NV or PLC or by the two companies in varying proportions.

NV was incorporated under the name Naamlooze Vennootschap Margarine Unie in the Netherlands in 1927, and PLC was incorporated under the name Lever Brothers Limited in England and Wales in 1894. The two companies have different shareholder constituencies and shareholders can hold shares in either or both companies but cannot convert or exchange the shares of one company for shares of the other. NV is listed in Amsterdam and New York, and PLC is listed in London and New York.

Unilever PLC's and Unilever N.V.'s respective Articles of Association contain, among other things, the objects clause, which sets out the scope of activities that PLC and NV are authorised to undertake. PLC's and NV's Articles of Association are drafted to give a wide scope and provide that the primary objectives are: to carry on business as a holding company, to manage any companies in which it has an interest and to operate and carry into effect the Equalisation Agreement. It is proposed that at the 2010 AGM the objects clause be removed from PLC's Articles of Association so that there are no restrictions on its objects.

Our risk management approach and associated systems of internal control are described on page 35.

The Boards

The Boards of NV and PLC comprise the same Directors and have the same Chairman. This guarantees unity of governance and management by ensuring that all matters are considered by the Boards as a single intellect, reaching the same conclusions on the same set of facts, save where specific local factors apply.

The Boards are one-tier boards, comprising Executive Directors and, in a majority, Non-Executive Directors. The Boards have ultimate responsibility for the management, general affairs, direction and performance of our business as a whole. The responsibility of the Directors is collective, taking into account their respective roles as Executive Directors and Non-Executive Directors, with the Executive Directors having additional responsibilities for the operation of the business as determined by the Boards and the Chief Executive Officer.

Our Directors have set out a number of areas of responsibility which are reserved to the Boards and other areas for which matters are delegated to the Chief Executive Officer. The Boards have also established committees whose actions are regularly reported to and monitored by the Boards, and these are described on pages 53 and 54. Further details of how our Boards effectively operate as one board, govern themselves and delegate their authorities, are set out in the document entitled 'The Governance of Unilever', which can be found at www.unilever.com/investorrelations/corp_governance

Appointment of Directors

Directors are normally appointed by shareholders at the AGMs. All existing Directors, unless they are retiring, submit themselves for re-election every year, and shareholders can remove any of them by a simple majority vote. A list of our current Directors and the periods during which they have served as such is set out on pages 22 and 23.

In order to seek to ensure that NV and PLC have the same Directors, the Articles of Association of NV and PLC contain provisions which are designed to ensure that both NV and PLC shareholders are presented with the same candidates for election as Directors. This is achieved through a nomination procedure operated by the Boards of NV and PLC through Unilever's Nomination Committee.

Based on the evaluation of the Boards, its Committees and its individual members, the Nomination Committee recommends to the Boards a list of candidates for nomination at the AGMs of both NV and PLC. In addition, shareholders are able to nominate Directors, and to do so they must put a resolution to both meetings in line with local requirements. However, in order to ensure that the Boards remain identical, anyone being elected as a Director of NV must also be elected as a Director of PLC and vice versa. Therefore, if an individual fails to be elected to both companies then he or she will be unable to take their place on the Boards.

The provisions in the Articles of Association for appointing Directors cannot be changed without the permission, in the case of NV, of the holders of the special ordinary shares numbered 1-2,400 inclusive and, in the case of PLC, of the holders of PLC's deferred stock. The NV special ordinary shares may only be transferred to one or more other holders of such shares. The joint holders of both the NV special ordinary shares and the PLC deferred stock are N.V. Elma and United Holdings Limited, which are joint subsidiaries of NV and PLC. The Boards of N.V. Elma and United Holdings Limited comprise the members of the Nomination Committee, which comprises Non-Executive Directors of Unilever only.

Board meetings

Our Boards meet at least seven times a year to consider important corporate events and actions, such as:

- approval of corporate strategy;
- approval of the corporate Annual Plan;
- oversight of the performance of the business;
- review of risks and controls;
- authorisation of major transactions;
- preparation of the Annual Report and Accounts;
- declaration of dividends;
- agreement of quarterly results announcements;
- convening of shareholders' meetings;
- nominations for Board appointments;
- approval of Board remuneration policy; and
- review of the functioning of the Boards and their Committees.

The following table shows the attendance of Directors at Board meetings for the year ended 31 December 2009. If Directors are unable to attend a meeting, they have the opportunity before the meeting to discuss with the Chairman any agenda items or Board papers:

Name	Attendance
Michael Treschow	8 of 8
Paul Polman*	8 of 8
James Lawrence*	8 of 8
Leon Brittan	7 of 8
Wim Dik	8 of 8
Louise Fresco (from 14 May 2009)	5 of 5
Ann Fudge (from 14 May 2009)	5 of 5
Charles Golden	7 of 8
Byron Grote	7 of 8
Narayana Murthy	8 of 8
Hixonia Nyasulu	7 of 8
David Simon (to 14 May 2009)	3 of 3
Kees Storm	8 of 8
Jeroen van der Veer	7 of 8
Paul Walsh (from 14 May 2009)	5 of 5

Attendance is expressed as number of meetings attended out of number eligible to attend.
*Executive Director

Board meetings are normally held either in London or Rotterdam, with one or two off-site Board meetings a year. The Chairman is assisted by the Group Secretary, who ensures that the Boards are supplied with all the information necessary for their deliberations. The Chairman and the Group Secretary involve the Senior Independent Director (see page 52) in the arrangements for Board meetings.

Board induction and training

Upon election, Directors receive a comprehensive Directors' Information Pack and are briefed thoroughly on their responsibilities and the business. Ongoing training is provided for Directors by way of site visits, presentations, circulated updates, teach-ins at Board or Board committee meetings on, among other things, Unilever's business, environmental, social and corporate governance, regulatory developments and investor relations matters. In 2009, a Board meeting was held at the offices of Unilever in China which included customer visits to local retail outlets.

Board evaluation

The evaluation process of our Boards consists of an internal exercise performed annually with an independent third-party evaluation carried out when the Boards consider appropriate. The last time an independent third-party evaluation was carried out was in 2006. Since 2007 the Chairman, in conjunction with the Senior Independent Director, has conducted the internal evaluation process which includes an extensive questionnaire for all Board members to complete. In addition, each year the Chairman conducts a process of evaluating the performance of each individual Board member, including an interview with each. The evaluation of the performance of the Chairman was led by the Senior Independent Director. Committees of the Boards evaluate themselves under supervision of their respective chairmen taking into account the views of respective committee members and the Boards. The results of the various evaluations were discussed by the Boards and changes were made in respect of Board practices and processes where considered necessary. The Boards agreed to an enhanced Board training programme in 2010 that would concentrate on further instruction and familiarisation with Unilever and its businesses. In addition, formal training for Non-Executive Directors will also be enhanced in 2010, and all Directors will be encouraged to attend events of importance in Unilever's calendar such as Investor Relations seminars.

Board support

The Group Secretary is available to advise all Directors and ensure that Board procedures are complied with. The Boards have the power to appoint and remove the Group Secretary.

The Group Secretary is Steve Williams, who replaced Sven Dumoulin in that role in October 2009.

A procedure is in place to enable Directors, if they so wish, to seek independent professional advice at Unilever's expense.

Board changes

The current Directors, with their biographies, are shown on pages 22 and 23.

Following his appointment as a Director in October 2008, Paul Polman succeeded Patrick Cescau as Chief Executive Officer in January 2009.

Leon Brittan, Wim Dik, Charles Golden, Byron Grote, Narayana Murthy, Hixonia Nyasulu, Kees Storm, Michael Treschow and Jeroen van der Veer were re-elected as Non-Executive Directors of NV and PLC at the 2009 AGMs. In addition, Louise Fresco, Ann Fudge and Paul Walsh were appointed as Non-Executive Directors.

At the 2009 AGMs, David Simon retired as a Non-Executive Director. At the conclusion of the 2009 AGMs, Jeroen van der Veer was appointed to the roles of Senior Independent Director, Vice-Chairman of NV and PLC, and Chairman of our Remuneration and Nomination Committees that David Simon held up to the date of his retirement.

Jim Lawrence resigned as an Executive Director on 31 December 2009, and following a smooth transition Jean-Marc Huët was appointed Chief Financial Officer in February 2010 and will be proposed for election as an Executive Director at the 2010 AGMs.

At the 2010 AGMs all current Executive and Non-Executive Directors will be nominated for re-election, with the exception of Leon Brittan, Wim Dik and Narayana Murthy who will be retiring as Non-Executive Directors at the end of our 2010 AGMs. Leon Brittan will also step down as Chairman of the Corporate Responsibility and Reputation Committee.

Corporate governance (continued)

Chairman and Chief Executive Officer

Unilever has a separate independent Non-Executive Chairman and Chief Executive Officer. There is a clear division of responsibilities between their roles. The Chairman is primarily responsible for leadership of the Boards, ensuring their effectiveness and setting their agendas.

The Chief Executive Officer has been entrusted, within the parameters set out in the Articles of Association of NV and PLC and in the document entitled 'The Governance of Unilever', with all the Boards' powers, authorities and discretions in relation to the operational management of Unilever. The Chief Executive Officer has the authority to determine which duties regarding the operational management of the companies and their business enterprises will be carried out under his responsibility by one or more Executive Directors or by one or more other persons. This provides a basis for the Unilever Executive team (UEx) that is chaired by and reports to the Chief Executive Officer. For UEx members' biographies see page 24. For our business structure, please refer to 'Our business' on pages 26 and 27.

Executive Directors

During 2009, Unilever had two Executive Directors, the Chief Executive Officer and Chief Financial Officer, who were also members of the UEx, and are full-time employees of Unilever.

Jim Lawrence resigned as an Executive Director on 31 December 2009, and following a smooth transition Jean-Marc Huët was appointed Chief Financial Officer in February 2010 and will be proposed for election as an Executive Director at the 2010 AGMs.

The Executive Directors submit themselves for re-election at the AGMs each year, and the Nomination Committee carefully considers each nomination for reappointment. Executive Directors stop holding executive office on ceasing to be Directors. The Remuneration Committee takes the view that the entitlement of the Executive Directors to the security of twelve months' notice of termination of employment is in line with both the practice of many comparable companies and the entitlement of other senior executives within Unilever. It is our policy to set the level of severance payments for Executive Directors at no more than one year's salary, unless the Boards, at the proposal of the Remuneration Committee, find this manifestly unreasonable given the circumstances or unless dictated by applicable law.

We do not grant our Executive Directors any personal loans or guarantees.

There are no family relationships between any of our Executive Directors, other key management personnel or Non-Executive Directors, and none of our Executive Directors or other key management personnel are elected or appointed under any arrangement or understanding, either with any major shareholder, customer, supplier or otherwise.

Outside appointments

Unilever recognises the benefit to the individual and to the Group of involvement by Unilever executives acting as directors of other companies outside the Unilever Group, broadening their experience and knowledge. The number of outside directorships of listed companies is generally limited to one per individual, and in the case of publicly listed companies approval is required from the Chairman. Outside directorships must not involve an excessive commitment or conflict of interest, and Unilever Executives must at all times ensure that their time commitment to Unilever takes precedence over any outside directorship. Fees paid in connection with an outside directorship may be retained by the individual, reflecting that any outside directorship is for the responsibility of the individual and that Unilever takes no responsibility in this regard.

Non-Executive Directors

The Non-Executive Directors share responsibility for the execution of the Boards' duties, taking into account their specific responsibilities, which are essentially supervisory. In particular, they comprise the principal external presence in the governance of Unilever, and provide a strong independent element. See pages 22 and 23 for their biographies.

Role and Responsibility

The key elements of the role and responsibilities of our Non-Executive Directors are:

- supervision of and advice to the Chief Executive Officer;
- developing strategy with the Chief Executive Officer;
- scrutiny of performance of the business and Chief Executive Officer;
- oversight of risks and controls;
- reporting of performance;
- remuneration of and succession planning for Executive Directors; and
- governance and compliance.

Our Non-Executive Directors are chosen for their broad and relevant experience and international outlook, as well as for their independence. They form the Audit Committee, the Nomination Committee, the Remuneration Committee and the Corporate Responsibility and Reputation Committee, and the roles and membership of these Board committees are described on pages 53 and 54. The profile set by the Boards for the Non-Executive Directors and the schedule used for orderly succession planning can be found on our website at www.unilever.com/investorrelations/corp_governance

Meetings

The Non-Executive Directors meet as a group, without the Executive Directors present, under the leadership of the Chairman to consider specific agenda items and wide-ranging business matters of relevance to the Group. In 2009 they met six times. In addition, the Non-Executive Directors (including the Chairman) usually meet before each Board meeting with the Chief Executive Officer, the Chief Financial Officer, other senior executives and the Group Secretary.

