

## Disclaimer

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Certain sections of the Unilever Annual Report and Accounts 2004 have been audited. Sections that have been audited are set out on pages 96 to 148, 154 to 170 and 172 to 173. The auditable part of the Directors' Remuneration report as set out on page 89 has also been audited.

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The Annual Report and Accounts does not constitute an invitation to invest in Unilever shares. Any decisions you make in reliance on this information are solely your responsibility.

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 page 3 of the Report.

Unilever accepts no responsibility for any information on other websites that may be accessed from this site by hyperlinks.

# Corporate governance

## Structure

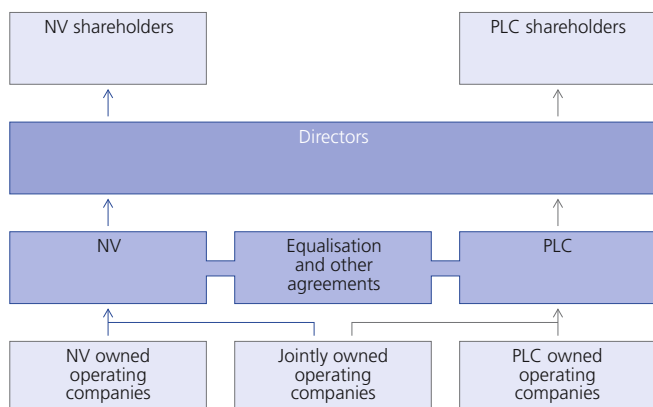
### Unilever Group

NV and PLC are the two parent companies of the Unilever Group of companies. They are separate companies, with separate stock exchange listings and different shareholders. Shareholders cannot convert or exchange the shares of one for shares of the other, and the relative share prices on the various markets can, and do, fluctuate. This happens for a number of reasons, including changes in exchange rates. However, over time the prices of NV and PLC shares do stay in close relation to each other, in particular because of our arrangements to pay dividends on an equalised basis.

NV was incorporated under the name Naamlooze Vennootschap Margarine Unie in the Netherlands in 1927. PLC was incorporated under the name Lever Brothers Limited in Great Britain in 1894. Since 1930 when the Unilever Group was formed, NV and PLC, together with their group companies, have operated, as nearly as is practicable, as a single entity. They have the same Directors, adopt the same accounting principles, and are linked by a series of agreements. The Equalisation Agreement (see below), which regulates the mutual rights of the two sets of shareholders, is particularly important.

NV and PLC are holding and service companies. Our businesses are carried out by our group companies around the world. The holding companies have agreed to co-operate in all areas and to ensure all group companies act accordingly. Usually, shares in the group companies are held ultimately by either NV or PLC, with the main exceptions being that the US companies are owned by both and, as a result of the legal integration of Bestfoods into Unilever, a number of the group companies are partly held by Unilever United States, Inc. These group companies are therefore also ultimately owned jointly by NV and PLC. See pages 165 to 168 for a listing of the Group's principal subsidiaries.

### Legal structure



### Business organisation

Our operations are currently organised into two global divisions – Foods and Home and Personal Care – headed by Division Directors. These have been supported by their Business Presidents, responsible for the profitability of their regional or global businesses. For details of the Business Presidents, see page 69.

This divisional and regional structure has facilitated complete alignment with the divisional objectives and strategy while ensuring that close operational control is maintained within regions which are largely homogenous.

In 2005 we will introduce a new, simpler structure that comprises three Regions, Europe, The Americas and Asia/AMET, whose managements will be responsible for our market operations, and two category managements, Foods and Home and Personal Care, responsible for innovation and category management. Our objective is enhanced clarity of role and responsibility, whilst retaining the advantages of control and alignment. The existing Division and Business Group structures will disappear. The new structure will be effective from April 2005.

### Co-operation

Under Unilever's constitutional arrangements, NV and PLC have agreed to follow common policies, to exchange all relevant business information, and to ensure that all group companies act accordingly. They aim to co-operate in all areas, including in the purchase of raw materials and the exchange and use of technical, financial and commercial information, secret or patented processes and trade marks.

These arrangements are designed to create a balance between the funds generated by the NV and PLC parts of the Group for the benefit of their respective sets of shareholders.

### The Equalisation Agreement

The Equalisation Agreement makes the position of the shareholders of both companies, as far as possible, the same as if they held shares in a single company.

Under Article 2 of the Articles of Association of NV and Clause 3 of the Memorandum of Association of PLC, 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 (see page 59). In addition, Article 3 of the PLC Articles of Association states that PLC's Board must carry out the Equalisation Agreement and that the provisions of the Articles of Association are subject to it.

We are advised by counsel that these provisions oblige our Boards to carry out the Equalisation Agreement, unless it is amended or terminated with the approval of the shareholders of both companies. If the Boards fail to enforce the Agreement, shareholders can compel them to do so under Netherlands and United Kingdom law.

## Corporate governance (continued)

Under the Equalisation Agreement NV and PLC adopt the same financial periods and accounting policies. Dividends are paid in accordance with a formula relating to the nominal values of NV and PLC's issued share capital. Neither company can issue or reduce capital without the consent of the other. Further information on the Equalisation Agreement is given on page 60.

### Mutual guarantee of borrowings

There is also a contractual arrangement between NV and PLC under which each will, if asked by the other, guarantee the borrowings of the other. They can also agree jointly to guarantee the borrowings of their subsidiaries. We use this arrangement, as a matter of financial policy, for certain significant public borrowings.

These arrangements enable lenders to rely on our combined financial strength.

### Corporate governance arrangements

#### Corporate governance developments in 2004

The text that follows describes Unilever's corporate governance arrangements following acceptance by the NV and PLC shareholders of the proposals put to the Annual General Meetings in 2004. The principal change was to make individuals who were formerly Advisory Directors formal, non-executive members of the Boards of NV and PLC, with full entitlement to vote at meetings and responsibility for the actions of the Boards. The position of Advisory Director ceased.

Full information on our previous arrangements and those changes were reported in the Annual Report and Accounts 2003 and in the papers relating to the 2004 Annual General Meetings respectively. These can be found on the Unilever website at [www.unilever.com/ourcompany/investorcentre/](http://www.unilever.com/ourcompany/investorcentre/).

More information on our current corporate governance arrangements are set out in The Governance of Unilever, which can also be found at [www.unilever.com/ourcompany/investorcentre/](http://www.unilever.com/ourcompany/investorcentre/).

#### Corporate governance developments in 2005

The text that follows should be read in the light of the changes that are being implemented in 2005. As indicated in the Chairmen's statement on pages 8 and 9, this streamlining of our leadership structure results in the separation of the roles of Chairman and Group Chief Executive and the replacement of the Executive Committee and Divisions with a new Executive Team that will report to the Group Chief Executive.

Shareholders will be asked at the Annual General Meetings in May 2005 to approve the necessary changes to the NV and PLC Articles of Association. Further details are set out in the Notices of the Meetings and these can also be found at [www.unilever.com/ourcompany/investorcentre/](http://www.unilever.com/ourcompany/investorcentre/).

The Board level changes lead to a reduction in the number of Executive Directors. Further information is given in Board changes on page 70. The Governance of Unilever is being revised to incorporate these changes, which will include the definition of the roles and responsibilities of the single Chairman, who will be Non-Executive, and of the single Group Chief Executive. The Senior Independent Director will be made the Vice-Chairman of each of NV and PLC.

### The unified Board

The Boards of NV and PLC comprise the same Directors. The Chairmen and all of the Directors are Directors of both NV and PLC. This ensures unity of governance and of management. The Boards currently comprise seven Executive Directors and nine independent Non-Executive Directors. See pages 68 and 69 for their biographies and page 70 for the changes planned for 2005.

We achieve this unity through provisions in the NV and PLC Articles of Association governing which persons are eligible to be elected as Directors. See page 57 for details of our nomination procedure.

### Board responsibility

Our Boards have ultimate responsibility for the management, general affairs, direction and performance of the business as a whole. The responsibility of the Directors is collective, taking into account their respective roles as Executive Directors and Non-Executive Directors.

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

- agreement of quarterly results announcements;
- approval of the Annual Report and Accounts;
- declaration of dividends;
- nominations for Board appointments;
- convening of shareholders' meetings;
- approval of Board Remuneration Policy;
- approval of corporate strategy;
- approval of Corporate Annual Plan;
- review of risks and controls;
- authorisation of major transactions; and
- review of the functioning of the Boards and its Committees.

Our Directors have set out a number of areas of responsibility which are reserved to themselves and other areas for which matters are delegated to committees whose actions are regularly reported to and monitored by the Boards. These are described in the following section and on page 56.

Board meetings are held in London and Rotterdam and chaired by the Chairmen of NV and PLC. The Chairmen are assisted by the Joint Secretaries, who ensure the Boards are supplied with all the information necessary for their deliberations. This information is normally supplied during the week prior to each meeting. Other information is supplied as and when it is available. The Chairmen and the Joint Secretaries involve the Senior Independent Director (see page 55) in the arrangements for Board Meetings.

## Corporate governance (continued)

In 2004, the full Boards of NV and PLC met seven times. All our Executive Directors attended all seven meetings, except for Charles Strauss who missed one meeting prior to his retirement as a Director in May. During 2004 Non-Executive Directors attended six of the meetings, being the four meetings following their election as Non-Executive Directors in May and two of the three earlier meetings, to which they were invited in their former role as Advisory Directors. All the Non-Executive Directors attended all six meetings, except for Professor Dik and Lord Simon who each missed one meeting, Claudio Gonzalez and Hilmar Kopper who each missed two meetings and Jeroen van der Veer who missed four meetings. These absences were due to conflicting commitments, most notably in the case of Jeroen van der Veer because of his need to attend Board Meetings of Royal Dutch Petroleum Company, although he was able to meet his commitments to attend all the meetings of the Nomination and Remuneration Committees.

