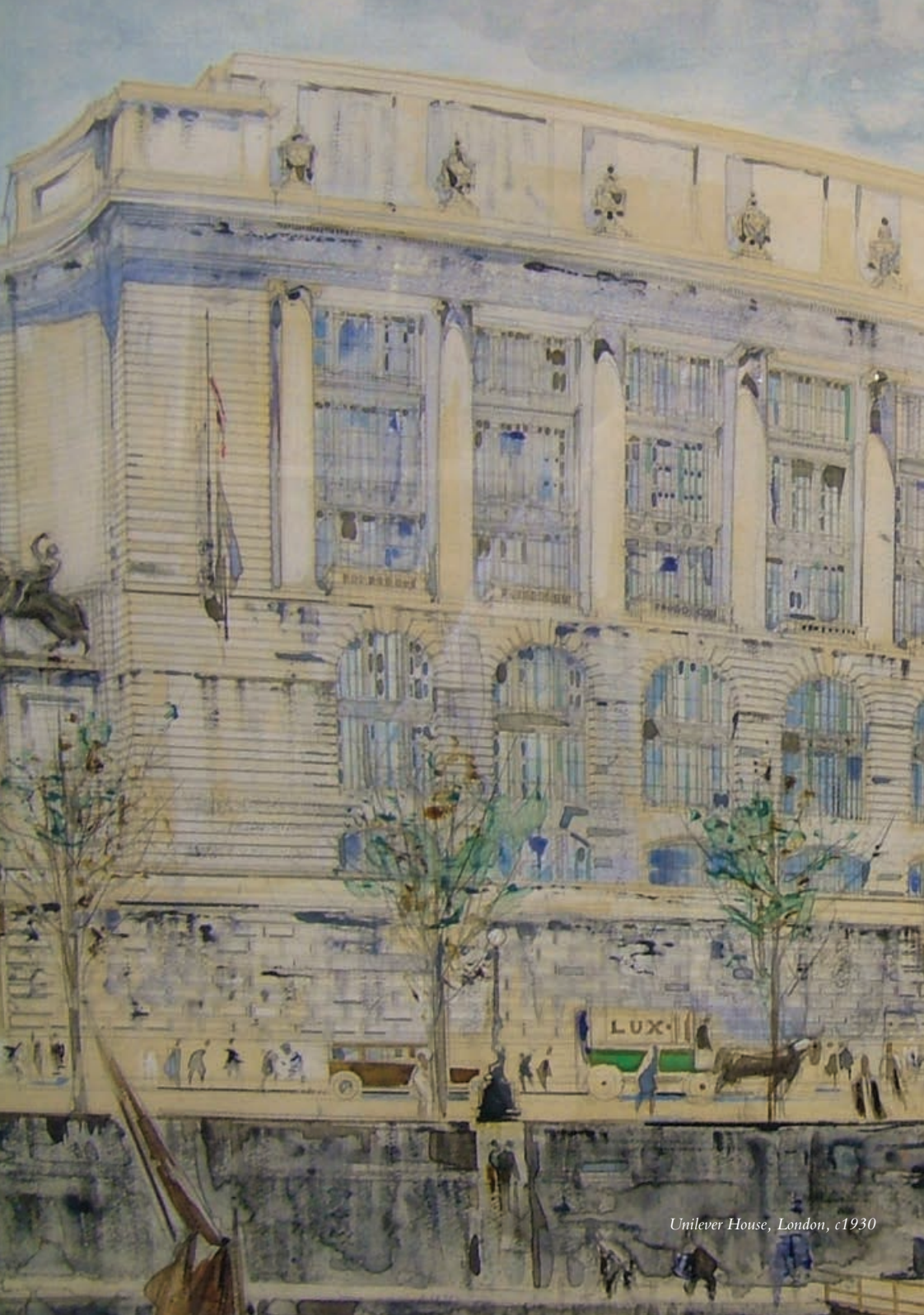


The Formation of Unilever





Unilever House, London, c1930

In September 1929 an agreement was signed which created what The Economist described as "one of the biggest industrial amalgamations in European history". It provided for the merger in the following year of the Margarine Union and Lever Brothers Limited.

The Margarine Union had been formed in 1927 by the Van den Bergh and Jurgens companies based in the Netherlands, and was later joined by a number of other Dutch and central European companies. Its main strength lay in Europe, especially Germany and the UK and its interests, whilst mostly in margarine and other edible fats, were also oil milling and animal feeds, retail companies and some soap production.

Lever Brothers Limited was based in the UK but owned companies throughout the world, especially in Europe, the United States and the British Dominions. Its interests were in soap, toilet preparations, food (including some margarine), oil milling and animal feeds, plantations and African trading.

One of the main reasons for the merger was competition for raw materials - animal and vegetable oils - used in both the manufacture of margarine and soap. However, the two businesses were very similar, so it made sense to merge as Unilever rather than continue to compete for the same raw materials and in the same markets.

To understand how Unilever came into being you have to go back to the family companies that were instrumental in its formation. This is where our story begins.

The Van den Berghs

Simon Van den Bergh was born in 1819 in Geffen in the Netherlands and entered his father's barter trade at an early age. Later he specialised as a butter merchant and with his seven sons - Jacob, Mauritz, Henry, Zadok, Izak, Arnold and Samuel - built a thriving butter trade from the village of Oss in Brabant

(the same village from which the Jurgens family was also building its business). Simon decided to expand his business by exporting butter to England, the biggest market for Dutch butter, but ran into financial difficulties so, in 1870, Jacob and Henry were sent to London to look after the company's interests there.



The Van den Bergh factory in Rotterdam, nd.

The invention of margarine in 1869, a butter substitute made from animal fat, changed the family's fortunes. Around 1871 their rivals, the Jurgens family, obtained the formula for making margarine from its inventor, Mège Mouriès. Inexplicably, Jan Jurgens visited Simon Van den Bergh with a sample of his new product. His curiosity stimulated, Simon commissioned Daniel Hipkins of Tipton, near Birmingham, to develop a

similar product for Van den Bergh. With their enthusiasm and business acumen Van den Bergh soon caught up with Jurgens and overtook them in both production and profits. The development of hydrogenation, a technique for hardening vegetable oils made it possible to use a wide range of raw materials, not just animal fat. In 1891 Van den Bergh left Oss for new headquarters in Rotterdam.

