DIRECTORS’ REMUNERATION POLICY

POLICY REPORT

The following sets out our Directors’ Remuneration Policy (the Remuneration Policy). This Remuneration Policy was approved by shareholders at the 2014 AGMs held on 14 May 2014 and applies to payments made after that date. There have been no changes in the Remuneration Policy since the 2014 AGMs. The supporting information column and the remuneration scenarios herein have been updated to reflect the reward decisions for 2016 to provide contextual information to the reader. These changes are highlighted in bold.

**POLICY TABLE**

<table>
<thead>
<tr>
<th>Purpose and Link to Strategy</th>
<th>Operation</th>
<th>Opportunity</th>
<th>Performance Measures</th>
<th>Supporting Information†</th>
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</thead>
<tbody>
<tr>
<td><strong>Base Salary:</strong> Supports the recruitment and retention of Executive Directors of the calibre required to implement our strategy. Reflects the individual’s skills, experience, performance and role within the Group.</td>
<td>Set by the Boards on the recommendation of the Committee and generally reviewed once a year, with new salaries usually effective from 1 January (although increases may be awarded at any other time if the Committee considers that is appropriate). Salaries are paid in cash. Salaries are set at an appropriate level to attract and retain Executive Directors of the required calibre, taking into account: (i) our policy to generally pay around the median of an appropriate peer group of other global companies of a similar financial size and complexity to Unilever*; (ii) the individual’s skills, experience and performance; and (iii) pay and conditions across the wider organisation.</td>
<td>Increases will normally be in line with the range of increases awarded to other employees within the Group. Increases may be above this level or applied more frequently in certain circumstances, such as: • where there is, in the Committee’s opinion, a significant change in an Executive Director’s scope or role; • where a new Executive Director has been appointed to the Boards on a salary lower than the typical market level for such a role and larger increases are justified as the Executive Director becomes established in the role, subject to performance and market conditions; and • where it is considered necessary to reflect significant changes in market practice. The Committee will consider the factors outlined above and will determine the maximum amount that would be paid in base salary during the policy period. Any significant increase would be subject to prior shareholder consultation with our major shareholders.</td>
<td>n/a</td>
<td>† This column does not form part of the binding policy report. It is intended to provide additional contextual information for the reader. For 2016 base salaries for Executive Directors are as follows: • CEO – £1,010,000 (remains unchanged from 2015). • CFO – £625,000 (Graeme Pitkethly became CFO on 1 October 2015 and will be proposed for election as Executive Director at the 2016 AGMs).</td>
</tr>
<tr>
<td><strong>Fixed Allowance:</strong> Provides a simple competitive alternative to the provision of itemised benefits and pension, not linked to base salary.</td>
<td>The fixed allowance is reviewed periodically by the Committee and changes are usually effective from 1 January. Set at an appropriate level taking into account the median of an appropriate peer group in line with the approach to base salary and individual circumstances (such as whether they have been required to relocate to undertake their role). Normally, paid monthly in cash.</td>
<td>The Boards retain discretion to amend or increase the fixed allowances as is considered appropriate, taking into account relevant market data and individual circumstances. Any significant increase would be subject to prior shareholder consultation with our major shareholders.</td>
<td>n/a</td>
<td>For 2016, fixed allowances for Executive Directors are: • CEO – £250,000 • CFO – £200,000 (Graeme Pitkethly became CFO on 1 October 2015 and will be proposed for election as Executive Director at the 2016 AGMs).</td>
</tr>
</tbody>
</table>

* The current peer group includes: AstraZeneca, BASF, Bayer, BHP Billiton, BMW (XET), BP, British American Tobacco, BT, Carrefour, Centrica, Daimler (XET), Danone, Diageo, GlaxoSmithKline, Henkel (XET), Imperial Tobacco, L’Oreal, Metro, National Grid, Nestlé, Novartis, Reckitt Benckiser Group, Roche, Royal Dutch Shell, SABMiller, Sanofi, Siemens, Tesco, Total, Volkswagen. The peer group used for benchmarking purposes is reviewed regularly and companies are added and/or removed at the Committee’s discretion to ensure that it remains appropriate.
OTHER BENEFITS: Provides certain benefits on a cost-effective basis to aid attraction and retention of Executive Directors.

PROVISION OF DEATH, DISABILITY AND MEDICAL INSURANCE COVER AND ACTUAL TAX RETURN PREPARATION COSTS. OTHER BENEFITS MAY BE PROVIDED IN THE FUTURE WHERE IT IS COST-EFFECTIVE FOR UNILEVER TO DO THIS AND IT IS CONSIDERED APPROPRIATE BY THE COMMITTEE AND WHERE IT IS NOT COVERED BY THE FIXED ALLOWANCE.

IN THE EVENT THAT UNILEVER WERE TO REQUIRE AN EXISTING OR NEW EXECUTIVE DIRECTOR TO RELOCATE, UNILEVER MAY PAY APPROPRIATE RELOCATION ALLOWANCES FOR A SPECIFIED TIME PERIOD OF NO MORE THAN THREE YEARS. THIS MAY COVER COSTS SUCH AS (BUT NOT LIMITED TO) RELOCATION, COST OF LIVING, HOUSING BENEFIT, HOME LEAVE, TAX AND SOCIAL SECURITY EQUALISATION AND EDUCATION ASSISTANCE.