Directors are elected by shareholders at the Annual General Meetings of NV and PLC, to hold office, in principle, until the end of the next Annual General Meetings. All our Directors submit themselves for re-election each year.

Upon election, Directors receive a comprehensive Directors' Manual and are briefed thoroughly on their responsibilities, and updates on corporate governance developments and investor relations matters are frequent items at Board meetings. Executive Directors regularly visit Unilever's operations around the world and routinely receive presentations, either as the Boards or as a member of a Board Committee, on relevant aspects of the Unilever business.

The performance evaluation of the Boards as a whole in 2004 took the form of a comprehensive survey of the Directors, via questionnaire and individual consultation, as to how the governance changes approved by the shareholders in May should be implemented and how the Board's ways of working should be changed from those in force previously. The proposed actions arising from this survey were considered and approved by the Boards at their meetings in September and are being implemented. The assessment in 2005 will include a review of the changes in the ways of working, including the evaluation processes that have been set up.

The performance of the Directors will be evaluated again in the course of 2005 by the Non-Executive Chairman and the Senior Independent Director.

Each Board Committee is expected to conduct an annual self-assessment of its performance, which includes taking the views of the Boards on the performance of the Committee. The Chairman of the Committee reports to the Boards on the results of the process.

The Joint Secretaries are available to advise all Directors and ensure that Board procedures are complied with. They are appointed and can be removed by the Boards.

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

### **The Executive Directors and the Executive Committee**

The text that follows describes the arrangements in place throughout 2004 and the first quarter of 2005. As indicated already under Corporate governance developments in 2005 on page 53, significant changes will take place during 2005.

The Chairmen of NV and PLC have been the principal executive officers of Unilever. They and the other Executive Directors are currently full-time executives and have been responsible for the operational management of NV and PLC and the business enterprise connected therewith. They have reported regularly on operational management matters to the full Boards.

Our Executive Directors currently hold specific management responsibilities through the Executive Committee. They currently comprise all of the top tier of our executives.

The Executive Committee has been made up of the Chairmen of NV and PLC and five other members: the two Division Directors for Foods and for Home and Personal Care, the Corporate Development Director, the Financial Director and the Personnel Director.

The Executive Committee has been entrusted, within the parameters set out in The Governance of Unilever (the Boards' statement of their internal arrangements), with all the Boards' powers, authorities and discretions in relation to the operational management of Unilever.

It has generally met formally on an approximately monthly basis and been chaired, alternately, by the Chairmen of NV and PLC. The Committee has been supplied with information by the Executive Committee Secretariat, acting under the direction of the Joint Secretaries.

All of our Executive Directors have been with Unilever full-time for at least five years, and in most cases for almost all of their business careers. For details see page 68.

There are no family relationships between any of our Executive Directors, other executive officers (see page 57) or Non-Executive Directors. None of our Executive Directors are elected or appointed under any arrangement or understanding.

The Executive Directors are executive officers who are full-time employees and their service contracts are concluded for an indefinite period. They cease to hold executive office on ceasing to be Directors. Those appointed prior to 2004 retire at the latest by the age of 62. Appointees from 2004 onwards retire at an age between 60 and 65, as decided by either them or the company.

Information about the service arrangements for our Executive Directors can be seen on the Unilever website at [www.unilever.com/ourcompany/investorcentre/](http://www.unilever.com/ourcompany/investorcentre/).

## Corporate governance (continued)

### Non-Executive Directors

The Non-Executive Directors share responsibility for the execution of the Board's duties, taking account of their specific responsibilities, which are essentially supervisory. They, in particular, comprise the principal external presence in the governance of Unilever, and provide a strong independent element. See pages 68 and 69 for their biographies.

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

- supervision of and advice to the Executive Committee;
- developing strategy with the Executive Committee;
- scrutiny of performance;
- 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 their independence. They also form the Audit Committee, the External Affairs and Corporate Relations Committee, the Remuneration Committee and the majority of the Nomination Committee. The roles and membership of these key Board Committees are described on page 56.

The Non-Executive Directors meet regularly as a group, without the Executive Directors present, under the chairmanship of the Senior Independent Director. Subsequent to the Annual General Meetings in May 2004 they met four times as a group.

As well as Directors', Non-Executive Directors' and the relevant Board Committee meetings, Non-Executive Directors attend other Directors' conferences and quarterly meetings with the Chairmen.

Our Non-Executive Directors have appointed Bertrand Collomb as Unilever's Senior Independent Director. He chairs their separate meetings and acts as their spokesman. The Senior Independent Director is consulted by the Chairmen on the agenda and arrangements for Board Meetings. He is also, in appropriate cases, a point of contact for shareholders and other stakeholders. The Boards plan to make Bertrand Collomb Vice-Chairman of NV and PLC in 2005.

Our Non-Executive Directors are engaged by resolutions of the Boards, normally for an initial term of three to four years and thereafter for terms of three years. Their terms of engagement are subject to their renomination by the Boards and their re-election by shareholders each year.

Non-Executive Directors normally serve for no more than three terms of three years each, although exceptions are made if there are good reasons.

The remuneration of the Non-Executive Directors is determined by the Boards, within the overall limit set by the shareholders, and it is reported on pages 86 and 87. All engagements and nominations are based on the recommendations of the

Nomination Committee, and re-engagements and renominations are subject to continued good performance.

Full details of the engagement of our Non-Executive Directors can be seen on the Unilever website at [www.unilever.com/ourcompany/investorcentre/](http://www.unilever.com/ourcompany/investorcentre/). The profile set by the Boards for the Non-Executive Directors and the chart used for orderly succession planning can also be seen there.

Our definition of 'independence' for Directors is set out in 'The Governance of Unilever', which can be seen on the Unilever website at [www.unilever.com/ourcompany/investorcentre/](http://www.unilever.com/ourcompany/investorcentre/). It is derived from the applicable definitions in use in the Netherlands, UK and US. All our current Non-Executive Directors are considered to be independent of Unilever. Our Boards reached this conclusion after conducting a thorough review of all relevant relationships the Non-Executive Directors, or their related or connected persons, have with NV or PLC.

A number of relationships, such as non-executive directorships, exist between several 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 that role to our Director. It concluded that none of these relationships threaten the independence of the Non-Executive Directors concerned.

In addition, the Boards have satisfied themselves that Lord Brittan's position at UBS Investment Bank did not involve him in any way in its broking relationship with Unilever. They had noted that Lady Chalker's involvement in consultancy services for Unilever, as reported in last year's Annual Report and Accounts, had been terminated before she was elected a Non-Executive Director. The Boards have formed the view that the fact that both Professor Dik and Mr Burgmans are non-executive directors of ABN-AMRO was not material.

At a period of change our Boards wish to benefit from the continuity that would be provided by Bertrand Collomb continuing into a fourth term of three years. After careful consideration, they have concluded that this should not prevent him from continuing to be regarded as independent. This opinion was supported by his subsequent selection by our Non-Executive Directors as their Senior Independent Director.

Similarly, given that Claudio Gonzalez will retire in 2005 because of the pressure of his other commitments, the Boards have welcomed Oscar Fanjul's preparedness to continue for a tenth year. This provides continuity on the Audit Committee. The Boards have re-affirmed their judgement that he remains independent.

None of our Non-Executive Directors is elected or appointed under any arrangement or understanding.

## Corporate governance (continued)

### Board Committees

The Boards have established the following committees, in addition to the Executive Committee discussed above. All these committees are formally set up by Board resolution with carefully defined remits and they report regularly to the Boards. The remits can be found on our website at [www.unilever.com/ourcompany/investorcentre/](http://www.unilever.com/ourcompany/investorcentre/).

### Audit Committee

The Audit Committee comprises a minimum of three independent Non-Executive Directors. It is chaired by Hilmar Kopper, and its other members are Oscar Fanjul and Claudio Gonzalez. The Committee met five times in 2004, and the members attended all meetings, save that Claudio Gonzalez was absent for one meeting. Claudio Gonzalez will retire at the Annual General Meetings in 2005 and Professor Wim Dik will join the Committee. The Boards have satisfied themselves that all the members of the 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, Hilmar Kopper is the Committee's audit committee financial expert. The Committee's meetings are attended, by invitation, by the Financial Director, the General Counsel, the Controller, the Chief Auditor and our external auditors.

Our 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 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 fully compliant with the rules regarding audit committees that are applicable in the Netherlands, UK and US and common to all three countries. The Committee's responsibilities and powers are fully aligned with all requirements in the UK and US and all the main requirements in the Netherlands. However, as indicated under Requirements and Compliance on page 64, it does not have lead responsibility for certain additional matters specified in the Dutch Corporate Governance Code.

The Chief Auditor ensures that the Committee is supplied with necessary information. Both the Chief Auditor and the external auditors have direct access to the Audit Committee separately from management.

See page 90 for the Report of the Audit Committee to the shareholders.

### Nomination Committee

Our Nomination Committee comprises a minimum of three independent Non-Executive Directors and the Chairmen of NV and PLC, and meets at least once a year. It is chaired by Bertrand Collomb. Its other members are Antony Burgmans, Patrick Cescau, Lord Simon and Jeroen van der Veer. It met twice in 2004 and all the members attended both meetings. As a result of the changes we are making in 2005, Patrick Cescau will cease to be a member of the Committee.

The Committee recommends to the Boards candidates for the positions of Director and, hitherto, Executive Committee member. It also has responsibilities for succession planning and oversight of corporate governance matters. It is supplied with information by the Joint Secretaries.

See pages 65 and 66 for the Report of the Nomination Committee to the shareholders.