The Van den Berghs in England

As their business expanded in the late 19th century, the Van den Bergh family's resources were running low and avenues of financial backing in the Netherlands had already been exhausted. It was easier to raise capital in London, so the company went public there on 9 March 1895, establishing a public limited company. The old partnership was sold to this new company which was called Van den Bergh's Margarine Limited (although the "Margarine" was dropped after two years when the company changed its name to Van den Berghs Limited on 29 May 1897).

The English business acted as a holding company for the family's business interests everywhere. The Van den Berghs did not have to relinquish any influence as they owned the ordinary shares. £450,000 worth of preference shares were issued to the general public and two English directors were appointed to watch over their interests. As managing directors and majority shareholders in the new company, the Van den Berghs preserved the original partners' control of the capital and management of the business.

Key Brands

The Sunlight trade mark was registered by Lever & Co in 1884 although the product was, at first, manufactured for them by other soapmakers. Then, in 1888, William Lever acquired land on the banks of the river Mersey and started to build his own factory, together with a village in which to house his workers that he would call Port Sunlight. By 1897 the factory was producing 2,400 tons of Sunlight household soap per week, and production of Lifebuoy, a toilet soap, was started in 1900. Lux was first used as a name for soap flakes in 1900; Lux toilet soap was launched in the USA in 1925 and Europe in 1928. Shortly afterwards began the decades long advertising campaign using film stars to promote the brand. Lever Brothers also diversified into margarine and produced the first vitaminised margarine, Viking, in 1927.

Van den Bergh first launched their branded margarine on the German market with Vitello in 1898, which was manufactured from animal fats, and its superior quality to its competitors ensured its rapid success. It was soon joined by Sanella, manufactured from animal fats and almond oil, and a Kosher margarine, Sana, in 1899. Blue Band was launched in the UK in 1916 by Van den Bergh, but not until 1923 in the Netherlands. It was unusual at the time because it was made entirely from vegetable and ground nut oils. Van den Bergh used Coppens, an Amsterdam advertising agency that was influenced by English and American techniques, to



promote Blue Band. The campaign used the slogan "Blue Band – versch gekarnd", meaning freshly churned, and it rapidly became the most popular margarine brand in The Netherlands.

Solo was launched by Jurgens in 1899 to counter the Van den Bergh entry into the German market. This was followed by Pheasant. Although Jurgens registered Stork as a trademark in London in August 1900 they did not introduce the branded margarine until 1920. Over the years the name Stork became synonymous with home baking, especially in the UK. Rama was launched in Germany in 1924 where it quickly became a rival to Blue Band and, with the formation of the Margarine Union in 1927, the two brands were merged into one as Rama im Blauband.



Blauband Air Transport, c1930

Fore-runner of the Equalisation Agreement

In 1919 the Van den Berghs founded Van den Bergh's Fabrieken NV in Rotterdam, to which the continental interests of Van den Bergh were transferred. The members of the Dutch side of the family exchanged their Van den Bergh Limited shares for shares in the NV company. Van den Berghs Limited and Van den Bergh's Fabrieken NV together then headed the Van den Bergh group. These two companies with a third one, NV Hollandsche Vereeniging tot Exploitatie van Margarinefabrieken,

whose entire ordinary capital was held by NV Van den Bergh's Fabrieken, made an agreement that an agreed ratio would be maintained between the dividends on the three companies' shares, and between any payment or liquidation. By creating and incorporating two parent companies, one in England and one in The Netherlands, Van den Bergh avoided problems such as double taxation. This arrangement set the precedent for the subsequent structure of the Margarine Union and, consequently, Unilever.

The Jurgens Company

In the 18th century the Jurgens family were carpenters, working along the Dutch-German border repairing agricultural implements and farm utensils. Lacking ready money, many farmers paid the Jurgens in butter, which they sold in nearby towns. As this proved to be a profitable enterprise, brothers Willem, Jan and Leonard Jurgens moved to the Dutch town of Oss in 1801 to focus their attention on the butter trade.

They prospered in Oss and shrewd marriages speeded their progress. Two of Willem's nine children, Anton and Johannes worked with their father in the butter trade and in 1854 formed their own partnership, Gebroeders Jurgens, to run the linseed oil mill and general business, whilst concentrating on the extension of the butter trade. By 1860 Anton's sons,

Jan, Henri and Arnold were also actively involved in the firm and from the early 1870s were developing the manufacture of margarine.

By the end of 1888 Jurgens, as well as Van den Bergh, was making margarine in Germany to counter the import tariff. They launched a branded margarine, Solo, in 1899 and succeeded in buying a large German business, A L Mohr of Hamburg, in 1904, against competition from Van den Bergh. A general holding company, NV Anton Jurgens Vereenigde Fabrieken, was set up in 1906 comprising all the Jurgens' interests in The Netherlands.

The Pooling Agreements

The Dutch margarine industry as a whole saw its competitive strength weaken in 1906 and 1907 because butter was in plentiful supply and this lowered the value of margarine. Van den Bergh and Jurgens faced stiff competition in England from Otto Monsted, a Dane, whose production already equalled theirs. The Dutch firms realised that if they carried their competition to extremes it would kill both their trades.

So, in the summer of 1907, Jan Jurgens approached his great rival Arnold Van den Bergh with a proposal for close co-operation, which would strengthen them against competition from others. A secret "pooling" agreement was reached on 13 February 1908 in which the two companies agreed to pool their profits, which would then be divided between them. On assessment of their recent profits from the margarine side of the businesses, the ratio was roughly 60% to Van den Bergh and 40% to Jurgens. It was an emergency measure, intended to run until 1926, but the agreement never functioned properly, even after a modification in 1913 that allowed for an equal division of profits.