IN LINE WITH THE COMMITMENTS MADE TO THE CURRENT CEO UPON RECRUITMENT, UNILEVER PAYS THE SOCIAL SECURITY OBLIGATION IN THE CEO’S COUNTRY OF RESIDENCE TO PROTECT HIM AGAINST THE DIFFERENCE BETWEEN THE EMPLOYEE SOCIAL SECURITY OBLIGATIONS IN HIS COUNTRY OF RESIDENCE VERSUS THE UK. HE ALSO RECEIVES A CONDITIONAL SUPPLEMENTAL PENSION ACCRUAL TO COMPENSATE HIM FOR THE ARRANGEMENT FORFEITED ON LEAVING HIS PREVIOUS EMPLOYER. THIS SUPPLEMENTAL PENSION ACCRUAL IS CONDITIONAL ON THE CEO REMAINING IN EMPLOYMENT WITH UNILEVER TO AGE 60 AND SUBSEQUENTLY RETIRING FROM ACTIVE SERVICE OR HIS DEATH OR TOTAL DISABILITY PRIOR TO RETIREMENT.

EXECUTIVE DIRECTORS ARE ENTITLED TO PARTICIPATE ON THE SAME TERMS AS ALL UK EMPLOYEES IN THE UNILEVER PLC 2005 SHARESAVE PLAN AND THE SHAREBUY SCHEME KNOWN AS THE UNILEVER PLC SHARE INCENTIVE PLAN.

FOR 2015, THE ACCRUAL FOR THE CEO’S CONDITIONAL SUPPLEMENTAL PENSION IS CAPPED AT £117,123.

FOR DETAILS OF BENEFITS PROVIDED DURING 2015, SEE PAGE 72.

NO FURTHER AWARDS WILL BE GRANTED UNDER THE UNILEVER PLC 2005 SHARESAVE PLAN.
ANNUAL BONUS: Incentivises year-on-year delivery of stretching short-term financial, strategic and operational objectives and personal performance objectives selected to support our annual business strategy and the ongoing enhancement of shareholder value.

The ability to recognise performance through annual bonus enables us to control our cost base flexibly and react to events and market circumstances.

Unilever performance measures and personal goals for the Executive Directors are set by the Committee on an annual basis to ensure that they are appropriately stretching for the delivery of threshold, target and maximum performance. The Committee has discretion to adjust the overall bonus award but may not exceed the maximum potential.

Unless otherwise determined by the Committee, Executive Directors are required to invest at least 25% and can invest up to a maximum of 60% of their gross annual bonus earned in Unilever shares under the MCIP (see page 4 of the Remuneration Policy). Claw-back provisions apply.¹

Target bonus opportunities (as percentage of base salary) are:
- CEO – 120%
- other Executive Directors – 100%

Maximum bonus opportunities (as percentage of base salary) are:
- CEO – 200%
- other Executive Directors – 150%

Bonuses start to be earned from 0% of salary for achieving threshold performance.

Performance targets for the initial assessment of performance are normally financial in nature, however, the Committee may introduce non-financial measures in the future subject to a minimum of 50% of targets being financial in nature. When determining payouts the Committee may also consider performance against personal performance goals and the quality of results delivered in terms of both business results and leadership.

Performance is normally measured over a one-year period in line with the financial year end.

¹ This column does not form part of the binding policy report. It is intended to provide additional contextual information for the reader.

For 2016 bonuses, financial performance will be assessed against the following measures:
- underlying sales growth (\(\frac{1}{3}\));
- free cash flow (\(\frac{1}{3}\)); and
- core operating margin improvement (\(\frac{1}{3}\)).

In addition, when determining annual bonus awards, the Committee will also consider personal performance and the quality of results in terms of both business results and leadership, including corporate social responsibility and progress against the delivery of USLP goals.

The Committee has set the targets for the 2016 bonuses, but has chosen not to disclose the details in this Report as it is the opinion of the Committee that it may be seriously prejudicial to the interests of Unilever to do so. However, the specific targets and the extent to which the targets have been met, will be disclosed in next year’s Directors’ Remuneration Report.
PURPOSE AND LINK TO STRATEGY

MANAGEMENT CO-INVESTMENT PLAN (MCIP)
The MCIP encourages senior management to focus firmly on the sustained delivery of high performance results over the longer term by requiring them to invest a portion of their after-tax annual bonus in Unilever’s shares.

The key terms of the MCIP were approved by the shareholders at the 2010 AGMs.

OPERATION

Executive Directors are required to buy Unilever’s shares out of their after-tax annual bonus. They must invest at least 25% and may invest up to 60% of the value of their gross annual bonus earned in Unilever’s shares. Investment shares are held in the individual’s name.

Executive Directors are able to choose whether they invest in PLC or NV shares or a 50/50 mix. Executive Directors receive a corresponding number of performance-related shares (matching shares). Matching shares will be awarded in the same form as the investment shares (ie in PLC or NV shares or a 50/50 mix). Matching shares will normally vest after the end of the three-year performance period subject to:

- Unilever’s performance against long-term MCIP targets over the performance period and the quality of results delivered;
- continued employment;
- maintenance of the underlying investment shares.