Senior Independent Director

Our Non-Executive Directors have appointed Jeroen van der Veer as Senior Independent Director following David Simon's retirement at the 2009 AGMs. He acts as their spokesman, and is consulted by the Chairman on the agenda and arrangements for Board meetings. He is also, in appropriate cases, a point of contact for shareholders and other stakeholders.

Tenure

Our Non-Executive Directors submit themselves for re-election each year at the AGMs. Although the Dutch Corporate Governance Code sets the suggested length of tenure at a maximum of twelve years for Non-Executive Directors, they normally serve for a maximum of nine years in accordance with the UK Combined Code on Corporate Governance. Their nomination for re-election is subject to continued good performance which is evaluated by the Boards, based on the recommendations of the Nomination Committee. The Nomination Committee carefully considers each nomination for reappointment.

Remuneration
The remuneration of the Non-Executive Directors is determined by the Boards, within the overall limit set by the shareholders at the AGMs in 2007, and it is reported on page 73. We do not grant our Non-Executive Directors any personal loans or guarantees nor are they entitled to any severance payments. Details of the engagement of our Non-Executive Directors can be seen on the Unilever website at www.unilever.com/investorrelations/corp_governance

Other appointments
Non-Executive Directors may serve on boards of other companies, provided such service does not involve a conflict of interest or restrict their ability to discharge their duties to Unilever.

Independence
Taking into account the role of Non-Executive Directors, which is essentially supervisory, and the fact that they make up the key Committees of the Boards, it is important that our Non-Executive Directors can be considered to be independent.

Our definition of independence for Directors is set out in the document entitled 'The Governance of Unilever', and is derived from the applicable definitions in use in the Netherlands, the UK and the US. Our Boards consider all of our Non-Executive Directors to be independent of Unilever following the conclusion of a thorough review of all relevant relationships of the Non-Executive Directors, and their related or connected persons.

The UK Combined Code on Corporate Governance suggests that length of tenure is a factor to consider when determining independence of a non-executive director. The UK Combined Code also provides that a non-executive director who serves more than six years should be subject to particularly rigorous review, and if more than nine years should be subject to annual re-election. It is our standard practice for all Directors to seek re-election annually. Leon Brittan has served on the Boards since 2000. He continues to demonstrate the essential characteristics of independence expected by the Boards as was confirmed through our annual performance review. His length of service, and his resulting experience and knowledge of Unilever, are viewed by the Boards as being especially valuable, particularly in the light of recent changes to the Boards. Leon Brittan will retire as a Non-Executive Director at the conclusion of the 2010 AGMs.

A number of relationships, such as non-executive directorships, exist between various of our Non-Executive Directors and companies that provide banking, insurance or financial advisory services to Unilever. Our Boards considered in each case the number of other companies that also provide or could readily provide such services to Unilever, the significance to those companies of the services they provide to Unilever, the roles of the Non-Executive Directors within those companies and the significance of those roles to our Non-Executive Directors.

The Boards concluded that none of these relationships impact the independence of the Non-Executive Directors concerned, and have satisfied themselves that the services provided by Paton Tupper Associates (Pty) Limited and Barloworld Limited, of which Hixonia Nyasulu is a director and shareholder and director respectively, to Unilever South Africa is not material. The Boards further concluded that Narayana Murthy's directorship of HSBC Holdings plc, one of Unilever's preferred banks, is not impacted by the banking relationship and therefore that he should be considered independent. The Boards have also satisfied themselves that Leon Brittan's position at UBS Investment Bank and UBS Securities Company Limited does not involve him in any way in its broking relationship with Unilever.

None of our Non-Executive Directors are elected or appointed under any arrangement or understanding, either with any major shareholder, customer, supplier or otherwise.

Committees

Board Committees
The Boards have established the committees described below, all formally set up by Board resolutions with carefully defined remits. They are made up solely of Non-Executive Directors and report regularly to the Boards. For all committees, if Directors are unable to attend a meeting, they are given the opportunity before the meeting to discuss with the Chairman of the committee any agenda items or committee papers. All committees are provided with sufficient resources to undertake their duties, and the terms of reference for each committee can be found on our website at www.unilever.com/investorrelations/corp_governance

Audit Committee
The Audit Committee is comprised only of independent Non-Executive Directors with a minimum requirement of three such members. It is chaired by Kees Storm, and its other members are Wim Dik, Charles Golden and Byron Grote. Wim Dik will step down as a member of the Committee following his retirement as a Director at the 2010 AGMs in May. The Boards have satisfied themselves that all the current members of the Audit Committee are competent in financial matters and have recent and relevant experience and that, for the purposes of the US Sarbanes-Oxley Act of 2002, Kees Storm is the Audit Committee's financial expert. The Audit Committee's meetings are attended, by invitation, by the Chief Financial Officer, the Chief Legal Officer, the Group Controller, the Chief Auditor and our external auditors.

The Audit Committee assists the Boards in fulfilling their oversight responsibilities in respect of: the integrity of Unilever's financial statements; risk management and internal control arrangements; compliance with legal and regulatory requirements; the performance, qualifications and independence of the external auditors; and the performance of the internal audit function. The Audit Committee is supplied with all information necessary for the performance of its duties by the Chief Auditor, Chief Financial Officer and Group Controller, and both the Chief Auditor and the external auditors have direct access to the Audit Committee separately from management. The Audit Committee is directly responsible, subject to local laws regarding shareholder approval, for the nomination, compensation and oversight of the external auditors. The Audit Committee is compliant with the rules regarding audit committees applicable in the Netherlands, the UK and the US.

Corporate governance (continued)

The following table shows the attendance of Directors at Audit Committee meetings for the year ended 31 December 2009:

Name	Attendance
Kees Storm (Chairman)	5 of 5
Wim Dik	5 of 5
Charles Golden	5 of 5
Byron Grote	5 of 5

Attendance is expressed as number of meetings attended out of number eligible to attend.

See page 63 for the Report of the Audit Committee to the shareholders.

Nomination Committee

The Nomination Committee recommends to the Boards candidates for the positions of Director. It also has responsibilities for succession planning and oversight of corporate governance matters. It is supplied with information by the Group Secretary.

The Nomination Committee comprises two independent Non-Executive Directors and the Chairman. The Nomination Committee is chaired by Jeroen van der Veer, following the retirement of David Simon as Chairman of the Committee at the 2009 AGMs. Its other members are Michael Treschow and Paul Walsh, who joined the Committee following the 2009 AGMs.

The following table shows the attendance of Directors at Nomination Committee meetings for the year ended 31 December 2009:

Name	Attendance
Jeroen van der Veer (Chairman from 14 May 2009)	6 of 6
David Simon (Chairman to 14 May 2009)	3 of 3
Michael Treschow	6 of 6
Paul Walsh (from 14 May 2009)	2 of 3

Attendance is expressed as number of meetings attended out of number eligible to attend.

See page 66 for the Report of the Nomination Committee to the shareholders.

Remuneration Committee

The Remuneration Committee reviews Directors' remuneration and is responsible for the executive share-based incentive plans. It determines, within the parameters set by our shareholders, specific remuneration arrangements for each of the Executive Directors, the remuneration scales and arrangements for Non-Executive Directors and the policy for the remuneration of the tier of management directly below the Boards. The Committee is advised by the Group Secretary on matters of corporate governance.

The Remuneration Committee comprises a minimum of three independent Non-Executive Directors. The Remuneration Committee is chaired by Jeroen van der Veer, following the retirement of David Simon as Chairman of the Committee at the 2009 AGMs. Its other members are Ann Fudge, Michael Treschow and Paul Walsh. Ann Fudge and Paul Walsh joined the Committee following the 2009 AGMs.

The following table shows the attendance of Directors at Remuneration Committee meetings for the year ended 31 December 2009:

Name	Attendance
Jeroen van der Veer (Chairman from 14 May 2009)	7 of 7
David Simon (Chairman to 14 May 2009)	3 of 3
Ann Fudge (from 14 May 2009)	4 of 4
Michael Treschow	7 of 7
Paul Walsh (from 14 May 2009)	2 of 4

Attendance is expressed as number of meetings attended out of number eligible to attend.

The Directors' Remuneration Report is on pages 67 to 73.

Corporate Responsibility and Reputation Committee

The Corporate Responsibility and Reputation Committee has responsibility for the oversight of Unilever's conduct with regard to its corporate and societal obligations and its reputation as a responsible corporate citizen. It comprises a minimum of three Non-Executive Directors. It is chaired by Leon Brittan and its other members are Louise Fresco, who joined the Committee following the 2009 AGMs, Narayana Murthy and Hixonia Nyasulu. Both Leon Brittan and Narayana Murthy will step down as members of the Committee following their retirement as Directors at the 2010 AGMs in May.

The following table shows the attendance of Directors at Corporate Responsibility and Reputation Committee meetings for the year ended 31 December 2009:

Name	Attendance
Leon Brittan (Chairman)	4 of 4
Louise Fresco (from 14 May 2009)	2 of 2
Narayana Murthy	3 of 4
Hixonia Nyasulu	4 of 4

Attendance is expressed as number of meetings attended out of number eligible to attend.

See pages 64 and 65 for the Report of the Corporate Responsibility and Reputation Committee to shareholders.

Routine business committees

Committees are also set up to conduct routine business as and when they are necessary. They comprise any two of the Directors and certain senior executives and officers, and they administer or implement certain matters previously agreed by our Boards or the Chief Executive Officer. The Group Secretary is responsible for the operation of these committees.

Disclosure Committee

The Boards have set up a Disclosure Committee which is responsible for helping the Boards ensure that financial and other information required to be disclosed publicly is disclosed in a timely manner and that the information that is disclosed is complete and accurate in all material aspects. The Committee comprises the Group Controller (Chairman), the Group Secretary and Chief Legal Officer, the Group Treasurer and the NV Corporate Legal Counsel.

Director matters

Conflicts of interest

We attach special importance to avoiding conflicts of interest between NV and PLC and their Directors. The Boards are responsible for ensuring that there are rules in place to avoid conflicts of interest by Board members. Conflicts of interest are understood not to include transactions and other activities between companies in the Unilever Group.

Authorisation of situational conflicts are given by the Boards to the relevant Director in accordance with the Articles of Association of PLC. The authorisation includes conditions relating to keeping Unilever information confidential and to the exclusion from receiving and discussing relevant information at Board meetings. Situational conflicts are reviewed annually by the Boards as part of the determination of Director independence, and in between those reviews Directors have a duty to inform the Boards of any relevant changes to the situation. A Director may not vote on, or be counted in a quorum in relation to, any resolution of the Boards in respect of any contract in which he or she has a material interest. The procedures that Unilever have put in place to deal with conflicts of interest have operated effectively.

Various formal matters

The borrowing powers of NV Directors on behalf of NV are not limited by the Articles of Association of NV. PLC Directors have the power to borrow on behalf of PLC up to three times the adjusted capital and reserves of PLC, as defined in its Articles of Association, without the approval of shareholders (any exceptions requiring an ordinary resolution).

The Articles of Association of NV and PLC do not require Directors of NV or Directors of PLC to hold shares in NV or PLC. However, the remuneration arrangements applicable to our Executive Directors require them to build and retain a personal shareholding in Unilever.

Indemnification

Directors' indemnification, including the terms thereof, is provided for in Article 19 of NV's Articles of Association. The power to indemnify Directors is provided for in PLC's Articles of Association and deeds of indemnity have been issued to all PLC Directors. Appropriate qualifying third-party Directors' and Officers' liability insurance was in place for all Unilever Directors throughout the financial year and is currently in force.

In addition, PLC provides indemnities (including, where applicable, a qualifying pension scheme indemnity provision) to the Directors from time to time of two subsidiaries that act as trustee respectively of two of Unilever's UK pension schemes. Appropriate trustee liability insurance is also in place.

Shareholder matters

Relations with shareholders and other investors

We believe it is important both to explain our business developments and financial results to investors and to understand their objectives.