By 1910 vegetable fats were beginning to replace animal fats in margarine, due to a new process called hydrogenation, which could harden vegetable oils to the point of animal hard fats. The earlier economic crisis began to abate and 1912 saw Van den Bergh's profits reach their highest level. With the outbreak of World War I in 1914 both companies found themselves financially challenged and the agreement was suspended.

During the war the oils and fats industry found itself under government control, producing much needed

supplies of soap and margarine, as well as glycerine, a by-product, for explosives. Post-war there was a boom. Jurgens had started their own plant at Purfleet in England in 1917, but began buying existing factories to extend their production. They bought the Olympia oil mill in Yorkshire, for which Lever Brothers had bid unsuccessfully, and gained control of the Home and Colonial Stores, whilst Van den Bergh extended their Fulham factory.

But the boom did not last. Jurgens suffered as they had committed to ambitious schemes for oil milling in the Indies and South America. Van den Bergh, whilst not so severely embarrassed by the drop in raw material prices, were hit by the slump in the margarine market. In England, in particular, both Dutch firms had to face unpleasant trading conditions. They faced competition in margarine not just from Otto Monsted but also from Lever Brothers. Competition also began to arise in the Netherlands from Hartog who were originally butchers in Oss but had expanded into the margarine and edible fat trade.

Relationships between the two companies were still governed, albeit nominally, by the Profit Pooling Agreement of 1913. The atmosphere had been distant but polite until the slump forced them into greater co-operation. A third Pooling Agreement was signed in October 1920, which revived the agreements of 1908 and 1913 and was intended to be maintained until 1940. It renewed the old arrangements for the exchange of information and for the sharing of profits on a basis of equality.



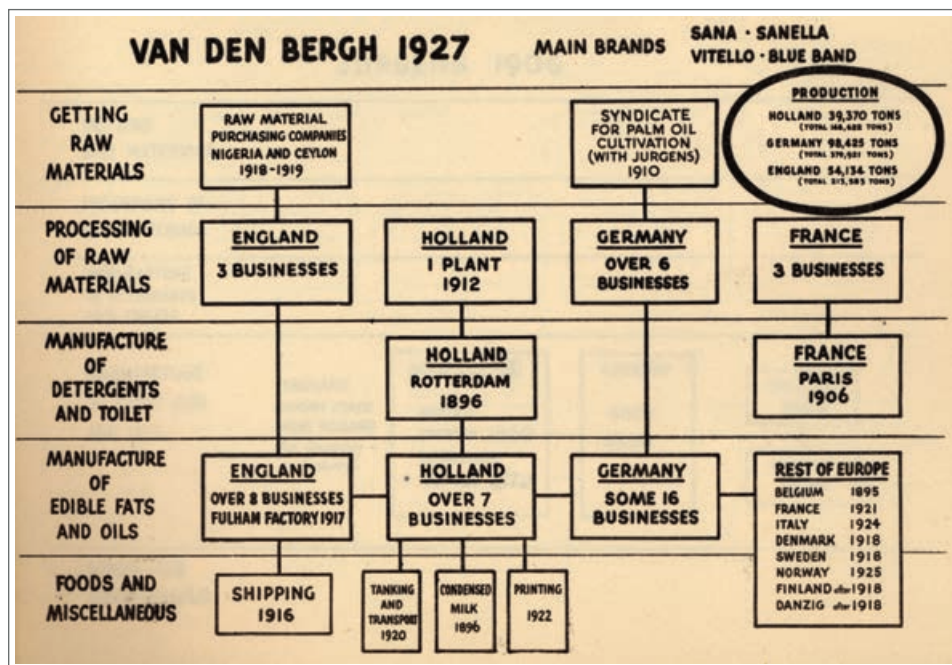
The Van den Bergh depot in Fulham, c.1925

Birth of the dual structure

After the First World War all subsidiaries of Van den Berghs Limited came under the law of the country in which they were established. The British fiscal authorities did not believe that the Dutch company NV Van den Bergh's Fabrieken, established in Rotterdam, was not controlled by the limited company in England and therefore imposed taxes on the profits of the Dutch company. Whereas the double-taxing problem had previously only concerned the Dutch members of

the Van den Bergh family, it now affected the whole company and outside shareholders as well.

The problem was solved by creating two holding companies. Van den Berghs Limited was no longer the sole parent company of the Van den Bergh group: it became the holding company for the British companies, whilst the Dutch company became the holding company for all the continental companies.



The Entente Agreements

Meanwhile the rise of Schicht in Central Europe meant another formidable rival for Van den Bergh and Jurgens. At the end of the war, Van den Bergh had acquired a 50% share in Centra, a group of Eastern European manufacturers that had formed to counter the power of Schicht.

In the worsening conditions of the raw materials market, negotiations for a general alliance began. By the end of 1920 an amalgamation between Van den Bergh, Jurgens, Schicht and Centra had been worked out and two treaties signed. The arrangements were

very complicated, but based on an exchange of shares. This large group was involved in every kind of undertaking in the oils and fats industry. In particular, through Schicht, it had a large soap business.

As a result the parties agreed not to come to any arrangement with Lever Brothers unless all gave their consent. These so-called Entente Agreements were an essential step in the building of the final concern that would be Unilever.