Claw-back provisions apply. Dividend equivalents are reinvested under the plan. Ultimate Remedy provisions apply.

The Committee shall operate the MCIP in accordance with the plan rules. The Committee may adjust and/or amend awards to take account of variations in the share capital, a change in the certification of Unilever N.V. shares, demerger, a special dividend, rights issues or other corporate events affecting the value of an award in accordance with the MCIP rules. Prior shareholder approval will be required for amendments that are materially to the advantage of participants under the MCIP in respect of provisions relating to eligibility, limits, form of award or the adjustments of awards.

OPPORTUNITY

Vesting of the matching shares ranges between 0% and 150% of the grant level, dependent on actual performance against long-term MCIP targets.

As such, the maximum award of matching shares for the CEO and CFO (as a percentage of base salary at grant), assuming a maximum bonus, maximum deferral under the MCIP and maximum performance under the MCIP, would be 180% of base salary and 135% of base salary respectively.

31% of the grant level would pay out at threshold performance. However, this may be amended at the discretion of the Committee if the number of companies in the TSR comparator group changes.

PERFORMANCE MEASURES

The Committee sets three-year performance targets for each MCIP matching share award.

Performance measures are linked to Unilever’s clearly stated growth ambition and our long-term business strategy and vest subject to sales, margin, cash generation and relative shareholder return measures.

Performance measures are equally weighted. The Committee has discretion to determine that other performance measures may be used for future awards and that a different weighting of measures may apply. Any such change which is material would be subject to prior shareholder consultation with our major shareholders. The Committee believes that the proportion of remuneration linked to each performance measure is not excessive.

SUPPORTING INFORMATION†

† This column does not form part of the binding policy report. It is intended to provide additional contextual information for the reader.

Performance measures for 2016 awards which are assessed over the three-year period 2016 - 2018 are described under the GSIP on pages 70 to 71.

The Committee considers that using the same performance measures across both the MCIP and GSIP is appropriate, as the performance measures used reflect our key strategic goals and maintain the alignment of our incentive plans to delivering our clearly stated growth ambition. Given that we use four different performance measures, the Committee believes that the proportion of remuneration linked to each performance measure is not excessive.
**UNILEVER**

**PERFORMANCE**

The Committee has discretion to reclaim or claw-back some or all of the value of awards of performance-related payments to Executive Directors under the GSIP and MCIP are subject to ultimate remedy. Upon vesting of an award, the Committee shall have the discretion to determine that other performance measures may be used for future awards and that a different weighting of measures may apply. Any such change which is material, would be subject to prior shareholder consultation with our major shareholders. The specific performance measures will be disclosed in the Directors’ Remuneration Report following the end of the respective performance period.

**Claw-back**
The Committee has discretion to reclaim or claw-back some or all of the value of awards of performance-related payments to Executive Directors in the event of a significant downward restatement of the financial results of Unilever. This includes the annual bonus together with any awards that have been made and/or vested shares under the Share Match Plan, the GSIP and the MCIP. This claw-back may be effected up to two years from vesting by reducing outstanding awards or requiring the return of the net value of vested awards to Unilever.

**Form of Awards**
Awards may take the form of conditional awards, nil-cost options and forfeitable shares under the GSIP and the MCIP. Awards may be settled in cash.

**Dividends**
Notional dividends accrue on awards under the GSIP and MCIP matching shares between grant and vesting of awards, delivered as shares or cash at the discretion of the Committee, but will only be paid out to the extent that the underlying shares vest. The Committee shall have discretion to determine how notional dividend awards shall be calculated, which may include the deemed reinvestment of these dividends in Unilever’s shares on a cumulative basis.

**Ultimate Remedy/Malus**
Grants under the GSIP and MCIP are subject to ultimate remedy. Upon vesting of an award, the Committee may apply malus to reduce an award or determine that it will not vest or only vest in part in the event of a significant downward restatement of the financial results of Unilever, gross misconduct or gross negligence, material breach of Unilever’s Code of Business Principles or any of the Unilever Code Policies or conduct by the individual which results in significant losses or serious reputation damage to Unilever. The annual bonus will also be subject to malus on the same grounds as apply for GSIP and MCIP awards.

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1. *Claw-back*: The Committee has discretion to reclaim or claw-back some or all of the value of awards of performance-related payments to Executive Directors in the event of a significant downward restatement of the financial results of Unilever. This includes the annual bonus together with any awards that have been made and/or vested shares under the Share Match Plan, the GSIP and the MCIP. This claw-back may be effected up to two years from vesting by reducing outstanding awards or requiring the return of the net value of vested awards to Unilever.

2. *Form of Awards*: Awards may take the form of conditional awards, nil-cost options and forfeitable shares under the GSIP and the MCIP. Awards may be settled in cash.