### Remuneration Committee

Our Remuneration Committee currently comprises three of our independent Non-Executive Directors. It is chaired by Bertrand Collomb. Its other members are Lord Simon and Jeroen van der Veer. It met six times in 2004 and Lord Simon missed one meeting.

The 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 packages for each of the Executive Directors and the remuneration scales and arrangements for Non-Executive Directors and the tier of management directly below the Executive Committee. The Committee is supplied with information by J A A van der Bijl, Joint Secretary of Unilever.

The detailed report to shareholders on Directors' remuneration is on pages 71 to 89.

### External Affairs and Corporate Relations Committee

The External Affairs and Corporate Relations Committee currently comprises three independent Non-Executive Directors and normally meets four times a year. It is chaired by Lady Chalker, and its other members are Lord Brittan and Professor Wim Dik. Senator George J Mitchell retired as a member in 2004. Antony Burgmans, in his role as Non-Executive Chairman, will join the Committee in 2005.

The Committee oversees our Code of Business Principles, which sets out the standards of behaviour we require from all of our employees. It also advises on external matters of relevance to the business – including issues of corporate social responsibility – and reviews our corporate relations strategy. The Committee is supplied with necessary information by the Corporate Development Director.

## Corporate governance (continued)

### Management Committees

The Boards and the Board Committees are assisted by the following Management Committees. All these Management Committees have been formally set up by resolutions of the Executive Committee with carefully defined remits and they report regularly.

#### Code of Business Principles Compliance Committee

This Committee is responsible for monitoring and reporting on compliance with the Code of Business Principles. Our Joint Secretaries are responsible for the operation of this Committee.

The other members of the Committee are the Chief Auditor, Senior Vice President Human Resources Management Development and Head of Corporate Relations Department. The Committee meets quarterly, and has reported regularly to the Executive Committee, the Audit Committee and to the Boards.

#### Corporate Risk Committee

Unilever's system of risk management is outlined on page 92. Responsibility for establishing a coherent framework for the Group to manage risk resides with the Corporate Risk Committee. The objective of the Committee is to assist the Boards to carry out their responsibilities to ensure effective risk management and systems of control. It has reported to the Executive Committee and, as relevant, to the Audit Committee. The Committee is supplied with information by the Controller. The Committee currently comprises the Financial Director, the Foods Director, the Home and Personal Care Director, the Personnel Director, the General Counsel, the Chief Auditor and the Controller. It meets at least four times a year.

The specific responsibilities of the Committee are, currently, as follows:

- Identification of risks of Corporate significance, communicating them to Divisions, Business Groups and Corporate Departments, and ensuring progress on action plans to address the identified risks.
- Monitoring completeness of the annual Positive Assurance process, reviewing the Positive Assurance returns from Divisions, Business Groups and Corporate Departments and reporting on them to the Boards to assist in their assessment of the effectiveness of risk management and internal control. The Positive Assurance process comprises the Business Risk Assessment, confirmation of compliance with the Code of Business Principles and Corporate Policies and the Operational Controls Assessment.
- Oversight of Division and Business Group Risk Committees, including ensuring that progress is made on action plans reported to the Corporate Risk Committee as part of the annual Positive Assurance return.

#### Disclosures Committee

This Committee is responsible for helping the Boards ensure that financial and other information that ought to be disclosed publicly is disclosed in a timely manner and that the information that is

disclosed is complete and accurate. The Committee comprises our Joint Secretaries, Treasurer and Controller, who is responsible for the operation of this Committee.

#### Investment Review Committee

This Committee's remit covers the financing and investment aspects of our pension funds. It also sets the policies for the management of the inherent risks in the financing and investment aspects of our pension plans and oversees compliance with these policies. The Committee is the responsibility of the Financial Director and, in addition, comprises our Head of Corporate Pensions, Personnel Director, Treasurer and General Counsel.

#### 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 company officers. They administer certain matters previously agreed by our Boards or the Executive Committee. The Joint Secretaries are responsible for the operation of these committees.

#### Directors – various formal matters

In the case of a conflict of interest between Unilever and any of our Directors, all applicable laws, regulations and corporate governance codes are complied with. As a formal matter, under Dutch law Directors are able to vote on transactions in which they are materially interested so long as they are acting in good faith. In general, PLC Directors cannot vote in respect of contracts in which they know they are materially interested, unless, for example, their interest is shared with other shareholders and employees.

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 sanction of 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. The remuneration arrangements applicable to our Executive Directors contain requirements for the holding and retention of shares (see the Remuneration report on page 72).

#### Other executive officers

Our executive officers, other than the Executive Directors, are also full-time employees and appointed for an indefinite period. These other executive officers are the corporate officers listed on page 69.

None of our other executive officers are elected or appointed under any arrangement or understanding.

#### Nominations to the Boards

In order to try to ensure that NV and PLC have the same Directors, only the holders of NV's special shares (see page 132) can nominate candidates for election to the NV Board, and only the holders of PLC's deferred stock (see page 132) can nominate candidates for election to the PLC Board.

## Corporate governance (continued)

Thus, the current Directors, the majority of whom are independent Non-Executive Directors, can ensure that both NV and PLC shareholders are presented with the same candidates for election as directors, because the joint holders of both the special shares and the deferred stock are NV Elma and United Holdings Limited, which are subsidiaries of NV and PLC.

The members of our Nomination Committee act as Directors of NV Elma and of United Holdings Limited. This is to ensure that the nomination rights are only exercised so as to ensure the implementation of the decision of the full Boards.

In addition, only persons who have offered themselves for election to the Boards of both NV and PLC are eligible to be elected as Directors of NV and PLC.

The interests of our shareholders are protected because all the Directors submit themselves for election every year and shareholders can remove any of them by a simple majority vote. Thus, as a practical matter, the Boards cannot perpetuate themselves contrary to the will of the shareholders.

In addition, shareholders can overrule Director nominations. In the case of NV, this can be done by a resolution adopted by at least a two-thirds majority of the votes cast, which majority must represent more than one half of NV's issued share capital. If this happens, a new meeting is held and a new Director can be appointed with an absolute majority of the votes cast. In the case of PLC, this would require resolutions passed at general meetings to alter the nomination rights attached to the Deferred Shares and to alter the Articles of Association. The former resolution would require a two-thirds majority of those voting, so long as that majority comprises not less than half of the issued PLC shares. The latter resolution would require a three-quarters majority of those voting.

### Shareholder matters

#### Relations with shareholders and other investors

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

Within the Executive Committee, the Financial Director has lead responsibility for investor relations, with the active involvement of the Chairmen. They are supported by an Investor Relations Department which organises presentations for analysts and investors. 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/ourcompany/investorcentre/](http://www.unilever.com/ourcompany/investorcentre/).

Our shareholders can, and do, raise issues directly with the relevant Executive Director or one of the Chairmen and, if appropriate, a relevant Non-Executive Director or the Senior Independent Director.

The Boards are regularly briefed on reactions to the quarterly results announcements. They, or the relevant Board Committee, are briefed on any issues raised by shareholders that are relevant to their responsibilities.

#### Communications with shareholders

Both NV and PLC communicate with their respective shareholders through the Annual General Meetings as well as responding to their questions and enquiries during the course of the year. At the Annual General Meetings, each Chairman has given a full account of the progress of the business over the last year and a review of current issues. A summary of their addresses is published on our website and copies are freely available on request.

Our Chairmen, both in communications about the Annual General Meetings and at the actual meetings, have encouraged shareholders to attend and to ask questions. Question and answer sessions form an important part of the meetings in both the Netherlands and the United Kingdom. We are committed to efforts to establish more effective ways of shareholder communication. We actively participate in the Shareholders Communication Channel which facilitates proxy voting in the Netherlands and make CREST electronic proxy voting available to institutional shareholders in the UK.

Electronic communication is becoming an important medium for shareholders, providing ready access to shareholder information and reports, and for voting purposes. NV shareholders participating in the Shareholders Communication Channel will be able to appoint electronically a proxy to vote on their behalf at the AGM in 2005. NV shareholders who wish to participate in the Shareholders Communication Channel should contact their bank or brokers. Shareholders of PLC in the United Kingdom can now choose to receive electronic notification that the Annual Review, Annual Report and Accounts and Notice of Annual General Meeting 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 Annual General Meeting. Registration for electronic communication by shareholders of PLC can be made at [www.unilever.com/ourcompany/investorcentre/shareholder\\_holder info/](http://www.unilever.com/ourcompany/investorcentre/shareholder_holder_info/).

We take the views of our shareholders into account and, in accordance with all applicable legislation and regulations, consult them in an appropriate way before putting major new proposals at our Annual General Meetings.

#### General Meetings of shareholders

General Meetings of shareholders of NV and PLC are held at times and places decided by our Boards. NV meetings are held in Rotterdam and PLC meetings are held in London.

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 the NV or PLC Articles of Association. For example, there are special requirements for resolutions relating to the alteration of NV's or PLC's Articles of Association or to the liquidation of NV or PLC.

## Corporate governance (continued)

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 as follows:

- 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, either by three-quarters in writing, or by three quarters voting at a General Meeting where the majority of the ordinary shares in issue are represented.

### Voting rights

To be entitled to attend and vote at NV General Meetings, you must be a shareholder on the Record Date, which is set by the Directors and must be not more than seven days before the meeting. In addition you must, within the time specified in the Notice calling the meeting, either:

- (if you have registered shares) advise NV in writing that you intend to attend; or
- (if you have bearer shares) deposit your certificates at the place specified in the Notice.

Reference is made to Article 29 of the NV Articles of Association.

You can vote in person or by proxy, and you can cast one vote for each €0.05 (Fl.0.10) nominal amount you hold of NV preference shares, ordinary shares or New York registry shares. NV Elma and United Holdings Limited, the holders of the special shares, and other group companies of NV which hold preference or ordinary shares, are not permitted to vote, by law.