Unilever Timeline

1800-1870	1801	Brothers Willem, Jan & Leonard Jurgens, move to Oss in The Netherlands to develop their butter trade
	1819	Simon Van den Bergh, founder of the family's margarine business, born
	1820	Georg Schicht, founder of the family business, born
	1848	Schicht acquire permission to build a soap factory in Ringelshain, Bohemia
	1851	Birth of William Hesketh Lever
	1854	Gebroeders Jurgens company formed in The Netherlands
	1869	Invention of margarine by Mège Mouriès in France
1870-1890	1870	Jacob and Henry Van den Bergh move to England
	1871	Jurgens family acquire the patent for making margarine
	1882	Schicht build a factory in Aussig, Central Europe
	1884	William Lever registers Sunlight trademark in the UK
	1885	Lever Brothers started by William Lever and his brother
	1888	Lever Brothers open a sales office in Sydney, Australia (Its first overseas.)
	1890	Lever Brothers becomes a private limited company in the UK
1890-1910	1891	The Van den Bergh family leave Oss and move to Rotterdam
	1895	Van den Bergh establishes a public limited company, Van den Berghs Margarine Ltd in the UK
	1897	Merger of Calvé and Delft (France/Netherlands)
	1898	Vitello margarine launched by Van den Bergh in Germany
	1899	Jurgens launch Solo margarine in Germany
	1904	Sanella margarine launched by Van den Bergh in Germany
	1906	Jurgens set up NV Anton Jurgens' Vereenigde Fabrieken, comprising all the Jurgens interests in the Netherlands
	1908	1st Pooling Agreement in The Netherlands

Unilever Timeline

1910-1920	1912	Centra formed in Central Europe
	1913	2nd Pooling Agreement in The Netherlands
	1916	Blue Band launched in the UK by Van den Bergh
	1917	Jurgens margarine factory opens at Purfleet in the UK
	1919	Van den Bergh forms Van den Bergh's Fabrieken NV in Rotterdam, to which all the company's continental interests are transferred
	1920	Stork margarine is launched in the UK by Jurgens
	1920	3rd Pooling Agreement in The Netherlands
	1920	The Little Entente signed between Jurgens, Van den Bergh, Centra and Schicht
	1920	The Great Entente signed between Jurgens, Van den Bergh, Centra and Schicht
1920-1930	1923	Blue Band launched in the Netherlands
	1924	Rama margarine launched by Jurgens in Germany
	1925	Lux soap launched by Lever Brothers in the USA
	1925	Death of William Lever, 1st Viscount Leverhulme
	1927	Viking, the first vitaminised margarine, launched by Lever Brothers in the UK
	1927	Formation of the Margarine Union
	1928	Calvé-Delft joins Margarine Union in September
	1928	Schicht and Centra join Margarine Union at the end of the year
	1929	Hartog joins Margarine Union in January
	1929	Equalisation Agreement signed between Lever Brothers Limited and NV Margarine Union on 2 September
	1930	Unilever came into being on 1 January

Centra

By 1912 the rapid progress of the Schicht business and its increasing share of the market was starting to cause concern to other producers in the Austro-Hungarian Empire. Following discussions, a plan emerged for a merger of Schicht's competitors that would enable them to compete more effectively. The new organisation took the name "Centra" and comprised a formidable list of firms.

Dr Emmrich Granichstädten hoped that his patent for a fat hardening process would give the group an advantage over Schicht, but Centra's grasp of financial matters was not as good as its technical knowledge and the organisation did not succeed as expected. Soon Centra was proposing a merger with Schicht, but the latter did not think the business profitable enough. When war broke out, the value of Centra's oil stock rose and temporarily restored the group to prosperity. At the end of the war Van den Bergh acquired a 50% share in Centra.

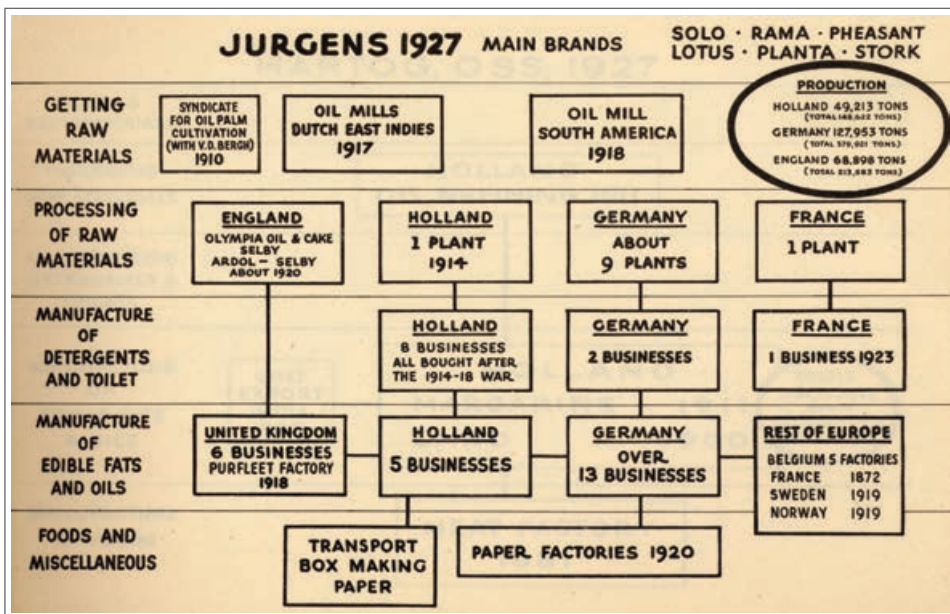
By the end of 1928 Centra had become part of the Margarine Union.

The Margarine Union

By 1927 the outlook for the margarine industry was discouraging. In Germany and the UK, the two biggest markets, margarine showed no signs of expanding. Lengthy legal arbitration was underway over the pooling agreement and what constituted "poolable profits". It was such a complicated issue that there was little hope of Jurgens and Van den Bergh ever reaching a consensus on the past. The future, however, was a different matter. Jurgens finally suggested the option that had been on the cards for so long - a merger - and this was agreed on 2 August 1927.

The amalgamation followed the dual structure model used earlier by Van den Bergh. Charles Wilson, the historian of Unilever, has described the merger as "a coalition between the two companies which, beside Lever Brothers, were the greatest powers in the European oils and fats industry".

At that time company profits were subject to income tax in the UK and relief of double taxation was given only to other countries in the British Empire.



In the Netherlands companies were not subject to a profit or corporation tax, but did have to pay a tax on distributed dividends. So for tax purposes a Dutch holding company was better than an English one where subsidiaries were held outside the British Empire. However, Britain did not charge shareholders income tax again on the dividend they received from such profits, unlike the Netherlands. The solution, therefore, was to form two holding companies, with the same board of directors, one in England for the British side and one in the Netherlands for the Dutch side, instead of just one parent.