The Chief Financial Officer has lead responsibility for investor relations, with the active involvement of the Chief Executive Officer. They are supported by our Investor Relations department which organises presentations for analysts and investors, and such presentations are generally made available on our website. Briefings on quarterly results are given via teleconference and are accessible by telephone or via our website. For further information visit our website at www.unilever.com/investorrelations

The Boards are briefed on reactions to quarterly results announcements. They, or the relevant Board Committee, are briefed on any issues raised by shareholders that are relevant to their responsibilities. Our shareholders can, and do, raise issues directly with the Chairman and, if appropriate, the Senior Independent Director.

Both NV and PLC communicate with their respective shareholders at the AGMs as well as responding to their questions and enquiries during the course of the year. We take the views of our shareholders into account and, in accordance with all applicable legislation and regulations, may consult them in an appropriate way before putting proposals to our AGMs.

General Meetings of shareholders

The business to be conducted at the AGMs of NV and PLC is set out in the separate Notices of AGM for NV and PLC. It typically includes approval/consideration of the Annual Report and Accounts and remuneration framework, appointment of Directors, appointment of external auditors, and authorisation for the Boards to allot and repurchase shares, and to restrict pre-emptive rights of shareholders.

At the AGMs, a review is given of the progress of the business over the last year and there is a discussion of current issues. Shareholders are encouraged to attend the meetings and ask questions, and the question-and-answer sessions form an important part of the meetings.

General Meetings of shareholders of NV and PLC are held at times and places decided by our Boards. NV meetings are normally held in Rotterdam and PLC meetings are normally held in London, on consecutive days. The notices calling the meetings normally go out more than 30 days prior to the meetings.

We welcome our external auditors to the AGMs and they are entitled to address the meetings.

Electronic communication

We are committed to efforts to continue more effective ways of communication with our shareholders around the AGMs. Electronic communication is already an important and established medium for shareholders, providing ready access to shareholder information and reports, and for voting purposes.

Shareholders of PLC can choose to receive electronic notification that the Annual Report and Accounts and Notice of AGMs have been published on our website, instead of receiving printed copies, and can also electronically appoint a proxy to vote on their behalf at the AGM.

Registration for electronic communication by shareholders of PLC can be made at www.unilever.com/shareholderservices The UK Companies Act 2006 contains provisions facilitating communications between companies and their shareholders

Corporate governance (continued)

electronically and PLC has established such a facility after consulting with its shareholders to offer them the opportunity to review their method of receiving shareholder communications in the future.

Voting rights

Shareholders that hold NV shares on the record date are entitled to attend and vote at NV General Meetings. The record date is set by the Board at a date not more than 30 days before the meeting, and shares are not blocked between the record date and the date of the meeting. NV shareholders can cast one vote for each €0.16 nominal capital that they hold. This means that they can cast one vote for each NV ordinary share, or NV New York Registry Share. Shareholders can vote in person or by proxy. Similar arrangements apply to holders of depositary receipts issued for NV shares and the holders of NV preference shares (see page 59).

PLC shareholders can cast one vote for each 3$\frac{1}{9}$p nominal capital that they hold. This means shareholders can cast one vote for each PLC ordinary share, or PLC American Depositary Receipt of shares. Proxy appointments need to be with our Registrars 48 hours before the meeting, and the shareholding at this time will determine both the right to vote and the ability to attend the meeting.

More information on the exercise of voting rights can be found in NV's and PLC's Articles of Association and in the respective Notices of Meetings which can be found on our website at www.unilever.com/investorrelations/corp_governance

Holders of NV New York Registry Shares or PLC American Depositary Receipts of shares will receive a proxy form enabling them to authorise and instruct a notary public or Citibank, N.A. respectively to vote on their behalf at the General Meeting of NV or PLC.

N.V. Elma and United Holdings Limited (the holders of NV's special shares), other group companies of NV which hold ordinary or preference shares, and United Holdings Limited, which owns half of PLC's deferred stock, are not permitted to vote at General Meetings.

Voting on each of the resolutions contained in the Notice of AGMs is conducted by poll. The final vote is published at the meetings and the outcome of the votes, including the proxy votes, is put on Unilever's website.

Shareholder proposed resolutions

Shareholders of NV may propose resolutions if they individually or together hold 1% of NV's issued capital in the form of shares or depositary receipts for shares, or if they individually or together hold shares or depositary receipts worth or representing the market value in shares as set in respect thereto by or pursuant to the law (currently €50 million). They must submit these requests at least 60 days before the date of the General Meeting, and the request will be honoured unless, in the opinion of the Boards, it is against a substantive interest of the Company. Shareholders who together represent at least 10% of the issued capital of NV can also requisition Extraordinary General Meetings to deal with specific resolutions.

Shareholders who together hold shares representing at least 5% of the total voting rights of PLC, or 100 shareholders who hold on average £100 each in nominal value of PLC capital, can require PLC to propose a resolution at a general meeting. PLC shareholders holding in aggregate 5% of the issued PLC ordinary shares are able to convene a general meeting of PLC.

Required majorities

Resolutions are usually adopted at NV and PLC shareholder meetings by an absolute majority of votes cast, unless there are other requirements under the applicable laws or NV's or PLC's Articles of Association. For example, there are special requirements for resolutions relating to the alteration of the Articles of Association, the liquidation of NV or PLC and the alteration of the Equalisation Agreement (see below).

A proposal to alter the Articles of Association of NV can only be made by the Board of NV. A proposal to alter the Articles of Association of PLC can be made either by the Board of PLC or by shareholders in the manner permitted under the UK Companies Act 2006. Unless expressly specified to the contrary in the Articles of Association of PLC, PLC's Articles of Association may be amended by a special resolution. Proposals to alter the provisions in the Articles of Association of NV and PLC respectively relating to the unity of management require the prior approval of meetings of the holders of the NV special shares and the PLC deferred stock. The Articles of Association of both NV and PLC can be found on our website at www.unilever.com/investorrelations/corp_governance

Right to hold shares

Unilever's constitutional documents place no limitations on the right to hold NV and PLC shares. There are no limitations on the right to hold or exercise voting rights on the ordinary shares of NV and PLC imposed by foreign law.

Foundation Agreements

Equalisation Agreement

The Equalisation Agreement makes the economic position of the shareholders of NV and PLC, as far as possible, the same as if they held shares in a single company. The Equalisation Agreement regulates the mutual rights of the shareholders of NV and PLC. Under the Equalisation Agreement, NV and PLC must adopt the same financial periods and accounting policies.

Each NV ordinary share represents the same underlying economic interest in the Unilever Group as each PLC ordinary share.

We pay ordinary dividends for NV and PLC on the same day. NV and PLC allocate funds for the dividend from their parts of the current profits and free reserves. We pay the same amount on each NV share as on one PLC share calculated at the relevant exchange rate. As agreed at the 2009 AGMs and separate meetings of ordinary shareholders, the Equalisation Agreement was in part amended to allow Unilever to move to quarterly dividend payments with effect from 1 January 2010. Interim dividends are determined in euros and converted into equivalent sterling and US dollar amounts using exchange rates issued by the European Central Bank two days before the announcement of the dividend. The new method for determining dividend payments was used for the 2009 interim dividends of NV and PLC. This amendment has enabled us to change to a simpler and more transparent dividend practice for the Unilever Group, resulting in more frequent payments to shareholders, and better alignment with the cash flow generation of the business.

The Equalisation Agreement provides that if one company had losses, or was unable to pay its preference dividends, the loss or shortfall would be made up out of:

- the current profits of the other company (after it has paid its own preference shareholders);
- then its own free reserves; and
- then the free reserves of the other company.

If either company could not pay its ordinary dividends, we would follow the same procedure, except that the current profits of the other company would only be used after it had paid its own ordinary shareholders and if the Directors thought this more appropriate than, for example, using its own free reserves.

So far, NV and PLC have always been able to pay their own dividends, so we have never had to follow this procedure. If we did, the payment from one company to the other would be subject to any United Kingdom and Dutch tax and exchange control laws applicable at that time.

Under the Equalisation Agreement, the two companies are permitted to pay different dividends in the event of an unreasonable increase or decrease in dividend pay-out of one of the companies due to currency fluctuations and in the event that either the UK or Dutch government imposes restrictions on dividend pay-outs. In either of these rare cases, NV and PLC could pay different amounts of dividend if the Boards thought it appropriate.

If both companies were to go into liquidation, NV and PLC would each use any funds legally available to pay the prior claims of their own preference shareholders. Then they would use any surplus to pay each other's preference shareholders, if necessary. After these claims had been met, they would pay out any equalisation or dividend reserve to their own shareholders before pooling the remaining surplus. This would be distributed to the ordinary shareholders of both companies on an equal basis. If one company were to go into liquidation, we would apply the same principles as if both had gone into liquidation simultaneously.

In principle, issues of bonus shares and rights offerings can only be made in ordinary shares. Again, we would ensure that shareholders of NV and PLC received shares in equal proportions. The subscription price for one new NV share would have to be the same, at the prevailing exchange rate, as the price for one new PLC share. Neither company can issue or reduce capital without the consent of the other.

The Articles of Association of NV establish that any payment under the Equalisation Agreement will be credited or debited to the income statement for the financial year in question.

Under Article 2 and 3 of the NV and PLC Articles of Association respectively, each company is required to carry out the Equalisation Agreement with the other. Both documents state that the Agreement cannot be changed or terminated without the approval of shareholders. For NV, the General Meeting can decide to alter or terminate the Equalisation Agreement at the proposal of the Board. The necessary approval of the General Meeting is then that at least one half of the total issued ordinary capital must be represented at an ordinary shareholders' meeting, where the majority must vote in favour; and (if they would be disadvantaged or the agreement is to be terminated) at least two-thirds of the total issued preference share capital must be represented at a preference shareholders' meeting, where at least three-quarters of them must vote in favour. For PLC, the necessary approval must be given by the holders of a majority of all issued shares voting at a General Meeting and the holders of the ordinary shares, by a simple majority voting at a General Meeting where the majority of the ordinary shares in issue are represented.

The Equalisation Agreement can be found on our website at www.unilever.com/investorrelations/corp_governance

The Deed of Mutual Covenants
The Deed of Mutual Covenants provides that NV and PLC and their respective subsidiary companies shall co-operate in every way for the purpose of maintaining a common operating policy. They shall exchange all relevant information about their respective businesses – the intention being to create and maintain a common operating platform for the Unilever Group throughout the world. The Deed illustrates some of the information which makes up this common platform, such as the mutual exchange and free use of know-how, patents, trade marks and all other commercially valuable information.

The Deed contains provisions which allow the Directors of NV and PLC to take any actions to ensure that the dividend-generating capacity of each of NV and PLC is aligned with the economic interests of their respective shareholders. These provisions also allow assets to be transferred between NV and PLC and their associated companies (as defined in the Deed) to ensure that assets are allocated in the most efficient manner. These arrangements are designed to create a balance between the two parent companies and the funds generated by them, for the benefit of their respective sets of shareholders.

The Agreement for Mutual Guarantees of Borrowing
Under the Agreement for Mutual Guarantees of Borrowing between NV and PLC, each company will, if asked by the other, guarantee the borrowings of the other. The two companies also jointly guarantee the borrowings of their subsidiaries. These arrangements are used, as a matter of financial policy, for certain significant public borrowings. They enable lenders to rely on our combined financial strength.

Corporate governance (continued)

Share capital matters

Share capital

NV's issued share capital on 31 December 2009 was made up of:

- €274,356,432 split into 1,714,727,700 ordinary shares of €0.16 each;
- €1,028,568 split into 2,400 ordinary shares numbered 1 to 2,400, known as special shares; and
- €113,599,014 split into several classes (4%, 6% and 7%) of cumulative preference shares ('financing preference shares').

The voting rights attached to NV's outstanding shares are split as follows:

	Total number of votes	% of issued capital
1,714,727,700 ordinary shares	1,714,727,700[(a)]	70.53
2,400 special shares	6,428,550	0.26
750,000 4% cumulative preference shares	200,906,250	8.26
161,060 6% cumulative preference shares	431,409,276	17.75
29,000 7% cumulative preference shares	77,678,312	3.20

(a) Of which 141,560,629 shares were held in treasury and 28,618,015 shares were held in connection with share-based payments as at 31 December 2009. These shares are not voted on.