To be able to vote by proxy at NV General Meetings, the written power of attorney must be received by NV not later than seven days before the meeting.

Similar arrangements apply for holders of Nedamtrust certificates (see page 61).

The notice calling the meeting will include further information on how to gain access to NV General Meetings.

To be able to vote by proxy at PLC General Meetings you must lodge your Form of Appointment of Proxy with PLC's Registrars 48 hours before the meeting, either in paper or electronic format. You can cast one vote for each PLC ordinary 1.4p share you hold. United Holdings Limited, which owns half of the deferred stock, is not permitted to vote at General Meetings.

Holders of NV New York shares or PLC American Depository Receipts of shares will receive a proxy form enabling them to authorise and instruct ABN AMRO N.V. or JPMorgan Chase Bank respectively to vote on their behalf at the shareholders' meeting of NV or PLC.

The proxy vote is published at the meetings and the outcome of the vote, including the proxy vote, is put on Unilever's website.

### Shareholder proposed resolutions

Shareholders of NV may propose resolutions if:

- they individually or together hold 1% of the issued capital in the form of shares or depositary receipts; or
- they individually or together hold shares or depositary receipts worth at least €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 Board, 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.

Under United Kingdom company law:

- shareholders who together hold shares representing at least 5% of the total voting rights of PLC; or
- at least 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.

### Right to hold shares

There are no limitations on the right to hold NV and PLC shares.

### Share capital matters

#### Share capital

NV's issued share capital on 31 December 2004 was made up of:

- €291 503 709 split into 571 575 900 ordinary shares of €0.51 each;
- €1 089 072 split into 2 400 ordinary shares numbered 1 to 2 400, known as special shares; and
- €130 854 115 split into several classes of cumulative preference shares.

PLC's issued share capital on 31 December 2004 was made up of:

- £40 760 420 split into 2 911 458 580 ordinary shares of 1.4p each; and
- £100 000 of deferred stock.

For NV share capital, the euro amounts quoted in this document are representations in euros on the basis of Article 67c of Book 2 of the Civil Code in the Netherlands, rounded to two decimal places, of underlying amounts in Dutch guilders, which have not been converted into euros in NV's Articles of Association or in the

## Corporate governance (continued)

Equalisation Agreement. Until conversion formally takes place by amendment of the Articles of Association, the entitlements to dividends and voting rights are based on the underlying Dutch guilder amounts.

### Equalisation Agreement

The Equalisation Agreement provides that if one company had losses, or was unable to pay its preference dividends, we would make up the loss or shortfall 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 Netherlands tax and exchange control laws applicable at that time.

Under the Equalisation Agreement we compare the ordinary share capital of the two companies in units: a unit made up of €5.445 nominal of NV's ordinary capital carries the same weight as a unit made up of £1 nominal of PLC's ordinary capital. For every unit (€5.445) you have of NV you have the same rights and benefits as the owner of a unit (£1) of PLC. NV's ordinary shares currently each have a nominal value of €0.51, and PLC's share capital is divided into ordinary shares of 1.4p each. This means that a €5.445 unit of NV is made up of approximately 10.7 NV ordinary shares of €0.51 each and a £1 unit of PLC is made up of approximately 71.4 PLC ordinary shares of 1.4p each. Consequently, one NV ordinary share equates to about 6.67 ordinary shares of PLC.

When we pay ordinary dividends we use this formula. On the same day NV and PLC allocate funds for the dividend from their parts of our current profits and free reserves. We pay the same amount on each NV share as on 6.67 PLC shares calculated at the relevant exchange rate. For interim dividends this exchange rate is the average rate for the quarter before we declare the dividend. For final dividends it is the average rate for the year. In arriving at the equalised amount we include any tax payable by the Company in respect of the dividend, but calculate it before any tax deductible by the Company from the dividend.

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, using the ratio of €5.445 NV nominal share capital to £1 PLC nominal share capital. The subscription price for one new NV share would have to be the same, at the prevailing exchange rate, as the price for 6.67 new PLC shares.

Under the Equalisation Agreement (as amended in 1981) the two companies are permitted to pay different dividends in the following exceptional circumstances:

- if the average annual sterling/euro exchange rate changed so substantially from one year to the next that to pay equal dividends at the current exchange rates, either NV or PLC would have to pay a dividend that was unreasonable (ie. substantially larger or smaller in its own currency than the dividend it paid in the previous year);
- the governments of the Netherlands or the United Kingdom could in some circumstances place restrictions on the proportion of a company's profits which can be paid out as dividends; this could mean that in order to pay equal dividends one company would have to pay out an amount which would breach the limitations in place at the time, or that the other company would have to pay a smaller dividend.

In either of these rare cases, NV and PLC could pay different amounts of dividend if the Boards thought it appropriate. The company paying less than the equalised dividend would put the difference between the dividends into a reserve: an equalisation reserve in the case of exchange rate fluctuations, or a dividend reserve in the case of a government restriction. The reserves would be paid out to its shareholders when it became possible or reasonable to do so, which would ensure that the shareholders of both companies would ultimately be treated the same.

If both companies go into liquidation, NV and PLC will each use any funds available for shareholders to pay the prior claims of their own preference shareholders. Then they will use any surplus to pay each other's preference shareholders, if necessary. After these claims have been met, they will pay out any equalisation or dividend reserve to their own shareholders before pooling the remaining surplus. This will be distributed to the ordinary shareholders of both companies, once again on the basis that the owner of €5.445 nominal NV ordinary share capital will get the same as the owner of £1 nominal PLC ordinary share capital. If one company goes into liquidation, we will apply the same principles as if both had gone into liquidation simultaneously.

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

### Leverhulme Trust

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. The High Court of Justice in England varied these trusts in 1983, and established two independent charitable trusts:

- the Leverhulme Trust, which awards grants for research and education; and
- the Leverhulme Trade Charities Trust, for the benefit of members of trades which the first Viscount considered to have particular associations with the business.

The major assets of both these trusts are PLC ordinary shares.

## Corporate governance (continued)

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 157 500 000 PLC ordinary shares of 1.4p each. 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.

The first Viscount wanted the trustees of the trusts he established to be Directors of PLC. On 25 February 2005 the trustees of the charitable trusts were:

- Sir Michael Angus – former Chairman
- Sir Michael Perry – former Chairman
- Mr N W A FitzGerald – former Chairman
- Dr J I W Anderson – former Director
- Dr A S Ganguly – former Director

On 25 February 2005, in their capacity as trustees of the two charitable trusts, they held approximately 5.39% of PLC's issued ordinary capital.

### **N.V. Nederlandsch Administratie- en Trustkantoor (Nedamtrust)**

Nedamtrust is an independent trust company under the Netherlands' law, which has an agreement with NV to issue depositary receipts against NV shares. We do not control Nedamtrust – it is a wholly owned subsidiary of N.V. Algemeen Nederlands Trustkantoor ANT (ANT). Five Dutch financial institutions hold 45% of ANT's shares between them – they have between 5% and 10% each, and the rest of its shares are owned by a large number of individual shareholders.

As part of its corporate objects Nedamtrust is able to:

- issue depositary receipts;
- carry out administration for the shares which underlie the depositary receipts it has issued; and
- exercise voting rights for these underlying shares.

The depositary receipts issued by Nedamtrust against NV shares are known as Nedamtrust certificates. They are in bearer form, and are traded and quoted on Euronext Amsterdam and other European stock exchanges. Nedamtrust has issued certificates for NV's ordinary and 7% cumulative preference shares, and almost all the NV shares traded and quoted in Europe are in the form of these certificates. The exception is that there are no certificates for NV's 4%, 6% and €0.05 cumulative preference shares.

If you hold Nedamtrust certificates, you can attend or appoint a proxy at NV shareholders' meetings. Nedamtrust will automatically give you a power of attorney to vote, if you attend such meetings. If you hold Nedamtrust certificates with a bank or broker in the Netherlands and have notified the Shareholders'

Communication Channel (see page 58), you will receive a proxy form enabling you to authorise and instruct Nedamtrust to vote at the NV shareholders' meeting on your behalf. Nedamtrust is obliged to follow these instructions.

For shares for which Nedamtrust does not receive instructions, Nedamtrust's Board decides on the best way to vote the NV ordinary and preference shares it holds at shareholders' meetings in such a way as it deems to be in the interests of the holders of the Nedamtrust certificates. Specific provisions apply in case a meeting of holders of preference shares is convened.

If a change to shareholders' rights is proposed, Nedamtrust will let shareholders know if it intends to vote, at least 14 days in advance if possible. It will do this by advertising in the press.

As a holder of Nedamtrust certificates, you can exchange your Nedamtrust certificate at any time for the underlying ordinary or preference share (or vice versa).

Hitherto the majority of votes cast by ordinary and preference shareholders at NV meetings have been cast by Nedamtrust.

Nedamtrust's NV shareholding fluctuates daily – its holdings on 25 February 2005 were:

- Ordinary shares of €0.51: 427 507 885 (73.05%)
- 7% Cumulative Preference Shares of €453.78: 9 820 (33.86%)
- 6% Cumulative Preference Shares of €453.78: 6 (0.00%)
- 4% Cumulative Preference Shares of €45.38: 23 (0.00%)

In order to further comply with the Dutch Corporate Governance Code (see page 64) Nedamtrust will call a meeting of holders of Nedamtrust certificates in 2005 and propose certain changes. Further information can be found on Unilever's website [www.unilever.com/ourcompany/investorcentre/](http://www.unilever.com/ourcompany/investorcentre/) and in the notice of that meeting.

### **Requirements and compliance – general**

Unilever is subject to corporate governance requirements in the Netherlands, the United Kingdom and the United States. We took the different perspectives of these various rules into account in preparing the preceding description of our Board arrangements.