Margarine Union Limited would hold the ordinary shares of Van den Berghs Limited and pay its dividends out of profits already charged with UK income tax, so that the shareholders would not have to pay income tax again. NV Margarine Unie would hold the shares of NV Anton Jurgens' Vereenigde Fabrieken and NV Van den Bergh's Fabrieken and

so be able to pass the dividends received on these to its own shareholders without being taxed itself. An agreement was made that the profits of each company be distributed to the shareholders in dividends of equal value, and that capital value liquidation also be equal.

The merger was intended to eliminate competition between parties, reduce costs, increase profits and, as a result, the Margarine Union grew rapidly. In September 1928 an alliance was made with Calvé-Delft, a Franco-Dutch company, who were also involved in oil milling, margarine and soap. By the end of 1928 the Union also included Schicht and Centra, both from Central Europe, followed by Hartog of Oss (in the Netherlands) in January 1929. Jacob and Arthur Hartog and Heinrich and Georg Schicht joined the Boards of both the Margarine Unie and the Margarine Union.

Calvé-Delft

This Franco-Dutch combine was formed from the merger of two companies in 1897. Its origins go back to an oil mill founded in Delft by van Marken in the 1880s, who also built a model village for his employees. Calvé of Bordeaux had connections with West Africa, dating back to 1816 when Victor Calvé, a naval surgeon, was shipwrecked off Senegal. He returned in 1825 and set up a trading company, which later diversified. An oil mill was opened at Laubardemont, near Bordeaux, in 1895.

In the 1920s Calvé-Delft bought the Rijswijk margarine factory near The Hague, plus others in Rotterdam, Germany and Czechoslovakia, as well as oil mills in Marseilles and a candle business in Lyons. By 1926 Calvé were selling 250 tons of margarine per week in Germany, 220 tons in Britain, and 120 tons in the Netherlands, whilst the Dutch mill was crushing over 100,000 tons of raw materials and the French ones another 85,000 tons. Their reputation with the public in France and the Netherlands, however, rested mainly on cattle cake and fine salad oils. They threatened the Margarine Union's trade by competing at uneconomic prices, but if they could be brought into the fold they would bring new lines of business. By September 1928 a complex alliance had been formed with the Margarine Union.



Lever Brothers

William Hesketh Lever (later Lord Leverhulme) was born in Bolton in Lancashire in 1851.

Working as a salesman for his father's wholesale grocery business, Lever recognised the advantages of not only selling, but also manufacturing, soap. In 1885 he rented a soap factory in Warrington and by 1888 had purchased land to build his own factory, and housing for his workers, on the banks of the river Mersey, opposite Liverpool. Production there of Sunlight soap led to the village being named Port Sunlight.

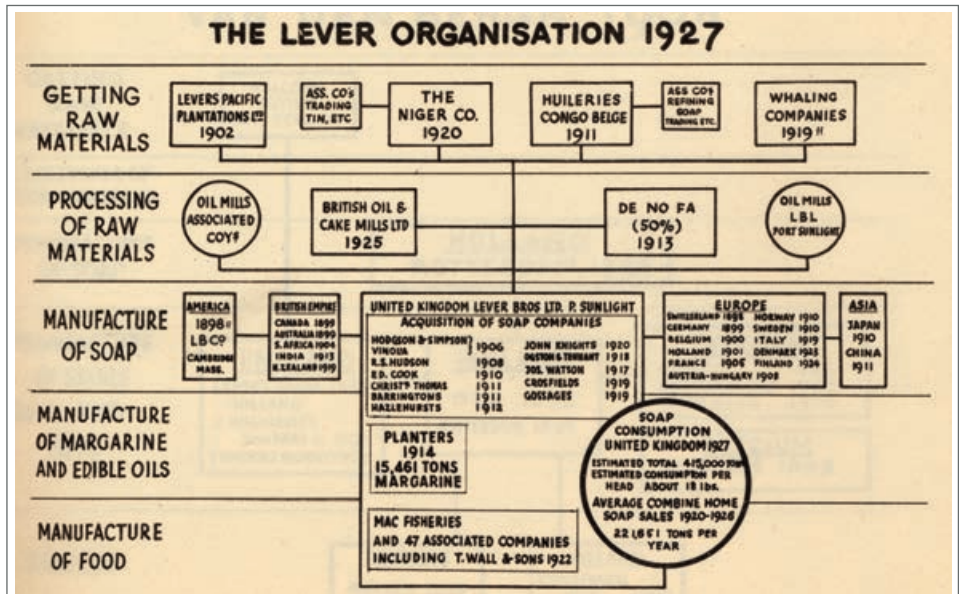


Aerial view of Port Sunlight village and factory, April 1952

Rising standards of living amongst the English middle and working classes enabled Lever to apply modern large-scale marketing methods to the promotion of his branded product, Sunlight soap, in the household soap business, which until then had been a bulk trade. His success, consolidated by Lifebuoy and Lux toilet soaps, was enormous and, within in a very short space of time, Lever was selling soap all over the world.

In response to the problem of obtaining raw materials Lever created his own sources of supply. He developed plantations in the Solomon Islands from 1906 onwards and in the Congo from 1911. His enterprise grew to include oil milling and seed crushing, as well as packaging, and transportation for his products. He went into the West African merchants' trade, which culminated in his purchase of The Niger Company in 1920.

Lever also had private interests in the food trade purchasing, from 1917 onwards, Mac Fisheries (fish shops), John West (canned goods) and Wall's (sausages and ice cream), which he sold to Lever Brothers in 1922-1923. When he died in 1925, his firm, in which he owned all the ordinary shares, was in business throughout the world. Within one week of Lever's death Francis D'Arcy Cooper succeeded him as chairman. Cooper, an accountant long associated with the Lever Brothers' business, had, effectively, saved Lever Brothers from collapse. The purchase of the Niger Company in 1920 did not turn out to be a wise acquisition, as it had an overdraft of £2 million. Cooper had organised a loan whilst keeping creditors at bay.