3. *Dividends*: Notional dividends accrue on awards under the GSIP and MCIP matching shares between grant and vesting of awards, delivered as shares or cash at the discretion of the Committee, but will only be paid out to the extent that the underlying shares vest. The Committee shall have discretion to determine how notional dividend awards shall be calculated, which may include the deemed reinvestment of these dividends in Unilever’s shares on a cumulative basis.

4. *Ultimate Remedy/Malus*: Grants under the GSIP and MCIP are subject to ultimate remedy. Upon vesting of an award, the Committee may apply malus to reduce an award or determine that it will not vest or only vest in part in the event of a significant downward restatement of the financial results of Unilever, gross misconduct or gross negligence, material breach of Unilever’s Code of Business Principles or any of the Unilever Code Policies or conduct by the individual which results in significant losses or serious reputation damage to Unilever. The annual bonus will also be subject to malus on the same grounds as apply for GSIP and MCIP awards.
It is Unilever’s policy that the total remuneration package for Executive Directors should be competitive with other global companies and that a significant proportion should be performance-related.

The Committee typically reviews, on at least an annual basis, the impact of different performance scenarios on the potential reward opportunity and payouts to be received by Executive Directors and the alignment of these with the returns that might be received by shareholders. The Committee believes that the level of remuneration that can be delivered in the various scenarios is appropriate for the level of performance delivered and the value that would be delivered to shareholders.

The charts below show hypothetical values of the remuneration package for Executive Directors under three assumed performance scenarios:

<table>
<thead>
<tr>
<th>Fixed pay</th>
<th>Annual reward</th>
<th>Long-term reward</th>
</tr>
</thead>
<tbody>
<tr>
<td>£1.00m</td>
<td>£2.00m</td>
<td>£3.00m</td>
</tr>
<tr>
<td>£1.00m</td>
<td>£2.00m</td>
<td>£3.00m</td>
</tr>
<tr>
<td>£1.00m</td>
<td>£2.00m</td>
<td>£3.00m</td>
</tr>
</tbody>
</table>

**UNITS:**
- Threshold: 100%
- Target: 30% 49% 61%
- Maximum: 100% 21% 49%

For the CFO provided contextual information to the reader only.

**DETAILS OF FIXED ELEMENT OF REMUNERATION FOR CEO AND CFO AND ASSUMPTIONS FOR SCENARIO CHARTS**

**FIXED REMUNERATION**
- Consists of base salary, fixed allowance and other benefits (plus the conditional supplemental pension for the CEO).
- **Base salary for CEO** effective from 1 January 2014.
- **Base salary for CFO** effective from 1 October 2015.
- **Fixed allowance based on policy for 2014.**
- **Other benefits based on the cost as reported in the single figure for 2013. CEO conditional supplemental pension based on maximum accrual for 2014 (£117,123).**

**VARIABLE REMUNERATION**

**BELOW THRESHOLD**
- No bonus payout and no vesting under the MCIP or GSIP.

**ON TARGET**
- Target payout of the annual bonus (120% of base salary for the CEO and 100% of base salary for the CFO).
- Target vesting under the MCIP (72% of base salary for the CEO and 60% of base salary for the CFO assuming target performance under the bonus) and GSIP (200% of base salary for the CEO and 175% of base salary for the CFO).

**MAXIMUM**
- Maximum payout of the annual bonus (200% of base salary for the CEO and 150% of base salary for the CFO).
- Maximum vesting under the MCIP (150% of target award assuming maximum performance under the annual bonus) and GSIP (200% of target award).

**NOTES TO VARIABLE REMUNERATION**
- In all scenarios it is assumed that the Executive Directors invest the maximum possible under the MCIP.
- The actual amount delivered to Executive Directors under the above scenarios will depend on share price performance over the three-year vesting period for the MCIP and the GSIP. For the purposes of these illustrations, no share price growth is assumed.
- Participation in all-employee plans has not been included.
REMUNERATION POLICY – SUPPLEMENTARY INFORMATION

CLAW-BACK, DISCRETION AND FLEXIBILITY

On 1 January 2014 claw-back and ultimate remedy were enacted in Dutch law. Variable remuneration may be reclaimed if it has been paid on the basis of incorrect information regarding the achievements or the circumstances on which the remuneration depends. The Boards, acting on the proposal of the Committee, are authorised to adjust the value of variable remuneration (upwards and downwards) if payment of such remuneration would be unacceptable in accordance with the principles of reasonableness and fairness.

For awards under the MCIP, the Committee may change the terms of a performance measure or target in accordance with its terms or if anything happens which causes the Committee reasonably to consider it appropriate to do so. For awards under the GSIP, the Committee, with the consent of the Boards, may change the terms of a performance measure or target during the performance period to take into account any structural changes relating to the shares or the Group [leg rights issues] in accordance with established market practice.

The Committee reserves the right to make any remuneration payments and payments for loss of office (including exercising any relevant discretions) notwithstanding that they are not in line with the Remuneration Policy where the terms of the payment were agreed (i) before the Remuneration Policy came into effect or (ii) at a time when the relevant individual was not a Director of Unilever N.V. or PLC and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of Unilever N.V. or PLC. For these purposes, ‘payments’ includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are ‘agreed’ at the time the award is granted.