NV may issue shares not yet issued and grant rights to subscribe for shares only pursuant to a resolution of the General Meeting of Shareholders or of another corporate body designated for such purpose by a resolution of the General Meeting. At the AGM held on 14 May 2009 the Board was designated, in accordance with Articles 96 and 96a of Book 2 of the Netherlands Civil Code, as the corporate body authorised until 14 November 2010 to resolve on the issue of – or on the granting of rights to subscribe for – shares not yet issued and to restrict or exclude the statutory pre-emption rights that accrue to shareholders upon issue of shares, on the understanding that this authority is limited to 10% of the issued share capital of the Company, plus an additional 10% of the issued share capital of the Company in connection with or on the occasion of mergers and acquisitions.

At the 2009 AGM the Board of NV was authorised, in accordance with Article 98 of Book 2 of the Netherlands Civil Code, until 14 November 2010 to cause the Company to buy back its own shares and depositary receipts thereof, with a maximum of 10% of issued share capital, either through purchase on a stock exchange or otherwise, at a price, excluding expenses, not lower than the nominal value of the shares and not higher than 10% above the average of the closing price of the shares on Eurolist by Euronext Amsterdam for the five business days before the day on which the purchase is made.

The above mentioned authorities are renewed annually.

PLC's issued share capital on 31 December 2009 was made up of:

- £40,760,420 split into 1,310,156,361 ordinary shares of 3¹⁄₉p each; and
- £100,000 of deferred stock.

The total number of voting rights attached to PLC's outstanding shares are shown hereunder:

	Total number of votes	% of issued capital
1,310,156,361 ordinary shares	1,310,156,361[(a)]	99.76
£100,000 deferred stock	3,214,285	0.24

(a) Of which 26,696,994 shares were held by PLC in treasury and 23,850,000 shares were held by NV group companies or by share trusts as at 31 December 2009. These shares are not voted on.

The Board of PLC may, under sections 551 and 561 of the UK Companies Act 2006 and subject to the passing of the appropriate resolutions at a meeting of shareholders, issue shares within the limits prescribed within the resolutions. At the 2009 AGM the Directors were authorised to issue new shares pursuant to section 80 of the UK Companies Act 1985, limited to a maximum of £13,290,000 nominal value, which at the time represented approximately 33% of the Company's issued Ordinary share capital and pursuant to section 89 of that Act, to disapply pre-emption rights up to approximately 5% of PLC's issued ordinary share capital. These authorities are renewed annually and from 2010 will be sought under the applicable sections of the UK Companies Act 2006.

At the 2009 AGM the Board of PLC was authorised in accordance with its Articles of Association to make market purchases of its ordinary shares representing just under 10% of the Company's issued capital and within the limits prescribed within the resolution until the earlier of the 6-month anniversary after the 2009 year end or the conclusion of the 2010 AGM. A similar authority will be sought at the 2010 AGM of PLC pursuant to the UK Companies Act 2006.

Margarine Union (1930) Limited: Conversion Rights

The first Viscount Leverhulme was the founder of the company which became PLC. When he died in 1925, he left in his will a large number of PLC shares in various trusts.

When the will trusts were varied in 1983, the interests of the beneficiaries of his will were also preserved. Four classes of special shares were created in Margarine Union (1930) Limited, a subsidiary of PLC. One of these classes can be converted at the end of the year 2038 into 70,875,000 PLC ordinary shares of 3⅑p each. This currently represents 5.4% of PLC's issued ordinary capital. These convertible shares replicate the rights which the descendants of the first Viscount would have had under his will. This class of the special shares only has a right to dividends in specified circumstances, and no dividends have yet been paid. PLC guarantees the dividend and conversion rights of the special shares.

Foundation Unilever NV Trust Office

As at 1 March 2010, around 76% of NV's ordinary shares and around 34% of NV's 7% cumulative preference shares were held by the Foundation Unilever NV Trust Office (Stichting Administratiekantoor Unilever N.V.), a trust office with a board independent of Unilever. As part of its corporate objects, the Foundation issues depositary receipts in exchange for these shares.

These depositary receipts are listed on Euronext Amsterdam, as are the NV ordinary and 7% preference shares themselves.

Holders of depositary receipts can under all circumstances exchange their depositary receipts for the underlying shares (and vice versa).

Holders of depositary receipts are entitled to dividends and all economic benefits on the underlying shares held by the Foundation.

The members of the board at the foundation are Mr J H Schraven (chairman), Mr P P de Koning, Prof Emeritus Dr L Koopmans and Mr A A Olijslager.

The Foundation reports periodically on its activities.

Voting by holders of depositary receipts
Although the depositary receipts themselves do not formally have voting rights, holders of depositary receipts are in practice equated with shareholders. They can attend all General Meetings of NV, either personally or by proxy, and also have the right to speak. The holders of the depositary receipts will then automatically, without limitation and under all circumstances, receive a voting proxy on behalf of the Foundation to vote on the underlying shares.

The Foundation is obliged to follow the voting instructions of holders of depositary receipts. The same applies to the voting instructions of holders of depositary receipts not attending a shareholders' meeting and who issue voting instructions to the Foundation via the Dutch Shareholders' Communication Channel.

Voting by the Foundation Unilever NV Trust Office
Shares for which the Foundation has not granted voting proxies or for which it has not received voting instructions are voted on by the Foundation in such a way as it deems to be in the interests of the holders of the depositary receipts. This voting policy is laid down in the Conditions of Administration that apply to the depositary receipts.

Specific provisions apply in the event that a meeting of the holders of NV 7% cumulative preference shares is convened.

If a change to shareholders' rights is proposed, the Foundation will let shareholders know if it intends to vote, at least 14 days in advance of the meeting if possible.

Hitherto the majority of votes cast by ordinary shareholders at NV meetings have been cast by the Foundation. Unilever and the Foundation have a policy of actively encouraging holders of depositary receipts to exercise their voting rights in NV meetings.

Unilever considers the arrangements of the Foundation appropriate and in the interest of NV and its shareholders given the size of the voting rights attached to the financing preference shares and the relatively low attendance of holders of ordinary shares at the General Meetings of NV.

Foundation Unilever NV Trust Office's shareholding
Foundation NV Trust Office's shareholding fluctuates daily – its holdings on 1 March 2010 were:

- NV ordinary shares of €0.16: 1,295,616,498 (75.56%); and
- NV 7% cumulative preference shares of €428.57: 9,776 (33.71%).

Further information on the Foundation, including its Articles of Association and Conditions of Administration, can be found on its website at www.administratiekantoor-unilever.nl

Requirements and compliance – general
Unilever is subject to corporate governance requirements in the Netherlands, the UK and as a foreign private issuer in the US. In this section we report on our compliance with the corporate governance regulations and best practice codes applicable in the Netherlands and the UK and we also describe compliance with corporate governance standards in the US.

Under the European Takeover Directive, the UK Companies Act 2006 and rules of the US Securities and Exchange Commission, we are required to provide information on contracts and other arrangements essential or material to the business of the Group. We believe we do not have any such contracts or arrangements.

Our governance arrangements are designed and structured to promote and further the interests of our companies and their shareholders. The Boards however reserve the right, in cases where they decide such to be in the interests of the companies or our shareholders, to depart from that which is set out in the present and previous sections in relation to our corporate governance. Any such changes will be reported in future Annual Reports and Accounts and, when necessary, through changes to the relevant documents published on our website. As appropriate, proposals for change will be put to our shareholders for approval.

Further information can be found on our website and in the document entitled 'The Governance of Unilever'. This describes the terms of reference of our Board Committees, including their full responsibilities. It will be kept up to date with changes in our internal constitutional arrangements that our Boards may make from time to time and it is available on our website at www.unilever.com/Investorrelations/corp_governance

Requirements – European Union
Following implementation of the European Takeover Directive, certain information is required to be disclosed in relation to control and share structures and interests of NV and PLC. Such disclosures, which are not covered elsewhere in this Annual Report, include the following:

- there are no requirements to obtain the approval of NV or PLC, or of other holders of securities in NV or PLC, for a transfer of such securities;

- there are no arrangements by which, with NV or PLC's cooperation, financial rights carried by securities are held by a person other than the holder of such securities;

Corporate governance (continued)

- NV and PLC are not aware of any agreements between holders of securities which may result in restrictions on the transfer of such securities or on voting rights;
- neither NV nor PLC are parties to any significant agreements which include provisions that take effect, alter or terminate such agreement upon a change of control following a takeover bid;
- NV and PLC do not have any agreements with any Director or employee that would provide compensation for loss of office or employment resulting from a takeover except that most of Unilever's share schemes contain provisions which operate in the event of a takeover of Unilever, which provisions may for instance cause options or awards granted to employees under such schemes to vest after a takeover or be exchanged into new awards for shares in another entity; and
- the Trustees of the PLC employee share trusts may vote or abstain in any way they think fit and in doing so may take into account both financial and non-financial interests of the beneficiaries of the employee share trusts or their dependants. Historically the Trustees tend not to exercise this right.

Requirements – the Netherlands

NV is required to state in its Annual Report and Accounts whether it complies or will comply with the Principles and best practice provisions ('bpp') of the Dutch Corporate Governance Code (the Dutch Code) and, if it does not comply, to explain the reasons for this. As will be clear from the description of our governance arrangements, NV complies with almost all of the principles and best practice provisions of the Dutch Code, a copy of which is available at www.commissiecorporategovernance.nl The text that follows sets out certain statements that the Dutch Code invites us to make to our shareholders that are not included elsewhere in this Annual Report and Accounts as well as areas of non-compliance.

On 10 December 2008 the Dutch Corporate Governance Code Compliance Committee published a revised version of the Code, which is applicable to our annual reporting over 2009 and we therefore report compliance under the revised Code in our Annual Report and Accounts 2009.

Unilever places a great deal of importance on corporate responsibility and sustainability as is evidenced by our vision to double the size of the company while reducing our environmental impact. With respect to our performance measures Unilever is keen to ensure focus on key financial performance measures which we believe to be the drivers of shareholder value creation and relative total shareholder return. Unilever therefore believes that the interests of the business and shareholders are best served by linking the long-term share plans to the measures as described in the Directors' Remuneration Report on page 67 and has not included a non-financial performance indicator (Principle II.2 and bpp II.2.3).

Board and Committee structures

NV has a one-tier board, consisting of both Executive and, in a majority, Non-Executive Directors. We achieve compliance of our board arrangements with the Dutch Code, which is for the most part based on the customary two-tier structure in the Netherlands, by, as far as is possible and practicable, applying the provisions of the Dutch Code relating to members of a management board to our Executive Directors and by applying the provisions relating to members of a supervisory board to our Non-Executive Directors. Management tasks not capable of delegation are performed by the Board as a whole.

Risk management and control

Our principal risks are described on pages 30 to 34. Our approach to risk management and systems of internal control are described on page 35.

As a result of the review of the Audit Committee (as described in their report on page 63) the Board believes that as regards financial reporting risks the risk management and control systems provide reasonable assurance that the financial statements do not contain any errors of material importance and the risk management and control systems have worked properly in 2009 (bpp II.1.5).

The aforesaid statements are not statements in accordance with the requirements of Section 404 of the US Sarbanes-Oxley Act of 2002.

Retention period of shares

The Dutch Code recommends that shares granted to Executive Directors must be retained for a period of at least five years (bpp II.2.5). Our shareholder-approved remuneration policy requires Executive Directors to build and retain a personal shareholding in Unilever. The Board believes that this is in line with the spirit of the Dutch Code.

Severance pay

It is our policy to set the level of severance payments for Directors at no more than one year's salary, unless the Board, at the proposal of the Remuneration Committee, finds this manifestly unreasonable given circumstances or unless otherwise dictated by applicable law (bpp II.2.8).

Conflicts of interest

In the event of a potential conflict of interest, the provisions of the Dutch Code (Principles II.3 and III.6) are applied. Conflicts of interest are not understood to include transactions and other activities between companies in the Unilever Group.

Financing preference shares

NV issued 4%, 6% and 7% cumulative preference shares between 1927 and 1970. Their voting rights are based on their nominal value, as prescribed by Dutch law. The Dutch Code recommends that the voting rights on such shares should, in any event when they are newly issued, be based on their economic value rather than on their nominal value (bpp IV.1.2). NV agrees with this principle but cannot unilaterally reduce voting rights of its outstanding preference shares.