The changes we made to our corporate governance arrangements at the NV and PLC Annual General Meetings in 2004 consisted of the appointment of Non-Executive Directors to join our Executive Directors on our existing single-tier boards for NV and PLC. This board structure is not the one most familiar to either our shareholders in the Netherlands, where a two-tier board has been customary, or our shareholders in the US, where the most senior executives draw their authority primarily from their corporate office rather than their appointment, if any, as a Director. Nevertheless, we believe that these changes, when added to our suitably updated existing procedures, mean that NV and PLC comply both in the letter as well as the spirit of almost all of the applicable requirements.

## Corporate governance (continued)

The following statements of compliance are based on Unilever's corporate governance arrangements in place following the changes approved by our shareholders at the 2004 AGMs. Prior to that, as you will appreciate from our description of our corporate governance arrangements in the Annual Report and Accounts for 2003 and for previous years, our arrangements involving Advisory Directors complied with the spirit, but not the letter, of the principles relating to Non-Executive Directors. The compliance statements that follow must be similarly so qualified for the period prior to May 2004.

Although these statements of compliance must cover the arrangements in force during 2004, for completeness, we do mention at the relevant places the changes that will be made during 2005, some of which require shareholder approval (see page 53).

Further information can be found on our website [www.unilever.com/ourcompany/investorcentre/](http://www.unilever.com/ourcompany/investorcentre/) in The Governance of Unilever, the Boards' own constitutional document. This includes the terms of reference of our Board Committees, including their full responsibilities. It will be kept up to date with the changes in these internal constitutional arrangements that our Boards may make from time to time.

### Requirements – the Netherlands

#### General

For 2004, NV is required to state in its Annual Report and Accounts whether it complies with the Principles ('P') 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.

The preceding description of our governance arrangements and the text on compliance that follows reflect Unilever's governance arrangements following the changes adopted at the Shareholder Meetings in May 2004. Please refer to the preceding section. They also reflect our Board's specific intentions for 2005 and 2006. The Board reserves the right, in cases where it decides such to be conducive to the interests of the company and enterprise connected therewith, to depart from that which is set out in the present and previous sections in relation to our corporate governance. Further changes will be reported in future Annual Report and Accounts and, when necessary, through changes to the relevant documents on our website. As appropriate, proposals for change will be put to our shareholders for approval.

As will be clear from the preceding description of our governance arrangements, NV complies with almost all of the principles and best practice provisions of the Dutch Code. The text that follows sets out areas of non-compliance and certain statements that the Dutch Code invites us to give our shareholders that are not included elsewhere in this Annual Report and Accounts.

#### Board and Committee structures

As already indicated, NV has a single-tier Board, consisting of both Executive and, as a majority, Independent 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 the provisions relating to members of a supervisory board to our Non-Executive Directors. Management tasks not capable of delegation are performed collectively by the Board. Reference is made to Ps II and III and corresponding bpps. Our compliance with the Dutch Code in these respects should be seen in the light of our one-tier board structure.

#### Role of the Chairman

Our application of the provisions of the Dutch Code with regard to the chairman of the supervisory board to the Chairman of the Board should be seen in the light of the fact that the Chairman has hitherto combined this role with that of Joint Chief Executive and that, in accordance with UK practice, we have the role of the Senior Independent Director (see page 55). We will in 2005 separate the roles of Chairman and Chief Executive (see pages 8 and 53).

The Dutch Code recommends that in a one-tier board the chairman should not also be, or have been, responsible for the day-to-day conduct of the business (bpp III.8.1). NV and PLC are separate legal entities, each subject to their own national traditions and practices and each with responsibilities to different sets of shareholders. Unilever has, since its inception, adopted the principle that it is good practice that the most senior roles within NV and PLC are shared and not concentrated in one person. As a consequence it is a principal tenet of our governance philosophy, which has hitherto been reflected in the form of two people who each combine the roles of Chairman and Chief Executive and who meet regularly for joint decision-making. Whilst this carefully balanced arrangement has served Unilever very well for many years, the Boards reviewed it during 2004 and concluded that it would give greater clarity to each role if they were held by separate people (see page 8). It was also relevant to the arrangements in place during 2004 that, in addition to the Chairmen, the Boards of NV and PLC have a Senior Independent Director who is appointed by the Non-Executive Directors and acts as their spokesperson. In 2005 he will be made Vice-Chairman of each company.

#### Nomination Committee

The Dutch Code states that the Nomination Committee (bpp III.8.3) should consist of non-executive directors. In their role as Chairmen of NV and PLC, the Chairmen are currently members of our Nomination Committee. However, the majority of the Nomination Committee consists of Independent Non-Executive Directors. We believe that the thorough knowledge that the two Chairmen have of the company and the management talent that is available within it has proved extremely helpful for the effective functioning of the Nomination Committee. Our arrangements have been aligned to the UK practice applicable to PLC.

Following implementation of the changes in 2005, the single Non-Executive Chairman of NV and PLC will remain as a member of the Committee but not be regarded as Independent. The Group Chief Executive will not be a member of the Nomination Committee.

## Corporate governance (continued)

### Nomination of directors

The Dutch Code recommends that shareholders may resolve by an absolute majority of votes to cancel the binding nature of a nomination for the appointment of a director (bpp IV.1.1). In 2004, NV's shareholders approved an alteration of the Articles of Association to align the arrangements for NV and PLC. This makes it possible for the meeting of shareholders to cancel binding nominations by a majority of two-thirds of the votes cast representing more than one-half of the issued capital (see pages 57 and 58).

### Risk management and control

Reference is made to page 92, where Unilever's control framework is described. This incorporates risk management, internal control procedures and disclosure controls and procedures, and complies with the recommendations of the Dutch Code. The role of our corporate internal audit function is also described on the same page. We have an established Operational Controls Assessment process for assessing controls and correcting deficiencies.

As stated on page 92, our Boards have carried out an annual review of the effectiveness of the systems of risk management and internal control during 2004, and have ensured that the necessary actions are being taken to address weaknesses or deficiencies arising out of that review. The Audit Committee has been regularly informed of the progress of the review.

In light of the above, the Board considers that the internal risk management and control systems are appropriate for our business and in compliance with bpp II.1.4.

### Share options

In line with bpp II.2.2, the awards and grants of shares and options to our Directors are in all material cases subject to performance criteria, as referred to on pages 73 and 74 of the Remuneration Report. The exception is the options over 50 NV shares granted each year to our Executive Directors under the all employees share option plan in the Netherlands, as described on pages 81, 82 and 139. The Directors' participation in this plan is seen as a stimulus for all employees to participate.

The Dutch Code recommends that shares granted to executive directors without a financial consideration must be retained for a period of at least five years (bpp II.2.3). In 2001 we introduced a new remuneration policy with shareholder approval which requires our Executive Directors to build and retain a personal shareholding in Unilever equal to at least 150% of their annual base pay. We believe that this is in line with the spirit of the Code.

Bpp II.2.5 states that neither the exercise price nor the other conditions attaching to options shall be modified during the term of the options. In addition to the exceptions recognised by that provision, we shorten the term of the options in case of termination of employment for any reason.

### Severance pay

It is our policy to set the level of severance payments to 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.2.7).

During 2004, Niall FitzGerald and Charles Strauss ceased to be directors. For their severance arrangements see pages 78 and 79.

### Regulations for transactions in securities in other companies

The Dutch Code recommends (bpp II.2.6 and bpp III.7.3) that a director shall give periodic notice, but in any event at least once a quarter, of any changes in his holding of securities in other Dutch listed companies to the compliance officer. Our Share Dealing Code emphasises that Directors are not allowed to deal in any shares when they have unpublished price-sensitive information in relation to those shares. Our Share Dealing Code furthermore provides that Directors are required, upon request, to disclose to the compliance officer their holdings and transactions in securities in other listed companies. We believe these requirements for transactions in securities in other companies constitute a well-balanced arrangement.

### Conflicts of interest

We attach special importance to avoiding conflicts of interest between its Directors and NV and PLC. In the event of a (potential) conflict of interest, the provisions of the Dutch Code (P II.3 and III.6) are applied. Conflicts of interest are not understood to include transactions and other activities involving other companies in the Unilever Group.

### Financing preference shares

NV issued 4%, 6% and 7% cumulative preference shares in the 1930s and 1940s. Their voting rights are based on their nominal value, as prescribed by Dutch law. The Dutch Code recommends that the voting rights on these classes of share 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 cannot reduce these voting rights unilaterally.

### Anti-takeover constructions and control over the company

With reference to bpp IV.3.9, NV 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. Nor does it 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.

### Audit Committee

The responsibilities and powers of the Audit Committee are set out on pages 56 and 90 and are fully aligned with the requirements in the UK and US. They also encompass the most important of the duties and responsibilities referred to in the Dutch Code. The exceptions are supervision over the financing of the Company, tax planning and the application of information and communication technology (bpp III.5.4), where our Audit Committee assists the Board in fulfilling its oversight responsibilities.

### Depository receipts for shares

The arrangements of Nedamtrust are to a large extent compliant with the Dutch Code. See page 61. However, Nedamtrust is a public limited liability company (naamloze vennootschap) instead of a foundation (stichting), meaning that its directors are not appointed by co-optation, as the Dutch Code recommends, but by its shareholders. Nedamtrust does not generally hold meetings of holders of depository receipts and there are no formal rules relating to the influence of holders of depository receipts on the composition of Nedamtrust's board (bpp IV.2.1-3).

In 2005 a proposal will be submitted to the holders of Nedamtrust certificates that the administration of the shares be transferred to a newly established foundation, Stichting Administratiekantoor Unilever N.V. ('the Foundation'), whose directors will appoint themselves. Nedamtrust will convene a meeting of certificate holders at which they will be asked to approve this transfer. More information is given in the notice for this meeting (see [www.unilever.com/ourcompany/investorcentre/shareholder\\_holderinfo/](http://www.unilever.com/ourcompany/investorcentre/shareholder_holderinfo/)).