LEGACY PLAN – SHARE MATCHING PLAN

Prior to their participation in the MCIP, Executive Directors were required to invest 25% of their bonus into shares and hold them for a minimum period of three years under the Share Matching Plan. The Executive Directors would then receive a corresponding matching award in the form of NV and PLC shares. The matching shares would normally vest after three years, provided the underlying shares have been retained during this period and the Executive Director has not resigned or been dismissed. The last award under the Share Matching Plan was made in 2011, relating to the annual bonus earned for 2010, and vested in March 2014. This Plan was terminated in 2014.

PERFORMANCE MEASURES AND THE LINK TO STRATEGY

Performance measures are selected to align with Unilever’s clearly stated growth ambition and our long-term business strategy. Unilever’s primary business objective is to generate a sustainable improvement in business performance through increasing the underlying value and volume of sales while steadily improving core operating margins and cash flow.

The measures chosen for the annual and long-term incentives support the delivery of this objective. Performance measures focus management on the delivery of a combination of top-line revenue growth and bottom-line profit growth that Unilever believes will build shareholder value over the longer term. Total shareholder return measures Unilever’s success relative to peers. The following sets out the performance measures for short- and long-term executive incentive plans to be awarded in 2014 as well as the business performance and the behaviours that they drive.

<table>
<thead>
<tr>
<th>INCENTIVE PLAN</th>
<th>PERFORMANCE MEASURE</th>
<th>LINK TO STRATEGY</th>
</tr>
</thead>
<tbody>
<tr>
<td>SHORT TERM: ANNUAL BONUS</td>
<td>Underlying sales growth</td>
<td>Supports the achievement of Unilever’s growth ambition</td>
</tr>
<tr>
<td></td>
<td>Free cash flow</td>
<td>Supports the achievement of Unilever’s cash generation ambition and focus on cost reduction</td>
</tr>
<tr>
<td></td>
<td>Core operating margin improvement</td>
<td>Supports the achievement of profitable growth</td>
</tr>
<tr>
<td>LONG TERM: MCIP AND GSIP</td>
<td>Underlying sales growth</td>
<td>Supports the achievement of Unilever’s ambition to deliver sustainable growth over the longer term</td>
</tr>
<tr>
<td></td>
<td>Core operating margin improvement</td>
<td>Supports the achievement of Unilever’s ambition to deliver sustainable profitable growth over the longer term</td>
</tr>
<tr>
<td></td>
<td>Cumulative operating cash flow</td>
<td>Supports the achievement of Unilever’s ambition to deliver shareholder value</td>
</tr>
<tr>
<td></td>
<td>Relative total shareholder return</td>
<td>Supports the achievement of Unilever’s ambition to deliver greater long-term shareholder value than our competitors</td>
</tr>
</tbody>
</table>
APPROACH TO TARGET SETTING
The Committee sets performance targets for incentive plans, taking into account internal budgets, business priorities and external forecasts so that the targets are sufficiently stretching. Good performance results in target payout while maximum payout is only achieved for delivering exceptional performance.

The Committee retains the discretion to amend the performance targets in exceptional circumstances. If discretion is exercised in this way, the Committee will consult with major shareholders as appropriate.

INCENTIVE AWARDS GRANTED TO EXECUTIVE DIRECTORS THAT ARE NOT SUBJECT TO PERFORMANCE MEASURES
No incentive awards were made without performance measures in 2015.

SUMMARY OF ANY CHANGES TO THE REMUNERATION POLICY
There have been no changes to the Remuneration Policy during 2015.

DIFFERENCES IN PAY POLICY FOR DIRECTORS AND OTHER EMPLOYEES GENERALLY
Remuneration arrangements are determined throughout the Group based on the same principle – that reward should support our business strategy and should be sufficient to attract and retain high-performing individuals without paying more than is necessary. Unilever is a global organisation with employees at a number of different levels of seniority and in a number of different countries and, while this principle underpins all reward arrangements, the way it is implemented varies by geography and level.

In principle, all our managers participate in the same Unilever annual bonus scheme with the same performance measures based on Unilever’s overall performance. All middle and senior management are invited to participate in the MCIP and receive awards under the GSIP. All other employees will have the opportunity to participate in the global employee share plan following its implementation.

CONSIDERATION OF CONDITIONS ELSEWHERE IN THE GROUP
When determining the pay of Executive Directors, the Committee considers the pay arrangements for other employees in the Group, including considering the average global pay review budget for the management population, to ensure that remuneration arrangements for Executive Directors remain reasonable.

Unilever employs approximately 169,000 people in 110 countries and, given this geographic spread and other factors, the Committee did not consider that it was appropriate to consult employees on the Remuneration Policy for Executive Directors during the year. However, Unilever takes the views of its employees seriously and on an ongoing basis we operate the ‘Rate-My-Reward’ survey to gauge the views of employees on the different parts of their reward package.

CONSIDERATION OF SHAREHOLDER VIEWS
The Committee takes the views of shareholders very seriously. These views have been influential in shaping our policy and practice over the last few years. We maintain an open and regular dialogue with our shareholders on remuneration matters, including consulting with our largest shareholders in the UK and the Netherlands, when we are considering making material changes to our Remuneration Policy.