Anti-takeover constructions and control over the company

NV confirms that it has no anti-takeover constructions, in the sense of constructions that are intended solely, or primarily, to block future hostile public offers for its shares (bpp IV.3.11). Nor does NV have any constructions whose specific purpose is to prevent a bidder, after acquiring 75% of the capital, from appointing or dismissing members of the Board and subsequently altering the Articles of Association. The acquisition through a public offer of a majority of the shares in a company does not under Dutch law preclude in all circumstances the continued right of the Board of the company to exercise its powers.

Provision of information
We consider it important to comply with all applicable statutory regulations on the equal treatment of shareholders and provision of information and communication with shareholders and other parties (Principles IV.2 and IV.3).

Meetings of analysts and presentations to investors
We have extensive procedures for handling relations with and communicating with shareholders, investors, analysts and the media (also see page 55). The important presentations and meetings are conducted as far as practicable in accordance with the Dutch Code (bpp IV.3.1). Due to their large number and overlap in information, however, some of the less important ones are not announced in advance, made accessible to everyone or put on our website.

Corporate Governance Statement
NV is required to make a statement concerning corporate governance as referred to in article 2a of the decree on additional requirements for annual reports (Vaststellingsbesluit nadere voorschriften inhoud jaarverslag) with effect from 1 January 2010 (the 'Decree'). The information required to be included in this corporate governance statement as described in articles 3, 3a and 3b of the Decree can be found in the following sections of this document:

- the information concerning compliance with the Dutch Corporate Governance Code, as required by article 3 of the Decree, can be found under 'Corporate Governance' within the section 'Requirements – the Netherlands' in this document;
- the information concerning Unilever's risk management and control frameworks relating to the financial reporting process, as required by article 3a(a) of the Decree, can be found under 'Outlook and risks' on pages 30 to 36 and within the relevant sections under 'Corporate Governance' in this document;
- the information regarding the functioning of Unilever's General Meeting of shareholders, and the authority and rights of Unilever's shareholders, as required by article 3a(b) of the Decree, can be found within the relevant sections under 'Corporate Governance' in this document;
- the information regarding the composition and functioning of Unilever's Boards and its Committees, as required by article 3a(c) of the Decree, can be found within the relevant sections under 'Corporate Governance' in this document; and
- the information concerning the inclusion of the information required by the decree Article 10 European Takeover Directive, as required by article 3b of the Decree, can be found within the relevant sections under 'Corporate Governance' and within the section 'Shareholder information, Analysis of shareholding' in this document.

Requirements – the United Kingdom
PLC is required, as a company that is incorporated in the UK and listed on the London Stock Exchange, to state how it has applied the main principles and how far it has complied with the provisions set out in Section 1 of the 2008 UK Combined Code on Corporate Governance ('the Combined Code'), a copy of which is available at www.frc.org.uk

In the preceding pages we have described how we have applied the main principles and the provisions in the Combined Code. In 2009, PLC complied with the Combined Code except in the following areas:

- Between February 2008 and the 2009 AGMs in May the Remuneration Committee's membership consisted of two independent Non-Executive Directors and the Chairman. Subsequent to the appointments of Ann Fudge and Paul Walsh to that Committee, following their Board appointments at the 2009 AGMs, the Committee has complied with the membership principle of the Code applicable to a remuneration committee.

- Due to the requirement for Unilever to hold two AGMs for its respective companies on consecutive days, it may not always be possible for all Directors, and possibly the Chairmen of the Audit, Remuneration and Nomination Committees, to be present at both meetings. The Chairman ensures that a majority of Directors attend both meetings and that at least one member of each Committee attends each AGM.

Risk management and control
Our principal risks are described on pages 30 to 34. Our approach to risk management and systems of internal control are described on page 35.

This approach to risk management and systems of internal control is in line with the recommendations in the report on 'Internal Control – Revised Guidance for Directors on the UK Combined Code' ('The Turnbull Guidance').

The effectiveness of the system of internal control, including processes in relation to financial reporting and preparation of consolidated accounts, has been reviewed by the Audit Committee.

The Committee reviewed Unilever's overall approach to risk management and control, and its processes, outcomes and disclosure, including specifically:

- review of level of disclosure in quarterly financial results announcements;
- review of accounting principles and judgements with respect to financial statements, including the annual impairment review of goodwill and intangibles;
- review of the analysis supporting the going concern judgement of the 2009 Annual Report and Accounts;
- review of Unilever's Risk Management framework undertaken by management, agreeing to a streamlined process for assessment of corporate and operational risks;
- annual report on the Chief Executive Officer's Top Corporate Risks and a quarterly review of business risks and safeguards;
- annual Positive Assurance report from the Chief Executive Officer on compliance with corporate policies and operating controls;
- review the application of the requirements under Section 404 of the US Sarbanes-Oxley Act of 2002 with respect to internal controls over financial reporting; and
- annual review of anti-fraud arrangements.

It is Unilever's practice to bring acquired companies within the Group's governance procedures as soon as is practicable and in any event by the end of the first full year of operation.

Corporate governance (continued)

Requirements – the United States

Both NV and PLC are listed on the New York Stock Exchange and must therefore comply with such of the requirements of US legislation, such as the Sarbanes-Oxley Act of 2002, regulations enacted under US securities laws and the Listing Standards of the New York Stock Exchange as are applicable to foreign private issuers. In some cases the requirements are mandatory and in other cases the obligation is to 'comply or explain'.

We have complied in all material respects with the requirements concerning corporate governance that were in force during 2009. Attention is drawn in particular to the remit of the Audit Committee on page 53 and the Report of the Audit Committee on page 63.

Actions already taken to ensure compliance in all material respects that are not specifically disclosed elsewhere or otherwise clear from reading this document include:

- the issuance of a Code of Ethics for senior financial officers;
- the issuance of instructions restricting the employment of former employees of the audit firm; and
- the establishment of a policy on reporting requirements under SEC rules relating to standards of professional conduct for US attorneys.

In each of these cases, existing practices were revised and/or documented in such a way as to conform to the new requirements.

The Code of Ethics applies to the senior executive, financial and accounting officers and comprises the standards prescribed by the SEC, and a copy has been posted on our website at www.unilever.com/investorrelations/corp_governance The Code of Ethics comprises an extract of the relevant provisions of Unilever's Code of Business Principles and the more detailed rules of conduct that implement it. The only amendment to these pre-existing provisions and rules that was made in preparing the Code of Ethics was made at the request of the Audit Committee and consisted of a strengthening of the explicit requirement to keep proper accounting records. No waiver from any provision of the Code of Ethics was granted to any of the persons falling within the scope of the SEC requirements in 2009.

We are required by US securities laws and the Listing Standards of the New York Stock Exchange to have an Audit Committee that satisfies Rule 10A-3 under the Exchange Act and the Listing Standards of the New York Stock Exchange (NYSE). We are compliant with these requirements. We are also required to disclose any significant ways in which our corporate governance practices differ from those typically followed by US companies listed on the NYSE. In addition to the information we have given to you in this document about our corporate governance arrangements, further details are provided in the document entitled 'The Governance of Unilever', which is on our website at www.unilever.com/investorrelations/corp_governance

We are compliant with the Listing Standards of the New York Stock Exchange applicable to foreign private issuers. Our corporate governance practices do not significantly differ from those required of US companies listed on the New York Stock Exchange.

We also confirm that our shareholders have the opportunity to vote on certain equity compensation plans.

Risk management and control

Our principal risks are described on pages 30 to 34. Our approach to risk management and systems of internal control are described on page 35.

Based on an evaluation by the Boards, the Chief Executive Officer and the Chief Financial Officer concluded that the design and operation of the Group's disclosure controls and procedures, including those defined in United States Securities Exchange Act of 1934 - Rule 13a – 15(e), as at 31 December 2009 were effective, and that subsequently until the date of the approval of the Annual Report by the Board, there have been no significant changes in the Group's internal controls, or in other factors that could significantly affect those controls.

Unilever is required by Section 404 of the US Sarbanes-Oxley Act of 2002 to report on the effectiveness of internal control over financial reporting. This requirement will be reported on separately and will form part of Unilever's Annual Report on Form 20-F.

Report of the Audit Committee

The role and terms of reference of the Audit Committee is to assist the Unilever Boards in fulfilling their oversight responsibilities regarding the integrity of Unilever's financial statements, risk management and internal control, compliance with legal and regulatory requirements, the external auditors' performance, qualifications and independence, and the performance of the internal audit function. During the year ended 31 December 2009, principal activities were as follows:

Financial statements

The Committee considered reports from the Chief Financial Officer on the quarterly and annual financial statements, including other financial statements and disclosures prior to their publication and issues reviewed by the Disclosure Committee. They also reviewed the Annual Report and Accounts and Annual Report on Form 20-F prior to publication.

Audit of the Annual Accounts

PricewaterhouseCoopers, Unilever's external auditors, reported in depth to the Committee on the scope and outcome of the annual audit, including their audit of internal control over financial reporting as required by Section 404 of the US Sarbanes-Oxley Act of 2002. Their reports included accounting matters, governance and control, and accounting developments.

The Committee held independent meetings with the external auditors during the year.

Risk management and internal control arrangements

The Committee reviewed Unilever's overall approach to risk management and control, and its processes, outcomes and disclosure, including specifically:

- review of level of disclosure in quarterly financial results announcements;
- review of accounting principles and judgements with respect to financial statements, including the annual impairment review of goodwill and intangibles;
- review of regular updates on outstanding litigation and regulatory investigations from the Chief Legal Officer;
- review of the analysis supporting the going concern judgement of the 2009 Annual Report and Accounts;
- review of Unilever's Risk Management framework undertaken by management, agreeing to a streamlined process for assessment of corporate and operational risks;
- annual report on the Chief Executive Officer's Top Corporate Risks and a quarterly review of business risks and safeguards;
- annual Positive Assurance report from the Chief Executive Officer on compliance with corporate policies and operating controls;
- Corporate Audit's interim and year-end summary reports, and management's response;
- the interim and year-end reports from the Code of Business Principles Compliance Committee including the resolution of complaints received through the global Ethics hotline including procedures for handling complaints and concerns relating to accounting, internal control and auditing matters;
- review the application of the requirements under Section 404 of the US Sarbanes-Oxley Act of 2002 with respect to internal controls over financial reporting;
- review of the application of information and communication technology;
- review of the annual pension report and the impact of financial volatility on pensions;
- annual review of anti-fraud arrangements;
- review of tax planning policy;
- review of treasury policies, including debt issuance and hedging;
- review of the annual financial plan; and
- review of the revised dividend policy and dividend proposals.

External auditors

The Audit Committee conducted a formal evaluation of the effectiveness of the external audit process. The Committee has considered the tenure, quality and fees of the auditors and determined that a tender for the audit work is not necessary. As a result, the Committee has approved the extension of the current external audit contract by one year, and recommended to the Boards the reappointment of external auditors. On the recommendation of the Audit Committee, the Directors will be proposing the re-appointment of PricewaterhouseCoopers at the AGMs in May 2010 (see pages 137 and 143).

Both Unilever and the auditors have for many years had safeguards in place to avoid the possibility that the auditors' objectivity and independence could be compromised. The Committee reviewed the report from PricewaterhouseCoopers on the actions they take to comply with the professional and regulatory requirements and best practice designed to ensure their independence from Unilever.

The Committee also reviewed the statutory audit, other audit, tax and other services provided by PricewaterhouseCoopers, and compliance with Unilever's documented approach, which prescribes in detail the types of engagements for which the external auditors can and cannot be used:

- statutory audit services – including audit of subsidiaries;
- other audit services – work which regulations or agreements with third parties require the auditors to undertake;
- other services – statutory auditors may carry out work that they are best placed to undertake, including internal control reviews;
- acquisition and disposal services – where the auditors are best placed to do this work;
- tax services – all significant tax consulting work is put to tender, except where the auditors are best placed to do this; and
- general consulting – external auditors may not tender for general consulting work.

All engagements over €100,000 require specific advance approval of the Audit Committee Chairman. The overall policy is regularly reviewed and, where necessary, updated in the light of internal developments, external developments and best practice.

Internal audit function

The Committee reviewed the Corporate Audit department's audit plan for the year, and agreed its budget and resource requirements. The Committee carried out a formal evaluation of the performance of the internal audit function and confirmed that they were satisfied with the effectiveness of the function. The Committee held independent meetings with the Chief Auditor during the year.

Audit Committee terms of reference

The Audit Committee's terms of reference are reviewed annually by the Committee taking into account relevant legislation and recommended good practice. The terms of reference can be viewed on Unilever's website or supplied on request.