The new arrangements are intended to make the Foundation compliant with the Dutch Code.

### 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 (P IV.2 and P IV.3). In the communications between us and our shareholders and other parties, we comply with all applicable legislation and regulations.

### Meetings of analysts and presentations to investors

We have extensive procedures for handling relations with and communicating with shareholders, investors, analysts and the media (see description on page 58). Whilst the important presentations and meetings are conducted in accordance with bpp IV.3.1, due to the large number of such presentations and meetings and overlap in information, some of the less important ones are not announced in advance, made accessible to everyone or put on our website.

### Requirements – the United Kingdom

PLC is required, as a company that is incorporated in the United Kingdom and listed on the London Stock Exchange, to state how it has applied the principles and how far it has complied with the provisions set out in Section 1 of the Combined Code issued in 1998, as revised in 2003 ('the Combined Code'), appended to the United Kingdom Listing Rules.

In the preceding pages we have complied with the requirement to report on how we apply the Principles ('P') and provisions ('pn') in the Combined Code.

With reference to P A.2, as already explained on page 62, the principal tenet of Unilever's governance philosophy that the most senior roles in NV and PLC are shared has hitherto found its expression in two people who each combine the roles of Chairman and Chief Executive. This carefully balanced arrangement has served our unique constitutional arrangements well for many years but, as already indicated, will be changed in 2005 by separating the two roles.

As already indicated, in order to develop our arrangements further in line with current best practice, we created in May 2004 the position of Senior Independent Director (pn A.3.3). This gives leadership to the Independent Non-Executives, who are a majority on our Boards. In 2005 the Senior Independent Director will be made Vice-Chairman of NV and PLC.

It will be appreciated that, prior to the election of Non-Executive Directors to our Boards in May 2004, our previous Board arrangements, involving Executive Directors and Advisory Directors, met the spirit but not the letter of P A.1 and P A.3. Given that the current arrangements have only been in place for a limited period, some aspects are still evolving. As will be seen, the arrangements for performance evaluation (page 54) during 2004 might not be regarded as being as extensive as P A.6 recommends. Also, there have not yet been appropriate occasions for the Senior Independent Director and other Non-Executive Directors to meet major shareholders (page 58) in the manner anticipated by P D.1.

Members of our Audit, Remuneration and Nomination Committees will be available to answer questions at the Annual General Meetings of both NV and PLC. The members attending each meeting do not necessarily include the Chairman of the Committee, since these meetings have hitherto taken place at about the same time in Rotterdam and London respectively (pn D.2.3). We plan to change this practice in future.

### 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 with the requirements concerning corporate governance that were in force during 2004. Attention is drawn in particular to the remit of the Audit Committee on page 56 and the Report of the Audit Committee on page 90.

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

## Corporate governance (continued)

- the issue of a Code of Ethics for senior financial officers;
- the issue of instructions restricting the employment of former employees of the audit firm; and
- establishment of 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 US Securities and Exchange Commission ('SEC'), and a copy has been posted on our website at [www.unilever.com/ourcompany/investorcentre/](http://www.unilever.com/ourcompany/investorcentre/). 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 requirement in 2004.

We also took into account the US requirements taking effect in 2004 and 2005 applicable to both foreign and US listed companies in preparing the changes to its corporate governance arrangements that became effective from the NV and PLC Annual General Meetings held on 12 May 2004.

These changes included the appointment of Non-Executive Directors to join our top tier of executives, who comprise the Executive Directors and the Executive Committee, on the Boards. This board structure is not the one most familiar to our shareholders in the US, where the most senior executives draw their authority primarily from their corporate office rather than their appointment, if any, as a Director.

The changes we are making in 2005, in particular with the appointment of a Group Chief Executive on the Board and the creation of a Group Executive that is immediately below Board level, will bring our arrangements closer to those of a typical model for US issuers. However, the situation remains that the laws in the Netherlands and the UK only give limited recognition to the existence of any corporate officer other than that of a Director.

We are required by US securities laws and the Listing Standards of the New York Stock Exchange, with effect from 1 August 2005, to have an Audit Committee that satisfies Rule 10A-3 under the Exchange Act and the Listing Standards of the New York Stock Exchange. The change of status of our Advisory Directors to that of Non-Executive Directors with effect from the 2004 Annual General Meetings means that our Audit Committee is already fully 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 listed companies. We should therefore alert our US shareholders to the fact that the membership of our Nomination Committee currently includes the Chairmen/CEOs of NV and PLC. This is common practice in the UK and is done in order to ensure that the Committee will have the benefit of their extensive knowledge of the executives under consideration. This has been particularly relevant for a company like Unilever which has a practice of predominantly promoting to senior positions from within the Group. The practice is permissible so long as the Chairmen/CEOs are in a minority to the Independent Non-Executive Directors and they absent themselves when their own positions are under consideration. As already explained, from 2005 no Executive Director will be a member of the Nomination Committee and three of the four members will be Independent.

In addition to the information we have given you in this document about our corporate governance arrangements, further details are provided in The Governance of Unilever, which is on our website at [www.unilever.com/ourcompany/investorcentre/](http://www.unilever.com/ourcompany/investorcentre/). We would also confirm, as our longer term shareholders will be aware, that it is our practice, in accordance with our home country laws and practices, to give our shareholders the opportunity to vote on equity compensation plans.

It goes without saying that we must be compliant with applicable US legislation, including the relevant regulations enacted by the SEC. In addition to being fully compliant with the Listing Standards of the New York Stock Exchange applicable to foreign issuers, we believe ourselves also to be compliant with the substance of the Corporate Governance Standards applicable to US domestic issuers, with one exception. This is the composition of the Nomination Committee, as already noted.

### Nomination Committee report

#### Composition

In 2004 the Nomination Committee comprised three Independent Non-Executive Directors and the Chairmen of NV and PLC. It was chaired throughout 2004 by Bertrand Collomb. Other members throughout 2004 were Antony Burgmans, Lord Simon and Jeroen van der Veer. Patrick Cescau joined the Committee on 1 October following the retirement of Niall FitzGerald. The Joint Secretaries act as secretaries to the Committee.

The composition of the Committee was included as part of the review of corporate governance arrangements during 2003 and early 2004, and again in 2004 and early 2005.

The Committee's standing was strengthened in 2004 by the change in status of the independent majority of its members from Advisory Directors to Non-Executive Directors. This, combined with the existence from May 2004 of a majority of Independent Non-Executive Directors on the Boards of NV and PLC, ensures that Independent Non-Executives control the procedure for nominating the candidates for election as Directors of NV and PLC. This is reinforced by the members of the Nomination Committee comprising the directors of NV Elma and United Holdings Limited (see pages 57 and 58).

## Corporate governance (continued)

In 2003/2004 the Nomination Committee and the Boards decided to continue to include the Chairmen of NV and PLC as members of the Committee on the express condition that they do not participate in any discussion of their own positions. Their advice has proved invaluable on other appointments, given their wide knowledge of Unilever executives and the practice of predominantly promoting to top positions from within the Group.

Following implementation of the changes in 2005, the single Non-Executive Chairman of NV and PLC will remain as a member of the Committee but not be regarded as Independent. The Group Chief Executive will not be a member of the Nomination Committee.

### Remit

The remit of the Committee was also included as part of the 2003/2004 review of our corporate governance arrangements.

The primary role of the Committee continues to be the recommendation to the Boards of candidates for the positions of Director, both Executive and Non-Executive, and Chairman and Vice-Chairman, and this includes a responsibility to concern itself with succession planning within the Boards. In addition it now has a responsibility for the oversight of all matters relating to corporate governance, bringing any issues to the attention of the Boards. Under its remit, the Committee is entitled to use the services of recruitment consultants and other external experts at the expense of the Company. It is also to conduct a process of evaluation of its own performance each year. The full remit is on the Unilever website at [www.unilever.com/ourcompany/investorcentre/](http://www.unilever.com/ourcompany/investorcentre/), as is the information used by the Committee for succession planning.

Also on that website is The Governance of Unilever, which, amongst other matters, sets out the procedures for evaluating the Boards and individual Directors. These are designed to enable the results of the evaluations to be provided to the Nomination Committee when it discusses the nominations for election as Directors of NV and PLC at the next Annual General Meeting.

### Meetings of the Committee

The Committee met twice in 2004. It agreed to propose the nomination of all current available Advisory Directors for election as Non-Executive Directors at the 2004 Annual General Meetings. The Committee reviewed the results of the consultations with the Boards over the respective candidates and proceeded to recommend the selection of Patrick Cescau for the role of PLC Chairman and the nomination of Kees van der Graaf to become Foods Director. It also reviewed and approved the nominations and proposed roles of the other Executive Directors. The Committee considered issues relating to the succession planning for the existing Executive Directors and the Non-Executive Directors. Finally, at the request of the Boards, it had considered a detailed review by the Joint Secretaries of personal factors relevant to the 'independence' of the prospective Non-Executive Directors.

The Committee also met early in 2005 to consider and agree to recommend to the Boards the changes to the corporate governance arrangements proposed for introduction in 2005. It agreed appropriate proposals for nominations for election as Directors at the Annual General Meetings in 2005. The Committee also considered the allocation of roles on the Boards in the light of those changes and taking account of the proposed composition of the Executive Team. It supported the appointment of the Senior Independent Director as Vice-Chairman.

The Committee updated itself on succession planning issues, notably with respect to the membership of the Audit Committee and the positions of Senior Independent Director and Chairman, and authorised appropriate actions in response to them. It revisited the question, on the basis of up-to-date information, of which of the Non-Executive Directors should be judged as Independent and agreed a recommendation for the Boards' consideration and decision. The Committee's annual Report to Shareholders was approved and it considered certain corporate governance issues arising under the new requirements in the Netherlands. Finally, it carried out the Committee's annual review of its terms of reference and performance of its responsibilities and commenced its evaluation of its performance in 2004.