REMUNERATION POLICY FOR NEW HIRES
In the event of hiring a new Executive Director, the Committee will align the remuneration package with the above Policy. In addition, the Committee retains the discretion to make awards to the new Executive Director to buy out on a like-for-like basis remuneration terms forfeited on leaving a previous employer [buy out awards]. We will inform shareholders of any such buy out awards when announcing the appointment.

For an internal appointment, any variable remuneration element awarded in respect of a prior role may be paid out according to its original terms. In addition, any other ongoing remuneration obligations existing prior to appointment to the Boards may continue to be honoured.

MINIMUM SHAREHOLDING REQUIREMENT
The remuneration arrangements applicable to our Executive Directors require them to build and retain a personal shareholding in Unilever (by the later of 2015 or five years from the date of appointment) to align their interests with those of Unilever’s long-term shareholders.
## SERVICE CONTRACTS

### POLICY IN RELATION TO EXECUTIVE SERVICE CONTRACTS AND PAYMENTS IN THE EVENT OF LOSS OF OFFICE

<table>
<thead>
<tr>
<th>PROVISION</th>
<th>CURRENT SERVICE CONTRACTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOTICE PERIOD</td>
<td>• 12 months’ notice from Unilever;</td>
</tr>
<tr>
<td></td>
<td>• 6 months’ notice from the Executive Director.</td>
</tr>
<tr>
<td></td>
<td>This is in line with both the practice of many comparable companies and the entitlement of other senior executives in Unilever.</td>
</tr>
<tr>
<td></td>
<td>The intention is that the notice period for any new Executive Directors would reflect the above policy.</td>
</tr>
</tbody>
</table>

| EXPIRY DATE         | • Starting dates of the service contracts:                                                 |
|                     | CEO: 1 October 2008 (signed on 7 October 2008);                                            |
|                     | CFO: 1 February 2010 (signed on 19 March 2010).                                             |
|                     | Jean-Marc Huët resigned as CFO on 18 May 2015, with effect from 1 October 2015. The new CFO, Graeme Pitkethly, started his service contract on 1 October 2015 (signed on 16 December 2015). He will be proposed for election as Executive Director at the 2016 AGMs. |
|                     | • Both service contracts shall end upon termination.                                       |
|                     | • The service agreements are available to shareholders to view at the AGMs or on request from the Company Secretary. |

| TERMINATION PAYMENTS| • A payment in lieu of notice can be made of no more than one year’s base salary, fixed allowance and other benefits unless the Boards, at the proposal of the Committee, find this manifestly unreasonable given the circumstances or unless dictated by applicable law. |
|                     | • If applicable, the Executive Director shall be credited with 12 months’ service for the purposes of any pension schemes based on length of service. |

| OTHER ELEMENTS      | • Executive Directors may, at the discretion of the Boards, remain eligible to receive an annual bonus for the financial year in which they cease employment. Such annual bonus will be determined by the Committee taking into account time in employment and performance. |
|                     | • Treatment of share awards as set out below.                                              |
|                     | • All-employee share arrangements will be treated in accordance with HMRC-approved terms.  |
|                     | • Other payments, such as legal or other professional fees, repatriation or relocation costs and/or outplacement fees, may be paid if it is considered appropriate. |
**LEAVER PROVISIONS IN PLAN RULES**

<table>
<thead>
<tr>
<th>GOOD LEAVERS' AS DETERMINED BY THE COMMITTEE IN ACCORDANCE WITH THE PLAN RULES*</th>
<th>LEAVERS IN OTHER CIRCUMSTANCES*</th>
<th>CHANGE OF CONTROL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment shares are transferred in full upon termination (and are transferred to the personal representative of the Executive Director in the event of his or her death).</td>
<td>Investment shares are transferred in full upon termination.</td>
<td>Investment shares are transferred in full at the time of the change of control.</td>
</tr>
<tr>
<td><strong>INVESTMENT SHARES (MCIP)</strong></td>
<td><strong>MATCHING SHARES (MCIP) AND PERFORMANCE SHARES (GSIP)</strong></td>
<td><strong>INVESTMENT SHARES (MCIP)</strong></td>
</tr>
<tr>
<td>Awards will normally vest following the end of the original performance period, taking into account performance and pro-rated for time in employment (unless the Boards on the proposal of the Committee determine otherwise).</td>
<td>Awards will normally vest upon termination.</td>
<td>In accordance with Dutch law, matching shares and performance shares are shares that are obtained as part of the Executive Director’s remuneration. Therefore their value is frozen in a period for four weeks before an announcement of a public offer and four weeks after the conclusion of a public offer. Any increase in value in this period has to be reclaimed by Unilever from the Executive Director at retirement or sale of these shares, if at that time the value of the shares is higher than the value four weeks before the announcement of the public offer.</td>
</tr>
<tr>
<td>Alternatively, the Boards may determine that awards shall vest upon termination based on performance at that time and pro-rated for time in employment (unless the Boards on the proposal of the Committee determine otherwise).</td>
<td>Awards will normally lapse upon termination.</td>
<td>Awards will vest based on performance at the time of the change of control and the Boards, at the proposal of the Committee, have the discretion to pro-rate for time.</td>
</tr>
<tr>
<td>• Alternatively, participants may be required to exchange the investment shares for equivalent shares in the acquiring company in the event of a reorganisation of the Group.</td>
<td>• In accordance with Dutch law, matching shares and performance shares are shares that are obtained as part of the Executive Director’s remuneration. Therefore their value is frozen in a period for four weeks before an announcement of a public offer and four weeks after the conclusion of a public offer. Any increase in value in this period has to be reclaimed by Unilever from the Executive Director at retirement or sale of these shares, if at that time the value of the shares is higher than the value four weeks before the announcement of the public offer.</td>
<td></td>
</tr>
</tbody>
</table>