Lever had made many acquisitions, not all of them sound and after his death Cooper recognised that he had to bring the company back on an even keel. So he set about consolidating the business whilst disposing of anything that did not show a likelihood of profit. The soap business recovered, but the margarine side was troubled by the same conditions of over-production, slow demand and competition from butter that were affecting both Van den Bergh and Jurgens, although in 1927 Levers produced the first vitamin enriched margarine.

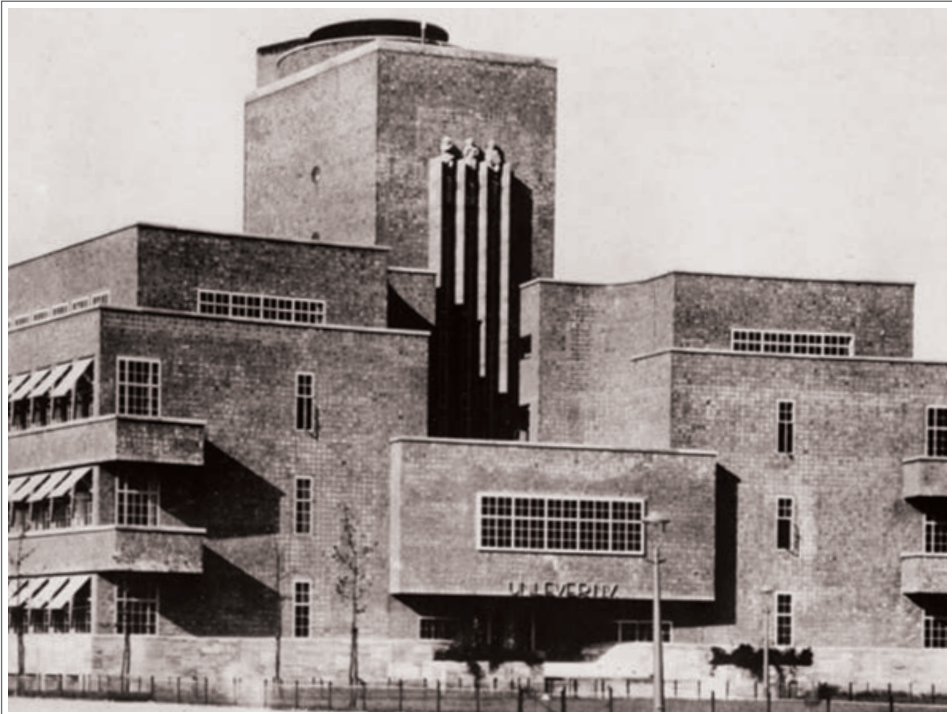
Cooper, realising that Lever Brothers and the Margarine Union conflicted in too many areas, promoted negotiations and became a leading figure in bringing about the merger.

Birth of Unilever

Unilever came into being on 1 January 1930. In simple terms it was formed from the merger of the Margarine Union and Lever Brothers Limited. The two businesses came together because their similarities were more important than their differences. They competed for supplies for fats and oils, and in the same markets, and manufactured household goods. Both stood, therefore, to gain from a common approach to the problems and opportunities offered by the market.

Margarine Union and Lever Brothers were both European enterprises, one concentrated on the Continent and the other towards the UK but, already by 1929, their influence was felt throughout the world, especially in Africa through Lever's plantations and the activities of the United Africa Company.

Originally, negotiations between the two companies had started in order to reach an agreement on the use of raw materials. Both companies had already



Unilever House, Rotterdam, 1931

De Telegraf report on the formation of Unilever 1929
The Times report on the formation of Unilever, 1929

encroached on each other's "territory". At a preliminary meeting early in 1928 it was suggested that Lever Brothers should transfer their margarine interests to the Margarine Union and the Margarine Union transfer its soap companies to Lever Brothers. This expanded into discussions about regulating supplies of raw materials and co-operation in oil milling and refining, the production of edible fats other than margarine, and the disposal of by-products.

Various co-operative schemes were considered and rejected before discussion reached possible amalgamation of the two organisations into a single concern. This could not be achieved, however, because of the widely different financial organisation of the two parties. The capital of Lever Brothers Limited consisted predominately of preference shares, whilst that of the Margarine Union Limited and NV Margarine Unie was ordinary shares. Eventually John McDowell of Lever Brothers and Paul Rijkens of the Margarine Union came up with a solution. The ordinary share capital of Lever Brothers would be amalgamated with the share capital of the Margarine Union companies, so that control of the interests of both organisations would be vested equally in the holders of the ordinary shares of Lever Brothers and the controlling shares of the Margarine Union companies.

The agreement, signed on 2 September 1929, together with the arrangements made to set up Unilever, is known as the Equalisation Agreement. It is still in force today. It provided for two holding companies with identical boards and would continue the Margarine Union's Equalisation

Agreement on dividends and capital values. These holding companies were to be known as Unilever Limited and Unilever NV. This dual structure continued the arrangement set up when Jurgens and Van den Bergh merged to form the Margarine Union Limited and NV Margarine Unie in 1927.

It was agreed that the ordinary shares of Lever Brothers should be transferred to Margarine Union Limited in exchange for six million ordinary and 1,100,000 preferred shares of that company. The names of the Margarine Union Limited and NV Margarine Unie would also be changed to Unilever Limited and NV Unilever. As a result the holders of Lever Brothers ordinary shares and Margarine Union ordinary shares would share in the surplus profits of the combined undertaking. Holders of Lever Brothers ordinary shares would also acquire one-half of the voting control shares in the Margarine companies. Unilever Limited acquired the ordinary capital of £2,400,000 in Lever Brothers, all of which had been owned by Lord Leverhulme until his death in 1925. There was no merging of interests at this time, because the £54,227,546 worth of preference shares of Lever Brothers Limited were also outstanding and held by the public.

After the merger the control of the individual families diminished although, out of 33 directors appointed to the two identical boards in 1930, 14 belonged to the families of Unilever's predecessor companies: Van den Bergh (four directors), Jurgens (four), Hartog (two), Schicht (three) and Lever (one).