Board Assessment of the Audit Committee

The Board evaluated the performance of the Committee and the Committee carried out a self-assessment of its performance.

Kees Storm Chairman of the Audit Committee
Wim Dik
Charles Golden
Byron Grote

Report of the Corporate Responsibility and Reputation Committee

Terms of reference

The Corporate Responsibility and Reputation Committee oversees Unilever's conduct as a responsible multinational business. It is also charged with ensuring that Unilever's reputation is protected and enhanced. Inherent in this is the need to identify any external developments which are likely to have an influence upon Unilever's standing in society and to bring these to the attention of the Boards.

Pursuant to this remit the Boards have expressly delegated to the Committee day-to-day oversight of the conduct of Unilever's response to the ongoing investigations by the European Commission and other national authorities into alleged infringements of competition law. The Chief Legal Officer and external counsel report to the Committee in this regard and matters are then considered by the full Board. For further information please refer to 'Legal proceedings' on page 122.

The Committee comprises four independent Non-Executive Directors: Leon Brittan (Chairman), Hixonia Nyasulu, Narayana Murthy and Louise Fresco.

To ensure that it is kept up to date with current and emerging sustainability issues, the Committee benefits from the insights of two groups. The first is the Unilever Sustainable Development Group (USDG) – five experts from outside the Group who advise on Unilever's sustainability strategy. The second is CRISP, the Corporate Responsibility, Issues, Sustainability and Partnerships group of senior executives from across the business. Both groups are chaired by Vindi Banga, President Foods, Home and Personal Care and member of the Unilever Executive.

The Committee's terms of reference and details of the Unilever Sustainable Development Group are available on our website at www.unilever.com

Meetings

Meetings are held quarterly. The Committee Chairman reports the conclusions to the Board.

In 2009 the Committee continued to offer its advice on the development of Unilever's sustainability strategy. Members were updated on the Group's sustainability priorities (climate change, water, sustainable sourcing and waste) and commented on proposals for creating business-wide environmental targets.

Topics discussed in 2009 included: competition-related issues; food labelling and health claims; genetically modified organisms in the food chain; packaging; palm oil, deforestation and climate change. Particular attention was given to the topics set out below.

Code of Business Principles and Business Partner Code

The Committee scrutinises two important codes of practice – the Code of Business Principles and the Business Partner Code – to ensure that they remain fit for purpose and are appropriately applied. It complements the role of the Audit Committee, which considers the Codes as part of its remit to review risk management.

The Committee is responsible for the oversight of both codes. Implementation rests with the Unilever Executive who are supported by the Corporate Code Committee and the global code compliance organisation. Implementation is further supported by the legal function for the Code of Business Principles and the supply management function for the Business Partner Code. Supply management is also responsible for gaining assurance from suppliers that they adhere to the Business Partner Code.

Code of Business Principles

The Code of Business Principles sets out the standards of conduct to which we expect our employees to adhere. It is complemented by a 'Management Commentary' which provides guidelines for employees on practical implementation of the Code of Business Principles. In 2009 Unilever's Global Code Officer conducted a benchmarking exercise on the Commentary, leading to clearer and more detailed guidance on topics such as gifts and entertainment.

In 2009 existing training on the Code was strengthened by the roll-out of a new online training module and separate training sessions on compliance with competition policy.

The Committee endorsed these developments as they are essential in ensuring that Unilever's standards are well-understood and respected by employees.

Alleged infringements of the Code of Business Principles are monitored by the Committee. This responsibility includes alleged infringements of competition law.

Business Partner Code

Unilever's Business Partner Code sets the standards that we expect of suppliers in areas such as health and safety at work, business integrity, respect for labour standards, consumer safety and safeguarding the environment.

The Committee has monitored the development and implementation of the Code over recent years. The Code is supported by an Assurance Policy that sets out the operational standards needed from suppliers to deliver the Code's commitments.

Labour standards

Between 2006 and 2009, four complaints were brought to Unilever's attention by the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF) relating to our operations in India and Pakistan. These complaints concerned site closure (Sewri factory, India), freedom of association and collective bargaining (Doom Dooma factory, India) and the use of temporary and contracted labour at our factories in Pakistan (Rahim Yar Khan and Khanewal). A further complaint regarding a supplier's factory in Turkey was submitted by the Turkish transport union TUMTIS in 2008.

Under the terms of the OECD Guidelines for Multinational Enterprises, the unions referred their complaints to the OECD's National Contact Points in the UK and Turkey for investigation.

Four of the complaints have been resolved:

- The TUMTIS complaint in Turkey was settled locally in January 2009;
- Unilever Pakistan reached agreement with the IUF to settle the dispute at Rahim Yar Khan in June 2009. In October Unilever Pakistan reached an agreement relating to Khanewal; and
- at Sewri, a settlement payment was agreed by Hindustan Unilever and local trade union representatives (HLEU) in October 2009.

The only case outstanding is at Doom Dooma, India where the company is seeking resolution of the issue.

Given the potential damage that these complaints pose to Unilever's reputation as a responsible business, the Committee kept a close watch on progress during the year. Members urged Unilever to address the matter in detail and welcomed the revised approach that the Group put in place to adjust its labour practices.

Leon Brittan
Chairman of the Corporate Responsibility and Reputation Committee
Louise Fresco
Narayana Murthy
Hixonia Nyasulu

Report of the Nomination Committee

Terms of Reference

The Nomination Committee comprises two Independent Non-Executive Directors and the Chairman. Following the retirement of David Simon at the 2009 AGMs, it is chaired by Jeroen van der Veer. Its other members are Michael Treschow and, following his appointment at the 2009 AGMs, Paul Walsh. The Group Secretary acts as secretary to the Committee.

The Nomination Committee is responsible for drawing up selection criteria and appointment procedures for Directors. Under Unilever's corporate governance arrangements Executive and Non-Executive Directors offer themselves for election each year at the Annual General Meetings. The Nomination Committee is responsible for recommending candidates for nomination as Executive Directors, including the Chief Executive Officer, and Non-Executive Directors each year based on the process of evaluations referred to below. After Directors have been appointed by shareholders the Committee recommends to the Board candidates for election as Chairman and Vice-Chairman. The Committee also has responsibility for supervising the policy of the Chief Executive Officer on the selection criteria and appointment procedures for senior management and it keeps oversight of all matters relating to corporate governance, bringing any issues to the attention of the Boards. The Committee's Terms of Reference are available on our website www.unilever.com/investorrelations/corp_governance

Process for the appointment of Directors

Unilever has formal procedures for evaluation of the Boards, the Board Committees and the individual Directors. The Chairman, in conjunction with the Senior Independent Director, leads the process whereby the Board assesses its own performance and the results of the evaluations are provided to the Committee when it discusses the nominations for re-election as Directors.

Where a vacancy arises on the Boards, the Committee seeks the services of specialist recruitment firms and other external experts to assist in finding individuals with the appropriate skills and expertise.

In nominating Directors, the Committee follows the agreed Board Profile of potential Non-Executive Directors, which takes into account the roles of Non-Executive Directors set out in the Dutch Corporate Governance Code and the UK Combined Code on Corporate Governance. Under the terms of The Governance of Unilever the Boards should comprise a majority of Non-Executive Directors. To represent Unilever's areas of interest, the profile also indicates there should be a strong representation from Developing and Emerging markets as well as from Europe and North America. Non-Executive Directors should be independent of Unilever and free from any conflicts of interest. The profile looks at diversity in terms of nationality, race, gender and relevant expertise and directs that, wherever possible, the Boards should reflect Unilever's consumer base.

Activities of the Committee during the year

The Committee met six times in 2009. All meetings were attended by Jeroen van der Veer and Michael Treschow. Paul Walsh attended two meetings after joining the Committee in May 2009. The members also regularly met outside of formal Committee meetings to discuss succession issues.

At the AGMs in May 2009, David Simon retired as a Non-Executive Director. Jeroen van der Veer succeeded David Simon as Vice-Chairman, Senior Independent Director and Chairman of the Nomination Committee from the conclusion of the 2009 AGMs.

The Committee proposed the nomination of all Directors offering themselves for re-election at the 2009 AGMs. During 2009, the Committee also proposed the nominations of Louise Fresco, Ann Fudge and Paul Walsh as Non-Executive Directors at the AGMs in May 2009. These nominees were chosen to further strengthen the range of expertise available on the Boards, as well as responding to our diversity criteria. Ann Fudge and Paul Walsh were subsequently appointed to the Remuneration Committee and Paul Walsh was also appointed to the Nomination Committee. In making these appointments the Committee was supported by an independent executive search firm chosen by the Committee which had been engaged to identify suitable candidates for the roles required.

In 2009 an independent executive search firm chosen by the committee was also engaged to identify candidates for the role of Chief Financial Officer, in the light of the resignation of Jim Lawrence as from the year end. The process resulted in the Committee's recommendation to the Boards to nominate Jean-Marc Huët as Jim Lawrence's successor. The Committee is pleased to have identified a strong candidate whose background and expertise in the corporate and financial world will be important in helping realise our growth ambitions. Following a smooth transition Jean-Marc Huët became Chief Financial Officer in February 2010, and he will be nominated for election as an Executive Director at the 2010 AGMs.

The Committee received a full presentation of Unilever initiatives being implemented in 2009 in relation to Senior Leadership changes and endorsed management's approach. A successful diversity programme was considered essential for Unilever and as part of establishing an articulated performance culture.

The Committee reviewed and approved the external benchmarking of the capabilities, strengths and opportunities of the Senior Executives carried out by the Chief Executive Officer and Chief HR Officer. Periodically throughout the year the Committee reviewed with the Chief Executive Officer proposed changes to roles and responsibilities amongst senior executives.

During the year the Committee reviewed the Board profile and updated the composition, desired expertise and experience and availability elements of the profile, to reflect the current requirements of the Boards.

An internal evaluation was undertaken by the Chairman and Senior Independent Director with the assistance of the Group Secretary during 2009 in relation to the performance of the Boards, of the Chairman, of the individual Directors and of the Board Committees. This evaluation, as in the previous two years, was based on the completion of questionnaires and a series of interviews with individual Directors. The Committee has also carried out an assessment of its own performance, led by the Committee Chairman.

Supported by an independent executive search firm, the Committee carried out a search for a new Non-Executive Director and is delighted that The Rt Hon Sir Malcolm Rifkind MP has agreed to join our Boards. Sir Malcolm's experience will further strengthen the expertise of the Boards particularly in the areas of governance and reputation. Sir Malcolm will be nominated by the Committee for election as Non-Executive Director at the 2010 AGMs.

Jeroen van der Veer Chairman of the Nomination Committee
Michael Treschow
Paul Walsh

Directors' Remuneration Report

The Committee's aim is to ensure that the remuneration arrangements for Unilever's Executive Directors support Unilever's drive for profitable growth and a level of performance amongst the best of our peers.

As a result the Committee has decided to make adjustments to the remuneration structure for Executive Directors and other Unilever senior managers. These are:

- a significant increase in the required shareholding levels for Unilever managers from January 2010;
- the introduction of a new operating margin measure and an amended cash flow measure for Global Share Incentive Plan awards from 2010 onwards; and
- for Executive Directors, replacing underlying sales growth and trading contribution with underlying volume growth, underlying operating margin and trade working capital improvement as drivers for the business performance of the Annual Bonus from 2010 onwards. This brings their performance measures in line with those for the other managers in Unilever.

I would emphasise that the Committee has made no changes to the remuneration levels for Executive Directors. As in 2009, and given prevailing economic circumstances, the Committee has decided that it is not appropriate to increase base salaries in 2010 for Executive Directors nor for most other senior business leaders. The Committee has also decided to exclude the Executive Directors from participation in the Management Co-Investment Plan (which shareholders will be asked to approve at the forthcoming AGMs) at least for the first year of its operation in 2011. Our managers below Board level will, however, be invited to participate in the new plan in 2011. The Committee is of the view that wider share ownership will encourage greater commitment, engagement and alignment with our shareholders.

The rewards received by Executive Directors over 2009 reflect Unilever's good underlying progress towards its longer-term objectives especially in the current tough trading environment.

Jeroen van der Veer Chairman of the Remuneration Committee
Ann Fudge
Michael Treschow
Paul Walsh

Remuneration Committee

It is the role and terms of reference of the Remuneration Committee (the Committee) to make proposals to the Boards for decisions on:

- the individual remuneration arrangements for Executive Directors;
- the remuneration policy for the Unilever Executive as a whole; and
- the design and terms of all share-based plans.