* An Executive Director will usually be treated as a good leaver if he or she leaves due to death, ill-health, injury or disability, retirement with Unilever’s agreement or redundancy. The Boards may decide to treat an Executive Director who leaves in other circumstances as a good leaver. An Executive Director will not be treated as a good leaver if he chooses to leave for another job elsewhere, if he is summarily dismissed or leaves because of concerns about performance. In deciding whether or not to treat an Executive Director as a good leaver, the Boards will have regard to his or her performance in the role.

If Unilever is affected by a demerger, special distribution or other transaction which may affect the value of awards, the Committee may allow matching shares under the MCIP and performance shares under the GSIP to vest early over such number of shares as it shall determine (to the extent any performance conditions have been met) and may be pro-rated to reflect the acceleration of vesting at the Committee’s discretion.
NON-EXECUTIVE DIRECTORS

KEY ASPECTS OF UNILEVER’S 2016 FEE POLICY FOR NON-EXECUTIVE DIRECTORS

APPROACH TO SETTING FEES
Non-Executive Directors receive annual fees from Unilever N.V. and PLC. The Boards determine non-executive fee levels within total annual limits as approved by shareholders (currently PLC £2,000,000, also specified in PLC’s Articles of Association, and NV €3,000,000).

Unilever’s policy is to set fees at a level which is sufficient to attract, motivate and retain high-class talent of the calibre required to direct the strategy of the business. They are set taking into account:

- Unilever’s Group-wide reward philosophy;
- the commitment and contribution expected by the Group; and
- fee levels paid in other global non-financial services companies based in Europe.

Fees are paid in cash.

OPERATION
Unilever applies a modular fee structure for Non-Executive Directors to ensure we fairly reflect the roles and responsibilities for Committee membership and Chairmanship. Our basic philosophy is to pay the Chairman an all-inclusive fee. Other Board members receive a basic fee and additional fees for being Vice-Chair, chairing or membership of various committees. The fees are split 50/50 between PLC (in sterling) and NV (in euros).

Fees are normally reviewed annually but may be reviewed less frequently.

FEE STRUCTURE
The table below outlines the current 2016 fee structure:

<table>
<thead>
<tr>
<th>Role</th>
<th>NV</th>
<th>PLC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Non-Executive Director fee</td>
<td>€48,065</td>
<td>£37,500</td>
</tr>
<tr>
<td>Current Chairman (all inclusive figure)</td>
<td>€352,474</td>
<td>£275,000</td>
</tr>
<tr>
<td>Vice-Chairman</td>
<td>€19,226</td>
<td>£15,000</td>
</tr>
<tr>
<td>Membership of the Nominating and Corporate Governance, Compensation or Corporate Responsibility Committee</td>
<td>€6,409</td>
<td>£5,000</td>
</tr>
<tr>
<td>Membership of the Audit Committee</td>
<td>€9,613</td>
<td>£7,500</td>
</tr>
<tr>
<td>Chair of the Nominating and Corporate Governance, Compensation or Corporate Responsibility Committee</td>
<td>€12,817</td>
<td>£10,000</td>
</tr>
<tr>
<td>Chair of the Audit Committee</td>
<td>€19,226</td>
<td>£15,000</td>
</tr>
</tbody>
</table>

The Boards may increase these fee levels where it is considered appropriate, taking into account the principles above.

The fees that were payable in 2015 can be found in the Directors’ Remuneration Report 2015 on page 79.

OTHER ITEMS
Non-Executive Directors are encouraged to build up a personal shareholding of at least 100% of their total annual fees over the five years from 1 January 2012 (or appointment if later).

Non-Executive Directors are not entitled to participate in any of the Group’s incentive plans.

All reasonable travel and other expenses incurred by Non-Executive Directors in the course of performing their duties are considered to be business expenses. Non-Executive Directors also receive expenses relating to the attendance of the Director’s spouse or partner, when they are invited by Unilever. Other benefits or additional payments may be provided in the future if, in the view of the Boards, this was considered appropriate. Such benefits and/or payments would be within the total annual limits as approved by shareholders as described above.
REMUNERATION POLICY FOR NEW NON-EXECUTIVE DIRECTOR HIRES
In the event of hiring a new Non-Executive Director, the Committee will align the remuneration package with the Remuneration Policy detailed in this Report.