### Combined earnings per share

Because of the Equalisation Agreement and the other arrangements between NV and PLC, we calculate combined earnings per share for NV and PLC (see note 7 on page 112).

We base the calculation on the average amount of NV and PLC's ordinary share capital in issue during the year. For the main calculation, we exclude treasury shares which have been purchased to satisfy employee share options. We also calculate a diluted earnings per share figure, where we include employee share option commitments, as well as certain PLC shares which may be issued in 2038 under the arrangements for the variation of the Leverhulme Trust, and those treasury shares utilised for the conversion of the €0.05 preference shares.

The process by which we calculate earnings per share is as follows. First, we convert the average capital of NV and PLC into units using the formula contained in the Equalisation Agreement: one unit equals 10.7 NV shares or 71.4 PLC shares. We add these together to find the total number of units of combined share capital. Then the amount of net profit in euros which is attributable to ordinary capital is divided by this total number of units to find the amount per combined unit. Finally, we convert the combined unit back into NV and PLC ordinary shares, to show the amount per one share of each. The amount per unit is divided by 10.7 to find the amount per €0.51 share, and by 71.4 to find the amount per 1.4p share.

Despite the Equalisation Agreement, NV and PLC are independent corporations, and are subject to different laws and regulations governing dividend payments in the Netherlands and the United

## Corporate governance (continued)

Kingdom. We assume in our combined earnings per share calculation that both companies will be able to pay their dividends out of their part of our profits. This has always been the case in the past, but if we did have to make a payment from one to the other it could result in additional taxes, and reduce our combined earnings per share.

### Auditors

Subject to the annual appointment of auditors by the shareholders and in addition to our ongoing process of monitoring the auditors' performance, we undertake a formal review every three years. The most recent review was completed in November 2002 and resulted in the reappointment of PricewaterhouseCoopers. On the recommendation of the Audit Committee, the Directors will be proposing the reappointment of PricewaterhouseCoopers at the Annual General Meetings in May 2005 (see pages 171 and 174).

Both the Executive Committee and the auditors have for many years had safeguards to avoid the possibility that the auditors' objectivity and independence could be compromised. In overview, our procedures in respect of services provided by PricewaterhouseCoopers are:

- Statutory audit – Procedures in respect of statutory audit services are detailed above. This category includes fees for the statutory audit of Unilever's financial statements and those of its subsidiaries.
- Other audit services – This is audit and similar work that regulations or agreements with third parties require the auditors to undertake. These services include procedures undertaken by our external auditors in connection with borrowings, shareholder and other circulars and various other regulatory reports.
- Audit-related services – This is work that, in their position as the auditors, they are best placed to undertake. It includes internal control reviews, other reports and work in respect of acquisitions and disposals.
- Tax services – In cases where they are best suited, we use the auditors. All other significant tax consulting work is put to tender.
- General consulting and other services – Since early 2002, our policy has been that our external auditors may not tender for any new general consulting work. We use our auditors to perform a limited number of other services, including risk management advisory work and training, where these are compatible with their work and subject to the appropriate level of pre-approval.

The Audit Committee approved a policy in 2003 regarding the pre-approval of the above three non-audit categories. This lists in detail the particular services which PricewaterhouseCoopers is and is not permitted to provide. In the case of the types of work which PricewaterhouseCoopers is allowed to perform, the policy provides that they are only appointed to an assignment if proper consideration has been given to other potential service providers, there must be bona fide advantages in using PricewaterhouseCoopers, and, in addition, if the fee is over €100 000, the engagement must be specifically approved in advance by the Chairman of the Audit Committee.

Potential engagements for any services not already covered by this policy must be referred to the Chairman of the Audit Committee for specific pre-approval (to be ratified at the next meeting of the Audit Committee) before PricewaterhouseCoopers can be appointed.

The Boards concluded that the procedures were effective for 2004 in preserving the objectivity and independence of PricewaterhouseCoopers.

The policy is regularly reviewed and updated in the light of internal developments, external developments and best practice. During 2004, the Audit Committee issued clarification of the policy in the context of the implementation of International Financial Reporting Standards and the Sarbanes-Oxley Act of 2002.

The external auditors report to the Directors and the Audit Committee on the actions they take to comply with the professional and regulatory requirements and best practice designed to ensure their independence from Unilever, including, for example, the periodic rotation of key team members. The lead partner in charge of the audit changed in 2001.

See note 2 on page 108 for the actual fees payable to PricewaterhouseCoopers.

# Corporate governance

## Biographical details

### Executive Directors

#### Antony Burgmans\*<sup>1</sup>

##### Chairman, Unilever N.V.

Nationality: Dutch. Aged 58. Chairman of Unilever N.V. and Vice-Chairman of Unilever PLC since 4 May 1999. Joined Unilever 1972. Appointed Director 8 May 1991. Previous posts include: Vice-Chairman of Unilever N.V. 1998. Business Group President, Ice Cream and Frozen Foods – Europe and Chairman of Unilever Europe Committee 1996-1998. Responsible for South European Foods business 1994-1996. Personal Products Co-ordinator 1991-1994. External appointments include: Member, Supervisory Board of ABN AMRO Holding N.V., Non-Executive Director of BP p.l.c. and Member, International Advisory Board of Allianz AG.

Non-Executive Chairman designate, Unilever N.V. and Unilever PLC.

#### Patrick Cescau\*<sup>▲1</sup>

##### Chairman, Unilever PLC

Nationality: French. Aged 56. Chairman of Unilever PLC and Vice-Chairman of Unilever N.V. since 1 October 2004. Joined Unilever 1973. Appointed Director 4 May 1999. Previous posts include: Foods Director 2001. Financial Director 1999. Contoller and Deputy Financial Director 1998-1999. President, Lipton USA 1997-1998. President and CEO, Van den Bergh Foods USA 1995-1997. Chairman, Indonesia 1991-1995. External appointments include: Non-Executive Director of Pearson plc and Conseiller du Commerce Extérieur de la France in the Netherlands.

Group Chief Executive designate.

#### Clive Butler\*

##### Corporate Development Director

Nationality: British. Aged 58. Corporate Development Director since 1 January 2001. Joined Unilever 1970. Appointed Director 6 May 1992. Previous posts include: Category Director, Home and Personal Care 1996. Personnel Director 1993-1996. Corporate Development and IT Director 1992.

Clive Butler will not be offering himself for re-election at the 2005 AGMs.

#### Keki Dadiseth\*

##### Home and Personal Care Director

Nationality: Indian. Aged 59. Home and Personal Care Director since 1 January 2001. Joined Unilever 1973. Appointed Director 3 May 2000. Previous posts include: Hindustan Lever Chairman 1996. External appointments include: Non-Executive Director of The Indian Hotels Company. Member, International Advisory Board of DaimlerChrysler AG.

Keki Dadiseth will not be offering himself for re-election at the 2005 AGMs.

#### Kees van der Graaf\*<sup>▲</sup>

##### Foods Director

Nationality: Dutch. Aged 54. Appointed Foods Director 12 May 2004. Joined Unilever 1976. Previous posts include: Business Group President, Ice Cream and Frozen Foods 2001. Executive Vice-President, Foods and Beverages Europe 1998. Senior Vice-President, Global Ice Cream category 1995. Chairman, Lipton-Sais Switzerland 1993. Foods Member East Asia Pacific Regional Management 1990. Marketing and Grocery Sales Director, Frigo, Spain 1986.

President Europe designate.

#### André baron van Heemstra\*

##### Personnel Director

Nationality: Dutch. Aged 59. Personnel Director since 3 May 2000. Joined Unilever 1970. Appointed Director 3 May 2000. Previous posts include: Business Group President, East Asia Pacific 1996. Chairman, Langnese-Iglo 1992-1996.

André baron van Heemstra will not be offering himself for re-election at the 2005 AGMs.

#### Rudy Markham\*<sup>▲</sup>

##### Financial Director

Nationality: British. Aged 58. Financial Director since 4 August 2000. Joined Unilever 1968. Appointed Director 6 May 1998. Previous posts include: Strategy & Technology Director 1998. Business Group President, North East Asia 1996-1998. Chairman, Nippon Lever Japan 1992-1996. Chairman, Unilever Australasia 1989-1992. Group Treasurer 1986-1989. External appointments include: Non-Executive Director of Standard Chartered PLC.

Chief Financial Officer designate.

### Non-Executive Directors

#### The Rt Hon The Lord Brittan of Spennithorne QC, DL\*<sup>2</sup>

Nationality: British. Aged 65. Appointed 2000. Vice-Chairman of UBS Investment Bank and Chairman of UBS Limited. Member of the European Commission and Vice-President 1989-1999. Member of the UK Government 1979-1986. Home Secretary 1983-1985 and Secretary of State for Trade and Industry 1985-1986.

#### The Rt Hon The Baroness Chalker of Wallasey\*<sup>3</sup>

Nationality: British. Aged 62. Appointed 1998. Director of Freeplay Energy plc and Group 5 (Pty) Ltd. Member, International Advisory Board of Lafarge et Cie. UK Minister of State at the Foreign and Commonwealth Office 1986-1997.

#### Bertrand Collomb\*<sup>4,5,6</sup>

Nationality: French. Aged 62. Appointed 1994. Chairman of Lafarge S.A. Director of Vivendi Universal, TotalFinaElf and Atco. Member, Advisory Board of Banque de France.

Vice-Chairman designate, Unilever N.V. and Unilever PLC.