During 2009 the Committee comprised Jeroen van der Veer, who became Committee Chairman in May 2009 on the retirement of David Simon, Michael Treschow and, from May 2009, Ann Fudge and Paul Walsh.

While it is the Committee's responsibility to exercise independent judgement, the Committee does request advice from management and professional advisers, as appropriate, to ensure its decisions are fully informed given the internal and external environment.

During 2009, the Chief Executive Officer provided the Committee with his views on business objectives and, together with the Chief Human Resources Officer, remuneration arrangements for senior executives were framed so as to be aligned with these objectives. The Committee also received legal and compliance advice from the Chief Legal Officer supported by external counsel.

A copy of the Committee's terms of reference is available on Unilever's website. Details on meeting attendance are contained in the section on 'Corporate Governance' on page 54.

Executive Directors

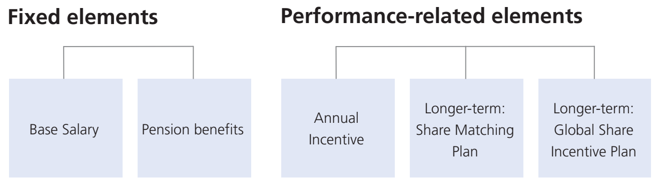
Our aims and guiding principles

The overriding aim of the Committee is to ensure that the remuneration arrangements for Executive Directors support the longer-term objectives of Unilever and, in turn, the longer-term interests of shareholders.

This means that we must ensure that:

- the fixed elements of the remuneration package offered to Executive Directors are sufficiently competitive to attract and retain highly experienced and talented individuals; and
- the performance-related elements are structured so that target levels are competitive but Executive Directors can only earn higher rewards once they have delivered to the standards of performance that Unilever requires.

Directors' Remuneration Report (continued)



The Committee's guiding principles have been updated so that the remuneration arrangements for Executive Directors should:

- support Unilever's business strategy;
- sharpen Unilever's performance culture through more exacting standards;
- increase the difference in reward between modest, target and outstanding performance achievements;
- support share ownership and strong shareholder alignment; and
- be simple and transparent.

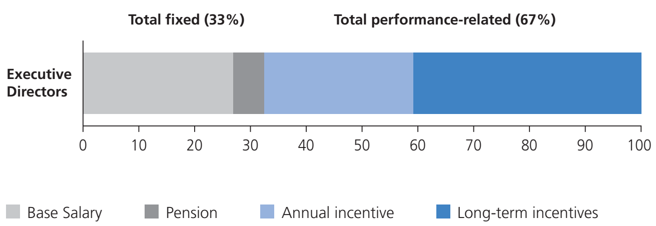
Below we have summarised the key remuneration policies for Executive Directors that flow from and support the Committee's aims.

The supporting policies

Our emphasis on performance-related pay

It is Unilever's policy that the total remuneration package for Executive Directors should be competitive with other global companies and that a significant proportion should be performance-related. Over two-thirds of the target arrangements for the Executive Directors are linked to performance, with the majority of this linked to shareholder-aligned longer-term performance.

Emphasis on performance-related pay



The Committee has reviewed the impact of different performance scenarios on the reward opportunities potentially to be received by Executive Directors and the alignment of this with the returns that might be received by shareholders. The Committee believes that Unilever's existing risk management processes provide the necessary controls to prevent inappropriate risk taking.

Our linkage between business objectives and performance-related pay

It is Unilever's policy for the performance-related pay of Executive Directors to be linked to key Group measures that are aligned with strategy, business objectives and shareholder value.

Since Paul Polman was appointed as Chief Executive Officer at the beginning of 2009, Unilever has consistently communicated to shareholders that its main business objective is to restore volume and underlying sales growth while steadily improving operating margins and cash flow. There are a number of strategic priorities which support this objective. It is this combination of top-line revenue growth and bottom-line profits growth that Unilever believes will build shareholder value over the longer term. It is Unilever's objective to be among the best performers in its peer group.

The Committee has reviewed the performance measures for the Executive Directors' variable pay elements in light of Unilever's current business objectives and strategic priorities. To ensure greater alignment, underlying operating margin improvement is to be introduced as a new measure for the Global Share Incentive Plan (GSIP) and the cash flow measure is to be amended from ungeared free cash flow to operating cash flow. Further details are in the later GSIP section. In addition, for 2010 onwards the annual bonus measures for the Executive Directors will change to: underlying volume growth, underlying operating margin and working capital improvement consistent with the annual bonus arrangements already in place for other Unilever managers.

Our additional alignment with the interests of shareholders

It is Unilever's policy that Executive Directors should demonstrate a significant personal shareholding commitment to Unilever. This further aligns their interests with those of shareholders.

The current requirement is that, within five years of appointment, Executive Directors are expected to hold shares worth at least 150% of annual base salary. The Committee has decided that, with effect from 1 January 2010, the requirement will be increased.

Executive Directors' contracts

Executive Directors are required to submit themselves for re-election at the AGMs each year and the Nomination Committee carefully considers each nomination for reappointment. Executive Directors stop holding executive office on ceasing to be Directors. The Committee takes the view that the entitlement of Executive Directors to the security of twelve months' notice of termination of employment is in line with both the practice of many comparable companies and the entitlement of other senior executives in Unilever. It is our policy to set the level of severance payments for Executive Directors at no more than one year's salary, unless the Boards, at the proposal of the Committee, find this manifestly unreasonable given the circumstances or unless dictated by applicable law. The date of contract for Paul Polman was 7 October 2008 and for Jim Lawrence was 25 June 2008. Once signed, Executive Directors' contracts continue to be effective until review.

Our remuneration practices

Base salary

Base salaries are reviewed annually with effect from 1 January taking into account our competitive market position, individual performance, Unilever's overall performance and levels of increase in the rest of the organisation.

2009 outcomes

Base salaries for Executive Directors were not increased from 1 January 2009 and will not be increased in 2010.

Pension and other benefits

The policy is that Executive Directors are members of the all-employee pension arrangement in their home country (or an alternative of similar value) and make personal contributions at the same rate as other employees in that arrangement.

Executive Directors enjoy similar benefits to those enjoyed by many other employees of Unilever.

Annual bonus

Around 70% of the Executive Director's annual bonus opportunity is based on Unilever's business results and around 30% is based on individual business and leadership, including corporate social responsibility, targets.

For 2009 the target bonus for the Chief Executive Officer was 113% of salary and the maximum would have been 200% of salary. The target bonus opportunity for the Chief Financial Officer was 93% of salary and the maximum would have been 160% of salary. Aggressive business targets mean that maximum levels are only payable for exceptional performance.

2009 outcomes

The annual bonus awards for 2009 reflect Unilever's strong results for 2009 given the challenging trading environment and were on average 118.5% of salary for the Executive team. The 2009 performance measures were: trading contribution, underlying sales growth and individual business and leadership targets.

Share Matching Plan

Under the Share Matching Plan, Executive Directors are required to invest 25% of their bonus into shares and hold them for a minimum period of three years. The Executive Directors receive a matching award of 25% of their annual bonus in the form of NV and PLC shares. The matching shares normally vest after three years provided that the underlying shares have been retained during this period and the Executive Director has not resigned or been dismissed.

The Committee considers that there is no need for further performance conditions on the vesting of the matching shares because the number of shares is directly linked to the annual incentive (which is itself subject to demanding performance conditions). In addition, during the three-year vesting period the share price of NV and PLC is influenced by the performance of Unilever. This, in turn, affects the ultimate value of the matching shares on vesting.

Global Share Incentive Plan

Executive Directors receive annual awards of NV and PLC shares under the Global Share Incentive Plan. The number of shares that vest after three years depends on the satisfaction of performance conditions.

The current maximum grant levels were agreed by shareholders in 2008 and are 200% of salary for the Chief Executive Officer and just below 180% for other Executive Directors. (Jim Lawrence, when Chief Financial Officer, had a separately agreed limit of 340%). The vesting range is between 0% and 200% of grant level.

The vesting of 40% of the shares under award has been based on Unilever's relative Total Shareholder Return (TSR) against a comparator group of 20 other companies. TSR measures the return received by a shareholder, capturing both the increase in share price and the value of dividend income (assuming dividends are reinvested). The TSR results are compared on a single reference currency basis. No shares in the portion of the award subject to TSR vest if Unilever is ranked below position 11 in the peer group at the end of the three-year period, 50% vest if Unilever is ranked 11th, 100% if Unilever is ranked 7th and 200% if Unilever is ranked 3rd or above. Straight-line vesting occurs between these points.

The current TSR peer group is:

Avon	Heinz	Orkla
Beiersdorf	Kao	Pepsico
Cadbury	Kimberly-Clark	Procter & Gamble
Clorox	Kraft	Reckitt Benckiser
Coca Cola	Lion	Sara Lee
Colgate	L'Oreal	Shiseido
Danone	Nestlé	

We have made minor amendments to our peer group to reflect industry consolidation and better competitive match as part of our move to an increased performance culture. Campbell, General Mills, Henkel and Kellogg have been added and Cadbury, Clorox, Lion and Orkla have been removed.

The vesting of a further 30% of the shares in the award has been conditional on average underlying sales growth performance over the same three-year period and the vesting of the final 30% is conditional on cumulative ungeared free cash flow performance. For these measures there will be no vesting of shares if performance is below the minimum of the range, 25% vesting for achieving minimum and 200% vesting only for performance at or above the top end of the range.

Performance for each condition is assessed independently from the other conditions over the performance period. Shares will only vest if and to the extent that the respective performance conditions are satisfied. The Committee does have authority under the rules of the GSIP to adjust upwards and downwards the number of shares that vest to avoid outcomes which are, in its view, unfair and result from exceptional circumstances that have occurred during the performance period. In exercising this discretion the Committee may take into account Unilever's performance against non-financial measures. This discretion was not exercised in 2009.

Serving as non-executive on the board of another company

It is recognised that Executive Directors may be invited to become Non-Executive Directors of other companies and that these appointments, subject to the approval of the Chairman and the Chief Executive Officer, may broaden their knowledge and experience to the benefit of the Group (see page 22 for details in the biographies). Executive Directors serving on the Boards of other companies are permitted to retain all remuneration and fees earned from outside directorships subject to a maximum of one outside directorship (see Other appointments on page 53 for further details). Jim Lawrence is a non-executive director of British Airways Plc and received an annual fee of £40,833.

Directors' Remuneration Report (continued)

Proposed changes from 2010 onwards

Annual Bonus

For Executive Directors, we are replacing underlying sales growth and trading contribution with underlying volume growth, underlying operating margin and trade working capital improvement as drivers for the business performance for the Annual Bonus from 2010 onwards. This brings their performance measures in line with those for the other managers in Unilever.

Global Share Incentive Plan

The performance measures attached to GSIP awards will be:

- underlying sales growth (as now)
- underlying operating margin improvement (a new measure);
- operating cash flow (instead of ungeared free cash flow); and
- relative total shareholder return (as now) but with a revised reference group as set out earlier.

The structure of vesting will remain the same as for previous awards except that for Executive Directors and the Unilever Executive the four measures will be equally weighted. In addition, the minimum of the performance range for both underlying sales growth and underlying operating margin must be reached before any shares subject to either metric can vest. At the end of the three-year performance period the Committee will also assess Unilever's performance against the internal measures relative to the performance of peer group companies. Dividends will also be re-invested in respect of the shares under award but will only be paid out to the extent that the underlying shares vest.

It is also proposed that, with respect to GSIP awards made in 2008 and 2009, these performance measures will apply to those years of the performance period that have yet to be completed. For example, for GSIP awards made in 2009, this means that the original performance conditions will apply for 2009 and the updated performance measures for 2010 and 2011. The Remuneration Committee is satisfied that the new measures are no easier to satisfy. This is confirmed by independent advice.

Shareholding commitment

The Committee has decided that, with effect from 1 January 2010, the shareholding commitment should be increased to 400% of base salary for the Chief Executive Officer and to 300% for other Executive Directors and the Unilever Executive.