NON-EXECUTIVE DIRECTORS’ LETTERS OF APPOINTMENT
The terms of engagement of Non-Executive Directors are set out in letters of appointment which each Non-Executive Director signed with effect from the 2015 AGMs. Non-Executive Directors are currently appointed for a one-year term, subject to satisfactory performance, re-nomination at the discretion of the Boards on the recommendation of the Nominating and Corporate Governance Committee and re-election at forthcoming annual shareholder meetings. It is Unilever’s expectation that Non-Executive Directors serve for a minimum of three years. The letters of appointment allow for Unilever to terminate a Non-Executive Director’s appointment in cases of gross misconduct, bankruptcy or where the Non-Executive Director is prevented from occupying such a position by law. The letters do not contain provision for notice periods or compensation if their appointments are terminated by Unilever. Non-Executive Directors may terminate their engagement upon three months’ notice. Except in exceptional circumstances, the Boards will not propose Non-Executive Directors for re-nomination when nine years have elapsed since the date of their appointment. Letters of appointment are available for inspection on request from the Company Secretary.

In considering appointments to the Boards, the Directors and Unilever give due consideration to the time commitment required to fulfil the role appropriately.

All Non-Executive Directors were re-elected to the Boards at the 2015 AGMs, with the exception of Nils Andersen and Judith Hartmann who were elected for the first time. Vittorio Colao was also elected for the first time at the 2015 AGMs, with effect from 1 July 2015. Byron Grote, Sir Malcolm Rifkind, Kees Storm and Paul Walsh chose not to put themselves forward for re-election.

<table>
<thead>
<tr>
<th>Non-Executive Director</th>
<th>Date first appointed to the Board</th>
<th>Effective date of current letter of appointment*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Michael Treschow</td>
<td>16 May 2007</td>
<td>30 April 2015</td>
</tr>
<tr>
<td>Nils Andersen</td>
<td>30 April 2015</td>
<td>30 April 2015</td>
</tr>
<tr>
<td>Laura Cha</td>
<td>15 May 2013</td>
<td>30 April 2015</td>
</tr>
<tr>
<td>Vittorio Colao</td>
<td>1 July 2015</td>
<td>30 April 2015</td>
</tr>
<tr>
<td>Louise Fresco</td>
<td>14 May 2009</td>
<td>30 April 2015</td>
</tr>
<tr>
<td>Ann Fudge</td>
<td>14 May 2009</td>
<td>30 April 2015</td>
</tr>
<tr>
<td>Byron Grote</td>
<td>09 May 2006</td>
<td>n/a</td>
</tr>
<tr>
<td>Judith Hartmann</td>
<td>30 April 2015</td>
<td>30 April 2015</td>
</tr>
<tr>
<td>Mary Ma</td>
<td>15 May 2013</td>
<td>30 April 2015</td>
</tr>
<tr>
<td>Hixonia Nyasulu</td>
<td>16 May 2007</td>
<td>30 April 2015</td>
</tr>
<tr>
<td>Sir Malcolm Rifkind</td>
<td>12 May 2010</td>
<td>n/a</td>
</tr>
<tr>
<td>John Rishton</td>
<td>15 May 2013</td>
<td>30 April 2015</td>
</tr>
<tr>
<td>Feike Sijbesma</td>
<td>01 November 2014</td>
<td>30 April 2015</td>
</tr>
<tr>
<td>Kees Storm</td>
<td>09 May 2006</td>
<td>n/a</td>
</tr>
<tr>
<td>Paul Walsh</td>
<td>14 May 2009</td>
<td>n/a</td>
</tr>
</tbody>
</table>

* The unexpired term for all Non-Executive Directors’ letters of appointment is the period up to the 2016 AGMs, as they all, unless they are retiring, submit themselves for annual re-election.

CLARIFICATION STATEMENT
After publication of our Directors’ Remuneration Report 2013, the Committee issued a clarification statement on our website at the request of The Investment Association (previously: IMA and ABI). The text of this statement is set out below:

FURTHER INFORMATION FOR SHAREHOLDERS REGARDING UNILEVER’S REMUNERATION POLICY
The Directors’ Remuneration Report in our 2013 Annual Report and Accounts sets out the Group’s Remuneration Policy in relation to our Global Share Incentive Plan (GSIP) for Executive Directors (page 66). In response to a question from the ABI, the Compensation and Management Resources Committee has confirmed that:

For existing Executive Directors:
The Committee will not make share awards higher than the maximum awards stated in the Remuneration Policy without prior shareholder approval.

For newly hired Executive Directors:
On an ongoing basis the Committee will not make share awards higher than the maximum awards stated in the Remuneration Policy without prior shareholder approval. In addition, in accordance with the Group’s Remuneration Policy in relation to New Hires (page 69) the Committee may make awards to a newly hired Executive Director to buy out on a like-for-like basis remuneration terms forfeited on leaving the previous employer. Technically any such awards would be made under the GSIP plan rules. Consequently, under such exceptional circumstances, the aggregated GSIP share awards for the newly hired Executive Director may be higher than the maximum annual award set out in the Remuneration Policy. As stated in the Group’s Remuneration Policy in relation to New Hires, we will inform shareholders of any such buy out awards when announcing the appointment.

PAUL WALSH
Chairman – Compensation and Management Resources Committee
1 May 2014