#### Professor Wim Dik\*<sup>2</sup>

Nationality: Dutch. Aged 66. Appointed 2001. Professor at Delft University of Technology. Chairman, Supervisory Boards of Tele Atlas N.V. and N.V. Casema. Member, Supervisory Boards of ABN AMRO Holding N.V. Non-Executive Director of Aviva plc and LogicaCMG plc. Chairman and CEO of Koninklijke PTT Nederland (KPN) 1988-1998 and Koninklijke KPN N.V. (Royal Dutch Telecom) 1998-2000. Minister for Foreign Trade, Netherlands 1981-1982.

#### Oscar Fanjul\*<sup>7</sup>

Nationality: Spanish. Aged 55. Appointed 1996. Honorary Chairman of Repsol-YPF S.A. Director of Marsh & McLennan Companies, the London Stock Exchange, Acerinox S.A. and Técnicas Reunidas S.A. Member, International Advisory Boards of Marsh & McLennan Companies and Sviluppo Italia and of the European Advisory Board of the Carlyle Group. Chairman and CEO of Repsol 1986-1996.

\* Member Executive Committee  
◆ Appointed 12 May 2004 (previously Advisory Director)  
▲ Executive Team Member designate  
1 Member Nomination Committee  
2 Member External Affairs and Corporate Relations Committee  
3 Chairman External Affairs and Corporate Relations Committee

4 Chairman Nomination Committee  
5 Chairman Remuneration Committee  
6 Senior Independent Director  
7 Member Audit Committee  
8 Chairman Audit Committee  
9 Member Remuneration Committee

## Corporate governance

### Biographical details (continued)

#### **Claudio X Gonzalez**<sup>♦7</sup>

Nationality: Mexican. Aged 70. Appointed 1998. Chairman and CEO of Kimberly-Clark de Mexico S.A. Director of Kimberly-Clark Corporation, Kellogg Company, General Electric Company (USA), Grupo Carso S.A., Grupo Alfa, Grupo Mexico, Grupo Televisa, Fondo Mexico, Home Depot, America Movil and Investment Company of America. Special Advisor to the President of Mexico 1988-1994.

Claudio X Gonzalez will not be offering himself for re-election at the 2005 AGMs.

#### **Hilmar Kopper**<sup>♦8</sup>

Nationality: German. Aged 69. Appointed 1998. Chairman, Supervisory Board of DaimlerChrysler AG. Non-Executive Director of Xerox Corp. Chairman, German Advisory Board of Spencer Stuart. Member, Advisory Board of Sviluppo Italia SpA. Former CEO and former Chairman of the Supervisory Board of Deutsche Bank AG.

#### **The Lord Simon of Highbury CBE**<sup>♦1,9</sup>

Nationality: British. Aged 65. Appointed 2000. Member, Advisory Board of LEK Consulting. Non-Executive Director of Suez Group. Member, Supervisory Board of Volkswagen AG. Senior Advisor and Member, European Advisory Board of Morgan Stanley Dean Witter. UK Government Minister 1997-1999. Group Chief Executive of BP 1992-1995 and Chairman 1995-1997.

#### **Jeroen van der Veer**<sup>♦1,9</sup>

Nationality: Dutch. Aged 57. Appointed 2002. President Royal Dutch Petroleum Company and Chief Executive Royal Dutch/Shell Group. Former Member, Supervisory Board of De Nederlandsche Bank 2000-2004.

### Business Presidents – Foods

#### Regions

**Manfred Stach**, [Europe](#) Aged 62. Joined Unilever 1970. Appointed Business President 1998. Previous position: Business Group President Africa.

**Bernd Ellmann**, [Europe](#), [Ice Cream and Frozen Foods](#) Aged 56. Joined Unilever 1973. Appointed Business President 2004. Previous position: Chairman, European bakery business.

**John Rice**<sup>▲</sup>, [North America](#) Aged 53. Joined Unilever 1981. Appointed Business President 2001. Previous position: Business President Latin America.

**Doug Baillie**, [Africa](#), [Middle East and Turkey](#) Aged 49. Joined Unilever 1978. Appointed Business President 2004. Previous position: National Manager, Unilever South Africa.

**Tex Gunning**, [Asia](#) Aged 54. Joined Unilever 1982. Appointed Business President 2000. Previous position: Business Group President East Asia Pacific.

**Alberto Sobredo**, [Latin America](#) Aged 55. Joined Unilever 1998. Appointed Business President 2002. Previous position: Executive Vice-President, Latin America and Chairman, Unilever Chile.

#### Global Businesses

**Diego Bevilacqua**, [Foodsolutions](#) Aged 51. Joined Unilever 2000 upon Unilever's acquisition of Bestfoods. Appointed Business President 2001. Previous position: Vice-President Bestfoods and President Bestfoods, Asia.

**John Rice**<sup>▲</sup>, [Slim•Fast Worldwide](#) See above.

#### Function

**Anthony Stal**, [Marketing Foods](#) Aged 50. Joined Unilever 1981. Appointed President 2004. Previous position: Chairman, Unilever Bestfoods Nederland.

### Business Presidents – Home and Personal Care

#### Regions

**Ralph Kugler**<sup>▲</sup>, [Europe](#) Aged 49. Joined Unilever 1979. Appointed Business President 1999. Previous position: Business Group President Latin America.

**Harish Manwani**<sup>▲</sup>, [North America](#) Aged 51. Joined Unilever 1976. Appointed Business President 2001. Previous position: Business Group President, Latin America.

**Doug Baillie**, [Africa](#), [Middle East and Turkey](#) See above.

**Vindi Banga**<sup>▲</sup>, [Asia](#) Aged 50. Joined Unilever 1977. Appointed Business President 2004. Previous position: Chairman, Hindustan Lever.

**Anton Lenstra**, [Latin America](#) Aged 56. Joined Unilever 1989. Appointed Business President 2000. Previous position: Business Group President, Africa.

#### Function

**Simon Clift**, [Marketing](#) Aged 46. Joined Unilever 1982. Appointed Business President 2001. Previous position: Chairman Personal Care Category Group, Latin America.

### Corporate Officers

**Jan van der Bijl**, [Joint Secretary and Head of Group Taxation](#) Aged 55. Appointed 1 July 2001. Years of service on 31 December 2004: 17 years.

**Stephen Williams**, [Joint Secretary and General Counsel](#) Aged 57. Appointed 1 December 1986. Years of service on 31 December 2004: 18 years.

**John Bird**, [Controller](#) Aged 51. Appointed 1 November 2003. Years of service on 31 December 2004: 29 years.

**Pascal Visée**, [Group Treasurer](#) Aged 43. Appointed 1 February 2005. Years of service on 31 December 2004: 17 years.

**Howard Green**, [Chief Auditor](#) Aged 54. Appointed 1 September 2004. Years of service on 31 December 2004: 31 years.

Henning Rehder was Group Treasurer throughout 2004 and prior to the appointment of Pascal Visée on 1 February 2005.

## Corporate governance

### Board changes

The current Directors, with their biographies, are shown on pages 68 and 69. All the Executive Directors held office throughout the year, with the exception of Kees van der Graaf, who was elected as a Director at the 2004 Annual General Meetings (AGMs).

The changes to our Board structure described on pages 8 and 53 result in a smaller Board. Antony Burgmans, Patrick Cescau, Kees van der Graaf and Rudy Markham will be offering themselves for re-election at the 2005 AGMs. Clive Butler, Keki Dadiseth and André van Heemstra will retire from the Boards. Their colleagues wish to thank them for their contributions to Unilever over the past 34, 31 and 34 years respectively.

Ralph Kugler is nominated for election as an Executive Director of NV and PLC at the 2005 AGMs. He is currently Business President – Home and Personal Care – Europe and his biography is set out in the Notices of the AGMs.

Antony Burgmans will take up the role of Non-Executive Chairman of NV and PLC and Patrick Cescau will become Group Chief Executive. Rudy Markham will be Chief Financial Officer and Kees van der Graaf and Ralph Kugler will be President Europe and Category President Home and Personal Care respectively.

Leon Brittan, Lynda Chalker, Bertrand Collomb, Wim Dik, Oscar Fanjul, Hilmar Kopper, David Simon and Jeroen van der Veer are nominated for re-election as Non-Executive Directors of NV and PLC at the 2005 AGMs. All were elected as Non-Executive Directors on 12 May 2004, having previously been Advisory Directors, following the approval of the corporate governance changes proposed at the 2004 AGMs. Their biographies are set out on pages 68 and 69.

Claudio Gonzalez, due to the pressure of his other commitments, retires as a Non-Executive Director at the 2005 AGMs and his colleagues thank him for his advice over the past seven years.

We plan to make Bertrand Collomb, currently our Senior Independent Director, Vice-Chairman of NV and PLC. Professor Wim Dik will join the Audit Committee.

During 2004 Niall FitzGerald retired as Chairman of PLC and Vice-Chairman of NV, Charles Strauss retired as a Director and Senator George Mitchell retired as an Advisory Director. Patrick Cescau became Chairman of PLC and Vice-Chairman of NV on 1 October 2004 and Kees van der Graaf succeeded Patrick Cescau as Foods Director.

### Other changes

As already mentioned, the changes to our business organisation in 2005 described on pages 8 and 53 will lead to an Executive team that supports Patrick Cescau as Group Chief Executive. The roles of Kees van der Graaf, Ralph Kugler and Rudy Markham as members of that team will be as stated above. The other members of the Executive team, and their responsibilities, will be Vindi Banga – President Foods, Harish Manwani – President Asia/AMET, John Rice – President The Americas, and Sandy Ogg – Human Resources. Vindi Banga, Harish Manwani and John Rice are currently Business Presidents and their details are given on page 69. Sandy Ogg is aged 51, joined Unilever in 2003 from Motorola and is currently Senior Vice-President Human Resources for the Foods Division.