New Management Co-Investment Plan

At the 2010 AGMs, shareholders will be asked to approve a new Management Co-Investment Plan. The Plan is being introduced to support Unilever's drive for profitable growth by encouraging Unilever's managers to take a greater financial interest in the performance of the Company and the value of Unilever shares over the long term. Under the new plan, Unilever's senior managers will have the opportunity to invest up to 60% of their annual bonus in Unilever shares and to receive a corresponding award of performance shares. The performance shares will vest after three years, depending on Unilever's performance, continued employment and maintenance of the underlying investment. The performance measures for the new Plan will be the same as we are proposing to introduce for the Global Share Incentive Plan (as set out earlier in this report) to ensure alignment with the drive for profitable growth. As under the GSIP, the maximum vesting level will be 200% for outstanding performance. Although Executive Directors will be eligible, technically, to participate in the new Plan, the Remuneration Committee has determined that participation in the new Plan is unnecessary for the time being given the additional alignment provided through the amended GSIP performance measures and the increased share ownership requirements. Further details on the new Plan are available in the Notices of Meeting to the AGMs.

Arrangements for Jim Lawrence

Jim Lawrence left Unilever in December 2009. His salary has been paid until 31 December 2009 and his annual bonus for 2009 has been paid in full. The matching shares of his 2007 Share Matching award have vested. The final tranche of the 2007 restricted share award will vest later in 2010 and the 2007 GSIP performance award will also vest later this year but will be time-proportioned. The shares awarded in 2008 and 2009 both under the Share Matching Plan and the GSIP have lapsed in full.

Arrangements for Jean-Marc Huët

Jean-Marc Huët joined Unilever in February 2010 as Chief Financial Officer. He will be proposed for election to the Boards of NV and PLC at the AGMs in May 2010. Given Unilever's objective of balancing remuneration more clearly towards performance-linked variable pay, the agreed package follows this policy direction. His salary in 2010 has been set at £680,000 per annum; the maximum annual bonus opportunity for 2010 will be 150% of salary and the grant value in 2010 under the GSIP will be 180% of salary. He will be in a defined contribution plan with a similar value to that of Unilever's in the Netherlands, his home country.

To compensate for the forfeiture of incentives from his former employer he has received a cash bonus of £680,000 and a restricted share award with a value of £2.6 million. The shares will vest in instalments of one-third of the total number of restricted shares on each anniversary of the grant date over the next three years, provided that he remains an employee of the company through each vesting date.

Jean-Marc Huët has purchased 23,000 NV ordinary shares and 23,000 PLC ordinary shares.

Executive Directors' remuneration in 2009

Remuneration for individual Executive Directors (audited)

Name and Base Country	Base salary € '000	Allowances and other payments[a] € '000	Value of benefits[b] € '000	Bonus € '000	**Total € '000**
			Annual Emoluments 2009		
Jim Lawrence (UK)[d]	816	17	4	918	1,755
Paul Polman (UK)[e]	1,033	402	2	1,687[c]	3,124
Total 2009	1,849	419	6	2,605	4,879
Total 2008 (including former Directors)	2,682	1,154	62	4,156	8,054

(a) Includes allowance in lieu of company car, entertaining allowance, a one-off housing allowance and payment for social security obligations in country of residence in 2008 and 2009.
(b) Includes benefits for private use of chauffeur-driven cars and medical insurance. Included are benefits that are taxable in the country of residence. In addition, Unilever provides support to Executive Directors in relation to spouses' travel expenses when travelling together on company business. This amount is capped at 5% of base salary and for 2009 totalled €130,506 (including related taxes payable).
(c) Bonus for the year 2009. Includes the value of both the cash element and the element paid in shares of NV and PLC. In addition to the element of the bonus paid in shares, an equivalent number of matching shares is awarded on a conditional basis.
(d) Chief Financial Officer. Base salary set in US dollars was $1,133,000 per annum.
(e) Chief Executive Officer. Base salary set in sterling was £920,000 per annum.

Amounts have been translated into euros using the average exchange rate over the year: €1 = £0.8905 (2008: €1 = £0.7880) and €1 = $1.388 (2008: €1 = $1.468).

Both Jim Lawrence and Paul Polman are members of a defined contribution arrangement. The company contribution during the period was €73,000 for Jim Lawrence and €292,000 for Paul Polman. The contribution for Paul Polman includes €130,000 accrued to compensate for the forfeiture of pension from his previous employer, which will vest at age 60 or later at actual retirement date. In addition, Jim Lawrence made a personal contribution of €41,000 and Paul Polman made a personal contribution of €16,000, both by individual salary sacrifice. The total pension contributions, including all the company contributions paid, the contributions by individual salary sacrifice and the cost of death in service provision were €147,000 for Jim Lawrence and €330,000 for Paul Polman.

Share Matching Plan (audited)

	Share type	Balance of conditional shares at 1 January 2009 No. of shares	Conditional shares awarded in 2009[a] No. of shares	Conditional shares awarded in 2009[a] Price at award	Balance of conditional shares at 31 December 2009 No. of shares
Jim Lawrence	NV	1,830	9,069	€13.59	10,899
	PLC	1,830	9,069	£12.46	10,899
Paul Polman	NV	–	3,413	€13.59	3,413
	PLC	–	3,413	£12.46	3,413

(a) Each award of matching shares is conditional and vests three years after the date of the award subject to certain conditions. The 2009 award was made at grant date 19 March 2009.

Global Share Incentive Plan (audited)

The following conditional shares were granted during 2009 and outstanding at 31 December 2009 under the Global Share Incentive Plan:

	Share type	Balance of conditional shares at 1 January 2009 No. of shares	Conditional grant 2009 (Performance period 1 January 2009 to 31 December 2011)[a] No. of shares[a]	Conditional grant 2009 (Performance period 1 January 2009 to 31 December 2011)[a] Price at award	Balance of conditional shares at 31 December 2009 No. of shares
Jim Lawrence	NV	106,947	103,811	€13.59	210,758
	PLC	106,947	103,811	£12.46	210,758
Paul Polman	NV	58,752	69,210	€13.59	127,962
	PLC	58,752	69,210	£12.46	127,962

(a) Each award of conditional shares vests subject to certain conditions three years after the date of the award. The 2009 award was made at grant date 19 March 2009.

Directors' Remuneration Report (continued)

The following restricted stock awards under the Global Share Incentive Plan vested during 2009 and were outstanding at 1 January 2009 and 31 December 2009:

	Share type	Balance of shares at 1 January 2009 No. of shares	Vesting in 2009 No. of shares	Vesting in 2009 Price at vesting	Balance of shares at 31 December 2009 No. of shares
Jim Lawrence[(a)]	NV	23,710	11,855	€19.20	11,855
	PLC	23,710	11,855	£16.67	11,855
Paul Polman[(b)]	NV	67,653	22,551	€20.50	45,102
	PLC	67,653	22,551	£17.95	45,102

(a) Vesting on 1 September 2009 of 1/3 of original award.
(b) Vesting on 6 November 2009 of 1/3 of original award.

Share Save plan (audited)
Awards under the PLC Share Save Plan are subject to five-year vesting periods and vesting is contingent on continued employment with Unilever.

	Share type	Balance of options at 1 January 2009	Granted in 2009[(a)]	Balance of options at 31 December 2009	First exercisable date	Final expiry date
Paul Polman	PLC	–	1,042	1,042	01/10/2014	01/04/2015

(a) Option price at grant was £14.92.

Executive Directors' interests in shares (audited)

	Share type[(a)]	Shares held at 1 January 2009[(b)]	Shares held at 31 December 2009[(b)]
Jim Lawrence[(c)]	NV	309,193	330,117
	PLC	323,435	344,359
Paul Polman	NV	–	25,964
	PLC	–	25,964

(a) NV shares are ordinary €0.16 shares and PLC shares are ordinary 3 1/9p shares.
(b) Numbers are excluding unvested matching shares.
(c) Under PLC, balances include 309,750 PLC ADRs.

The table shows the interest in NV and PLC ordinary shares of Executive Directors and their connected persons as at 31 December 2009. There has been no change in these interests between 31 December 2009 and 1 March 2010.

The voting rights of the Directors who hold interests in the share capitals of NV and PLC are the same as for other holders of the class of shares indicated. None of the Directors' (Executive and Non-Executive) or other executive officers' shareholdings amounts to more than 1% of the issued shares in that class of share. Except as stated above, all shareholdings are beneficial.

Non-Executive Directors

Policy

Non-executive directors receive annual fees from NV and PLC. No other remuneration is given in respect of their non-executive duties.

The Board determines non-executive fee levels within a total annual limit specified in the Articles of Association. In 2007 shareholders approved an increase in the limit for PLC to £2,000,000 (€3,000,000 for NV).

Unilever's fee levels reflect the commitment and contribution expected by the company. Fee levels are also benchmarked at regular intervals against those paid in other global non-financial companies based in Europe.

Fee levels

The fee levels remained unchanged over 2009, with the exception of the fee level for the Vice-Chairman which was increased to reflect the responsibilities and time commitment required of the role. The Vice-Chairman is also the Senior Independent Director and is currently also the Chairman of the Remuneration Committee and Chairman of the Nomination Committee. The fee levels are therefore:

	NV		PLC
Chairman	€355,000	and	£237,500
Vice-Chairman/Senior Independent Director	€85,800	and	£82,500
Chairman of the Audit Committee	€55,000	and	£38,000
Board Committee Chairman	€50,000	and	£35,000
Non-Executive Directors	€45,000	and	£31,000

Non-Executive Directors' remuneration in 2009 (audited)

Non-Executive Directors	**Total fees paid in 2009(a) €'000**	Total fees paid in 2008(a) €'000
Michael Treschow(b)	**635**	663
Leon Brittan	**96**	101
Wim Dik	**93**	93
Louise Fresco(d)	**60**	–
Ann Fudge(d)	**79**	–
Charles Golden	**112**	118
Byron Grote	**93**	91
Narayana Murthy	**106**	98
Hixonia Nyasulu	**112**	118
David Simon(c)	**81**	129
Kees Storm	**107**	112
Jeroen van der Veer	**152**	87
Paul Walsh(d)	**60**	–
Total	**1,786**	1,610

a) Covers fees received from both NV in euros and PLC in Sterling. Includes fees for intercontinental travel if applicable.
(b) Chairman.
(c) Retired May 2009.
(d) Appointed at 2009 AGMs.

Non-Executive Directors' interests in share capital (audited)

	Share type(a)	Shares held at 1 January 2009(a)	Shares held at 31 December 2009(a)
Michael Treschow	NV	15,000	15,158
	PLC	15,000	15,000
Byron Grote	NV NY	3,000	4,300
	PLC ADRs	1,800	3,500
Jeroen van der Veer	NV	16,800	16,800
	PLC	–	–

(a) NV shares are ordinary €0.16 shares and PLC shares are ordinary 3 1/9p shares.

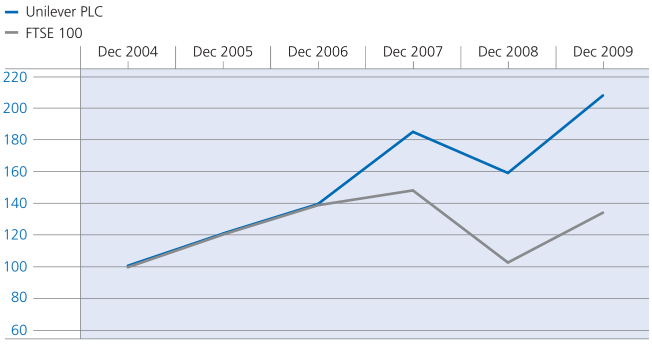
The table shows the interests in NV and PLC ordinary shares of Non-Executive Directors and their connected persons as at 31 December 2009. The only change between 31 December 2009 and 1 March 2010 was that Paul Walsh purchased 1,000 PLC ordinary shares on 4 February 2010 and Charles Golden purchased 1,000 NV New York shares on 22 February 2010.

Additional statutory disclosures

Unilever is required by UK regulation to show its relative share performance, based on Total Shareholder Return, against a holding of shares in a broad-based equity index for the last five years. The Committee has decided to show Unilever's performance against the FTSE 100 Index, London and also the Euronext, Amsterdam as these are the most relevant indices in the UK and the Netherlands where we have our principal listings.

Five-Year Historical TSR Performance

Growth in the value of a hypothetical £100 holding over five years
FTSE 100 comparison based on 30-trading-day average values



Growth in the value of a hypothetical €100 investment over five years
AEX comparison based on 30-trading-day average values

This Directors' Remuneration Report has been approved by the Boards and signed on their behalf by Steve Williams – Chief Legal Officer and Group Secretary.