Hartog

The Hartog family were originally butchers from Oss in the Netherlands. By the 1920s the business was broadly two-fold: a large meat packing trade and an edible fat manufacture, aimed mainly at the export trade. They began to import vegetable ghee for export to India, in competition with Van den Bergh, who sought a merger in 1921 but were unsuccessful. Later in the 1920s they built a margarine factory in Germany not far from the Margarine Union's own factory in Cleves.



The Hartogs were skilled in the use of raw materials and brought the use of hardened oils to a high level of efficiency and economy. It was apparent that

whoever could use most whale oil could cut costs and prices and Hartog were even buying some of their supplies from the Jurgens factory in Zwijndrecht. Rather than try to squeeze them out of the market, Paul Rijkens advised another merger, but it took until January 1929 to bring Hartog into the Margarine Union when Jacob and Arthur joined the Board.

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The Equalisation Agreement

The Equalisation Agreement forms an integral part of Unilever PLC's Memorandum and Articles of Association and Unilever NV's Articles of Association. It can only be terminated or altered with the consent of both parties and such resolutions are only valid if passed in the way prescribed in the Articles.

The Articles of Association specify that the Boards of Directors must contain at least six and no more than 25 members. It is possible to ensure that the Boards are identical because NV's Articles grant the holders of ordinary shares numbered 1 to 2,400 the right to draw up a binding nomination list for the appointment of Directors at the general meeting of shareholders.

PLC's Articles of Association provide that no person shall be elected as Director except those nominated by the holders of deferred shares (so called because they rank after the ordinary shares in annual profit appropriation). NV Elma, a subsidiary of Unilever NV, and United Holdings Limited, a subsidiary of Unilever PLC, each hold 50% of the ordinary shares numbered 1 to 2,400 in NV and 50% of the deferred shares in PLC. These two subsidiaries, therefore, draw up the nomination lists for the appointment of Directors and only persons nominated by them can be appointed.

The main features of the Equalisation Agreement are:

- That both companies adopt the same financial periods and the same methods of determining current profits and free reserves.
- If, in any year, one company has losses or if its profits are insufficient to meet the dividends on its cumulative preference shares, the amount required to make good such losses and to pay these dividends in full will be provided in the following order out of:
 - 1) the current profits of the other company after it has provided for its own preference dividends;
 - 2) the free reserves of the first company;
 - 3) the free reserves of the other company.
- The Boards of the two companies decide on the same day what proportion of the aggregate of the current profits and free should, in their judgement, be distributed by way of dividend for year on the ordinary share capitals of Limited and NV on the basis that the sum paid on every EUR 0.16 (originally 12 Dutch Guilders*) nominal amount of NV ordinary capital shall be equal in value (at the prevailing exchange rate) to the sum paid on every 3 1/9 pence (originally £1) nominal amount of ordinary capital of Limited.
- If the current profits of one company are insufficient to meet its ordinary dividends they are made up in the following manner:
 - 1) from the current profits of the other company after it has provided for its own ordinary dividends;
 - 2) from the free reserves of the first company;
 - 3) from the free reserves of the other company.
- Issues of bonus shares or "rights" issues are, in principle, only made in ordinary shares.
- If both companies go into liquidation the amounts available for distribution amongst shareholders are applied first by each company in meeting the claims of its own preference shareholders. If either company has a surplus after the claims of its own preference shareholders have been met in full, the surplus is applied in meeting the claims of the other company's preference shareholders. Any remaining surplus is then distributed amongst the holders of ordinary shares.
- The equalisation of a nominal amount of Fl.12 (Guilders) ordinary capital of NV and a nominal amount of £1 ordinary capital of PLC arose because that was the official Sterling/Guilder exchange rate when the predecessor of the Equalisation Agreement was made in 1927.

Schicht

The Schicht group of companies comprised soap, margarine and edible oil factories in Central and Eastern Europe. Its story began when Georg Schicht obtained a permit from the authorities on 6 July 1848 to establish a soap factory at Ringelshain. By the 1870s the business was supplying a wide market in Northern Bohemia. In 1882 Georg's son, Johann, masterminded the building of a new factory at Aussig (known as Usti nad Labem in Czech) on the river Elbe in the German-speaking part of Czechoslovakia. By 1887 he had added a palm crushing mill and, within a few more years, a washing powder mill, a fatty acid plant, a stearine plant and a copra crushing mill.

The scale of such centralisation on one site was unknown in Central Europe and enabled Schicht's to reduce its costs far below competitors.

Schicht bought Khuner, an Austrian company, in 1912 for its coconut fat, Kunerol. Elida, established in Vienna in 1915, was acquired in 1916 and Schicht then created Elida companies elsewhere in Central Europe. Links had existed between Jurgens, Van den Bergh and Schicht from 1920. In April 1929 the Schicht group of companies was entirely absorbed by the Margarine Union and two members of the Schicht family, Heinrich and Georg, joined the Board of Directors.



The Schicht factory, Aussig, nd

Later changes

Complete merger was not achieved until the reorganisation and reallocation of interests in 1937. Unilever Limited was amalgamated with Lever Brothers Limited, taking over its assets and liabilities. The shares held by Unilever Limited in Lever Brothers were cancelled and Unilever shares held by the public were exchanged for shares of the same type in Lever Brothers Limited, whose name was changed to Lever Brothers & Unilever Limited. Unilever NV changed its name to Lever Brothers & Unilever NV.

A new Equalisation Agreement was made, adapting the arrangements of 1927. The earning power of the Dutch company had declined, due to the economic and political situation in Europe, so the English company transferred its interests outside the British

Empire to the Dutch, which included all the shares in Lever's Zeep-Maatschappij NV in The Netherlands and the Lever Brothers company in the USA. Because of the prevailing tax position at the time this transfer also had the advantage of avoiding double taxation.

The structure created in 1937 has remained more or less unchanged to the present day. Any later modifications to the Agreement in Supplemental Agreements have improved its operation without changing the substance. In 1952 Lever Brothers & Unilever Limited changed its name back to Unilever Limited whilst Lever Brothers & Unilever NV changed its name back to Unilever NV. Unilever Limited was reregistered as a public limited company in 1981 under the name Unilever PLC.

Some of the Key Players in the Formation of Unilever



BESSBOROUGH, Lord
(1880-1956)

Sir Vere Brabazon Ponsonby was a Member of Parliament for the Conservative Party from 1913 to 1920

when he succeeded to the peerage as 9th Earl of Bessborough. He held directorships in several large commercial firms, and was deputy chairman of DeBeers Consolidated Mines, as well as being Chairman of Margarine Union. He became Governor General of Canada 1931-1935.



COOPER, Francis D'Arcy
(1882-1941)

Partner in Cooper Brothers & Co, Lever Brothers' accountants. He first became heavily involved with Levers after the purchase of the Niger Company in 1920.

This had not been a wise purchase, as the Niger Co had an overdraft of £2 million. D'Arcy Cooper effectively saved Levers by organising a loan whilst keeping creditors at bay. As a result he was consulted with the authority of a Director of the company and by 1923 was joint vice-chairman and a member of the Special Committee. He succeeded the 1st Viscount Leverhulme as chairman of Lever Brothers within one week of the latter's death. A leading figure in bringing about the final merger, he became the first Chairman of Unilever Ltd.

DE BLANK, Joost
(1871-1952)

Financial wizard in Van den Bergh. Moved from Germany to England in 1909 to be chief accountant. Head of Unilever's financial department in London from 1931 until his retirement in 1943.



GREENHALGH, Harold Robert
(1879-1948)

Son of an accountant from Bolton, he joined Lever Brothers at the age of 14. He overhauled Unilever's book-keeping system. Director of Ltd and NV 1930-

1937, of NV 1937-1941 and Vice chairman of Ltd 1937-1941.



HARTOG, Arthur
(1891-1985)

Son of Hartog Hartog and brother of Jacob. Joined his father's business in 1908. Vice chairman of NV 1938. Retired 1951.



HARTOG, Jacob
(1875-1962)

Son of Hartog Hartog and brother of Arthur. Director of Ltd and NV 1930-1933.



JURGENS, Anton
(1805-1880)

Son of Willem Jurgens who moved the family to Oss in The Netherlands. Formed Gebroeders Jurgens with his brother Johannes (1807-1887) in 1854. Father of Jan (1835-1913), Hendrik (1840-1888) and Arnold (1842-1912).



JURGENS, Anton
(1867-1945)

Son of Hendrik and grandson of Anton the elder. The moving spirit of the next generation, his ambition was to be associated with Lever Brothers. Director of Ltd and NV 1930-1931. Joint Chairman of Unilever Ltd and NV 1931-1932.



JURGENS, Frans
(1869-1941)

Son of Hendrik and grandson of Anton the elder. The family's technical expert. In 1905 he created a brand called Friesland Maid for the English market, which was a great success.



JURGENS, Johannes (Jan)
(1835-1913)

Son of Anton the elder. Great rival of Arnold van den Bergh. Father of Gerard (b1873), Rudolf (1875-1954), Emile (1878-1929), Victor (b1881) and Maximilian (b1887).



LEVER, William Hesketh 1st Viscount Leverhulme
(1851-1925)

Founder of Lever Brothers Ltd. Built a model village for his workers alongside his soap factory in Port Sunlight.

A philanthropist and art collector. By the early 20th century he and his company owned factories and plantations all around the world.



McDOWELL, John
(1874-1936)

Company Secretary of Lever Brothers from 1905 until 1915 when he was appointed as a director. Director of Ltd and NV 1930-1939 and Ltd 1939-1940.



POLAK, Jacques L
(1883-1948)

An Amsterdam lawyer, who made himself indispensable to the Van den Berghs in the decade following the First World War as more and more complex agreements

were made. Also Managing Director of NV Van den Bergh's Fabrieken from 1928. Married a daughter of Arnold Van den Bergh. Director of Ltd and NV 1934-1939, Ltd 1939-1946 and NV 1945-1947.



RIJKENS, Paul
(1888-1965)

The son of a director of Hagemann, a Rotterdam margarine company acquired by Van den Bergh in 1903.

Joined Van den Bergh in 1910 and became a powerful figure in the company. Worked closely with Samuel van den Bergh. Director of Unilever from 1930 and later chairman of NV.

SCHICHT, Georg the elder
(1820-1887)

Founder of the company; built the family's first soap factory.



SCHICHT, Georg the younger
(1884-1961)

Grandson of Georg the elder. A scientist. Director of Ltd 1930. 2nd chairman of Unilever NV 1932-1937. Retired 1946.

SCHICHT, Heinrich
(1880-1959)

Grandson of Georg the elder. A financial expert. Succeeded his father Johann as president of Schicht AG in 1907. Director of Unilever Ltd and NV 1930-1937, Ltd 1937-1939, and Chairman of NV 1937-1939.



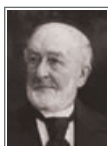
VAN DEN BERGH, Jacob
(1848-1934)

Eldest son of Simon. Sent to London in 1870 with his brother Henry to look after the company's interests there. Father of Albert (b1875), Sidney (b1877) and Henry (b 1882).



VAN DEN BERGH, Samuel
(1864-1941)

Youngest son of Simon. Built company back up after World War I. Responsible for introducing trained chemists into the concern. His son, Professor George Van den Bergh, said in an interview in 1952 that "he was in many ways a man of his time: he had an invincible belief in progress - progress of science and technology, and the improvement of social conditions, which this progress could bring. He felt that all men were equal and he was equally at home with all men... He had a childlike belief in good: he could not and would not believe in evil or misfortune".



VAN DEN BERGH, Simon
(1819-1907)

Born in Geffen, North Brabant. Founder of the Van den Bergh margarine business. Married his cousin, Elisabeth van der Wielen in 1844. Had seven sons

- Jacob (1848-1934), Maurits (1849-1912), Henry (1851-1937), Izak (1853-1945), Arnold (1857-1932), Zadok (1859-1942), and Samuel (1864-1941). Died in 1907, the same year as his wife.



Information Guide No. 4



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